CR05525-2015

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

   Jun 30, 2015

2. SEC Identification Number

   12942

3. BIR Tax Identification No.

   000-104-320-000

4. Exact name of issuer as specified in its charter

   Marcventures Holdings, Inc.

5. Province, country or other jurisdiction of incorporation or organization

   Manila, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   4th floor, Citibank Center, Paseo de Roxas, Makati City
   Postal Code
   1227

8. Issuer's telephone number, including area code

   +632-8314479

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

   -

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	1,821,358,599

11. Are any or all of registrant's 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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period 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

Marcventures Holdings, Inc.
MARC

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Jun 30, 2015
Currency (indicate units, if applicable)	PHP

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2015	Dec 31, 2014
Current Assets	673,071,324	907,772,795
Total Assets	3,658,481,562	3,716,584,378
Current Liabilities	670,565,837	566,493,638
Total Liabilities	744,509,695	637,596,710
Retained Earnings/(Deficit)	865,057,632	1,030,073,433
Stockholders' Equity	2,913,971,867	3,078,987,668
Stockholders' Equity - Parent	2,786,649,194	2,863,384,813

Book Value per Share	1.6	1.57

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	544,652,622	258,794,822	696,772,859	368,653,346
Other Revenue	2,741,974	214,083	4,167,423	324,401
Gross Revenue	547,394,596	259,008,905	700,940,282	368,977,747
Operating Expense	646,808,140	58,217,304	860,841,136	119,517,193
Other Expense	3,059,139	105,623,168	5,114,942	103,721,696
Gross Expense	649,867,279	163,840,472	865,956,078	223,238,889
Net Income/(Loss) Before Tax	-102,472,683	95,168,433	-165,015,796	145,738,858
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	-102,472,683	95,168,433	-165,015,796	145,738,858
Net Income Attributable to Parent Equity Holder	102,472,683	95,168,433	-165,015,796	145,738,858
Earnings/(Loss) Per Share (Basic)	-0.06	0.05	-0.09	0.08
Earnings/(Loss) Per Share (Diluted)	-0.06	0.05	-0.09	0.08

Other Relevant Information
-

Filed on behalf by:

Name	Raquel Frondoso
Designation	Compliance Officer

1 2 9 4 2

SEC Registration Number

M A R C V E N T U R E S H O L D I N G S I N C.

(Company's Full Name)

U N I T 4 - 3 4 th F L O O R C I T I B A N K C T R

8 7 4 1 P A S E O D E R O X A S M A K A T I C I T Y

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

Ana Katigbak

(Contact Person)

02-8368609

(Company Telephone Number)

1 2 3 1

Month *Day*

(Calendar Year)

1 7 - Q

(Form Type)

Month *Day*

(Annual Meeting)

N.A.

Secondary License Type, If Applicable)

Finance Department

Dept. Requiring this Doc.

June 30, 2015

Period Ending Date

Total Amount of Borrowings

2,163

Total No. of Stockholders

N/A

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

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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: **June 30, 2015**

2. Commission identification number **12942**

3. BIR Tax Identification No. **470-000-104-320**

4. Exact name of registrant as specified in its charter: **MARCVENTURES HOLDINGS INC.**

5. Province, country or other jurisdiction of incorporation or organization: **PHILIPPINES**

6. Industry Classification Code: **(SEC Use Only)**

7. Address of registrant's principal office:

Unit 4-3 Citibank Center
8741 Paseo de Roxas , Makati City

8. Registrant's telephone number, including area code: **(63 2) 831-44-79**

9. Former name, former address and former fiscal year, if changed since last report. **N A.**

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock (₱1.00 par value)	1,821,358,599 shares

11. Are any or all of the securities listed on the Philippine Stock Exchange?
Note: only 1,821,327,687 are listed with PSE
Yes. The common shares are listed on the Philippine Stock Exchange.

12. Indicate by check mark whether the registrant:

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

Yes

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

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PART I - FINANCIAL INFORMATION

Item 1- FINANCIAL STATEMENTS

The unaudited Consolidated Financial Statements of Marcventures Holdings Inc. as of June 30, 2015 and for the three months and six months period ended June 30, 2015 with comparative audited figure as of December 31, 2014 are in compliance with generally accepted accounting principles and there were no changes made in accounting policies and methods of computation in the preparation of the interim financial statements.

Summary of Consolidated Balance Sheets as of June 30, 2015 and December 31, 2014

	June 30, 2015	December 31, 2014	Increase (Decrease)	Percent (%) Increase (Decrease)
Current Assets	**673,071,324**	907,772,795	**234,701,471**	**25.85%**
Noncurrent Assets	**2,985,410,238**	2,808,811,583	**(176,598,655)**	**-6.29%**
Total Assets	**3,658,481,562**	**3,716,584,378**	**58,102,816**	**1.56%**
Current Liabilities	**670,565,837**	566,493,638	**(104,072,199)**	**-18.37%**
Noncurrent Liabilities	**73,943,858**	71,103,072	**(2,840,786)**	**-4.00%**
Total Stockholders' Equity	**2,913,971,867**	3,078,987,668	**165,015,801**	**5.36%**
Total Liabilities and Stockholders' Equity	**3,658,481,562**	3,716,584,378	**58,102,816**	**1.56%**

Summary of Consolidated Income Statements for the three months and six months period ended June 30, 2015 and 2014.

	For the Three Months Ending June 30,		For the Six Months Ending June 30,	
	2015	2014	2015	2014
Sale of ore	**544,652,622**	410,649,336	**696,772,859**	656,498,506
Cost of good sold	**529,331,706**	249,039,291	**675,721,992**	385,029,937
Gross income	**15,320,916**	161,610,045	**21,050,867**	271,468,569
Operating expense	**117,476,434**	58,217,304	**185,119,144**	119,517,193
Income from operation	**(102,155,518)**	103,392,740	**(164,068,277)**	151,951,376
Interest expense	**(3,059,139)**	(283,221)	**(5,114,942)**	(322,188)
Interest income	**97,919**	214,083	**113,796**	324,401
Other income (charges)	**2,644,055**	(8,155,170)	**4,053,627**	(6,214,731)
Total comprehensive income (expenses)	**(102,472,683)**	95,168,432	**(165,015,796)**	145,738,857
Basic earnings per share	**(0.06)**	**0.05**	**(0.09)**	**0.08**

Summary of Consolidated Statement of Cash Flows for the three months and six months period ending June 30, 2015 and 2014.

	For the Three Months Ending June 30,		For the Six Months Ending June 30,	
	2015	2014	**2015**	2014
Cash provided by (used in) operating activities	**93,800,953**	150,070,261	**(396,274,666)**	168,307,531
Cash used in investing activities	**(177,024,047)**	(38,967,849)	**(310,807,692)**	(143,189,238)
Cash provided by (used in) financing activities	**100,000,000**	(157,765)	**199,875,050**	(431,319)
Net incease (decrease) in cash and cash equivalent	**16,776,906**	110,944,647	**(507,207,309)**	24,686,974
Cash and cash equivalent- December 31, 2014	**90,150,131**	217,229,541	**614,134,346**	303,487,214
Cash and cash equivalent - June 30, 2015	**106,927,037**	328,174,188	**106,927,037**	328,174,188

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion is based on the unaudited interim consolidated financial statements for the six months and three months period ending June 30, 2015, with comparative figures for the corresponding periods in 2014 and audited consolidated financial statements as of December 31, 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.

FINANCIAL CONDITION AND RESULTS OF OPERATION:

Six months ended June 30, 2015 compared with six months ended June 30, 2014

Results of Operation:

Revenue

For the six months ended June 30, 2015, the subsidiary sold a total volume of 1,040,709 wet metric tonnes (WMT) of nickel ore or equivalent to 19 shipments to China , as compared to 579,781 wet metric tonnes (WMT) or equivalent to 11 shipments for the same period last year. An increase of 80% in volume as compared to the same period last year. There was a suspension in the company's extraction activities during the second quarter period last year from April 23, 2014 and lifted only on August 19, 2014.

In the world market the weighted average price of nickel ore for the first half of 2015 was $11.25 as compared to $23.75 on the same period last year. The impact of the drop in price of nickel ore in the world market results to a decrease in selling price. Despite of an increase in volume by 80% there is only a slight increase in sales revenue. The total revenues for the first half of 2015 was slightly higher by 6.10%. This year's first half revenues of ₱696.77 as compared to ₱656.50 million for same period last year year and the average selling price per wet metric tonne for the first six months of 2015 was ₱ 669.52 versus an average selling price of ₱1,132.32 last year.

Administrative and Operating expenses

Administrative and operating expenses for the six months period increased by 55% from ₱119.5 million last year to ₱185.12 million this year. The increase was largely on account of the following:

- **Increase in salaries and wages** by ₱13.5 million or equivalent to 25.8% due to hiring of additional office personnel for both managerial and technical positions and salary adjustments of officers and employees.
- **Increase in Taxes and licenses** by ₱9.9 million or equivalent to 116.3.4% mainly from the settlement of 2011 deficiency taxes.
- **Increase in Director's Fee** by ₱24.6 million or equivalent to 387.3% due to payment of director's per diem and other renumeration.
- **Increase in Depreciation expense** by ₱7.90 million or 132.6% due to depreciation of office improvements and newly acquired service vehicles.
- **Increase in Donation** by ₱3.83 million or equivalent to 197.5% largely due to financial assistance for various projects of the different municipalities, allowances of daycare workers and provision of food supplements to various barangays.
- **Increase in loading fee** by ₱2.74 million or equivalent to 78.9% due to increase in volume of nickel ore shipped.
- **Increase in royalties** by ₱0.42 million or equivalent to 6.1% is likewise due to increase on sales of nickel ore.
- **Increase in social development program** by ₱9.16 million in compliance with the implementing rules and regulation of 1995 Phil. Mining Act which requires that 1.5% of operating cost be allocated for the development of the host and neighboring mining communities
- **Increase in Communication, light and water** by ₱2.07 million or equivalent to 262.3**%** due to additional light and power utility charges and upgrade of data connection in head office and minesite.
- **Increase in Repair and Maintenance** by ₱0.2 million or equivalent to 1062.5 % due to repair of office in mine site and service vehicles.
- **Increase in other services** by ₱4.2 represent association dues on condo units at makati office.
- **Increase in other expenses** by ₱7.44 million or equivalent to 330.1% mainly due to increase in environmental charges on damage crops and trees at mine site, rental on water truck used for dust control and other expenses.

The above increases in cost was partly offset by the following :

- **Decrease in Representation** by ₱12.3 million or equivalent to 86.8% due to minimal meeting with clients and representation to local community residents at the mine site.
- **Decrease in advertisement** by ₱3.6 million or equivalent to 95.9% due to non recurring promotional and advertising cost.
- **Decrease in Professional Fees** by ₱2.9 million or equivalent to 39.2% due to hiring of consultants as employess.
- **Decrease in rental** by ₱1.2 million or equivalent to 81.40% mainly due to termination of lease contract of head office because of the acquisition of condo unit for office space.
- **Decrease in supplies** by ₱0.46 million or equivalent to 22.1% non recurring cost of printing of various forms and purchase of various office supplies.

<u>Three months ended June 30, 2015 compared with three months June 30, 2014</u>

<u>Results of Operation:</u>

Revenues

For the three months ended June 30, 2015, the subsidiary sold a total volume of 817,389 wet metric tonnes (WMT) of nickel ore or equivalent to fifteen (15) shipments to China, as compared to 376,396 wet metric tonnes (WMT) for the same period last year or an increase of 440,993 wet metric tonnes. The significant drop in second quarter of 2014 volume was primarily due to the suspension of extraction activities in compliance with the suspension order issued by the MGB in April 2014 and was lifted only on August 19, 2014.

The Company's total revenue from the sale of nickel ore for the three months ended June 30, 2015 and 2014 was ₱544.65 million and ₱410.65 million respectively. Despite of an increase in volume by 117.2% there is only a slight increase in sales revenue in the amount of ₱134.0 million or equivalent to 32.7% due to decrease in selling price of nickel ore.

Due to the abovementioned decline in selling price Consolidated net income dropped by 207.7% from previous year's second quarter net income of ₱95.17 million to this period's net loss of ₱ 102.47 million.

Administrative and Operating expenses

For the three months ended June 30, 2015, administrative and operating expenses amounted to ₱117.48 million. This reflects an increase of ₱59.26 million or 101.8% from ₱58.22 million for the same period last year. The increase was primarily due to the following:

- **Increase in salaries and wages** by ₱11.5 million or equivalent to 36.0% due to hiring of additional office personnel for both managerial and technical positions and salary adjustments of officers and employees

- **Increase in Director's Fee** by ₱23.3 million or equivalent to 501.5% due to payment of director's per diem and other renumerations.

- **Increase in taxes and licenses** by ₱10.2 million or equivalent to 140.7% mainly from the settlement of 2011 deficiency taxes.

- **Increase in depreciation expense** by ₱5.65 million or 113.9% due to depreciation of office improvements and newly acquired service vehicles.

- **Increase in Professional Fees** by ₱3.2 million or equivalent to 140.8% due to hiring of additional management and technical consultants .

- **Increase in supplies** by ₱0.046 million or equivalent to 6.7% due to replenishment of office supplies and printing of various forms for warehouse and office use.

- **Increase in Donation** by ₱2.9 million or equivalent to 205.7% largely due to financial assistance for various projects of the different municipalities, allowances of daycare workers and provision of food supplements to various barangays.

- **Increase in Loading Fee** by ₱2.6 million or equivalent to 195.8% due to increase in volume of nickel ore shipped.

- **Increase in Royalties** by ₱3.7 million or equivalent to 234.3% is likewise due to increase in sales of nickel ore.

- **Increase in social development mining program** by ₱7.0 million in compliance with implementimg rules and regulation of 1995 Phil. Mining Act which requires that, 1.5% of operating cost be allocated for the development of the host and neighboring mining communities

- **Increase in Communication, light and water** by ₱1.4 million or equivalent to 143.9**%** due to additional light and power utility charges and upgrade of data connection in head office and minesite.

- **Increase in Other services** by ₱0.54 million or equivalent to 14.7% due to higher association dues on condo units at makati office.

- **Increase in Repair and Maintenance** by ₱0.17 million or equivalent to 527.2% due to repair of office in mine site and service vehicles.

- **Increase in other expenses** by ₱5.3 million or equivalent to 180.5% mainly due to increase in environmental charges on damage crops and trees at mine site, rental on water truck used for dust control and other expenses.

The above cost increases were partly offset by the following :

- **Decrease in Representation** by ₱10.18 million or equivalent to 863.37% due due to minimal meeting with clients and representation to local community residents at the mine site.

- **Decrease in advertisement** by ₱1.16 million due to non recurring promotional and advertising cost.

- **Decrease in Rent Expense** by ₱0.57 million or equivalent to 439.7% mainly due to termination of lease contract of head office because of the acquisition of condo unit for office space.

STATEMENT OF FINANCIAL POSITION

June 30, 2015 vs. December 31, 2014

Assets

The consolidated total assets of the Company decreased to ₱3,658.5 million as of June 30, 2015 from ₱3,716.6 million as of December 31, 2014. The 1.6% decrease was mainly due to the following:

- **Decrease in total current assets** amounting to ₱234.7 million as of June 30, 2015 from ₱907.8 million as of December 31, 2014. The 25.9% decrease was attributable to the following:

  - **Decrease in cash** from ₱614.1 million to ₱106.9 million or a decrease of ₱507.2 million or 82.6% was use in operating expenses, payment of payables, acquisition of service and mining equipment and additional development cost on mine and mining property.

  - **Increase in trade and other receivables** from ₱13.07 million to ₱262.2 million or an additional of ₱249.1 million or 1,905.7% increase, due to sale of nickel ore for the period.

  - **Decrease in inventory from** ₱170.4 million to ₱135.6 million, ₱34.8 million or 20.4% high volume sold as compared to production.

  - **Increase in advances to related parties** from ₱60.9 million to ₱95.1 million or an additional ₱34.2 million or 56.0% increase due to additional advances made by a subsidiary for the road maintenance and personnel salaries of Carac-an Development Corporation.

  - **Increase in other current assets** from ₱49.2 million to ₱73.2 million or an additional ₱24.0 million or 48.8% due to increase in advances to contractors, prepaid expenses and increase in mining supplies.

- **Increase in total noncurrent assets** from ₱2,808.8 million to ₱2,985.4 million or an increase of ₱176.6 million or equivalent to 6.29% mainly due to 50.2% increase in other non current assets resulting from new investment and 12.95% increase in property and equipment due to acquisition of service and heavy equipment.

Liabilities

The total consolidated liabilities of the Company increased by ₱106.9 million or a 16.8% increase from ₱637.6 million as of December 31, 2014 to ₱744.5 million as of June 30, 2015. The increase is attributable to the increase in current liablilities of ₱ 104.1 million or equivalent to 18.4% arising from the increase in interest bearing loan of ₱200 million and partly offset by a decrease in trade and other payable by ₱95.8 million due to payment of accounts.

Equity

The stockholders' equity of the Company decreased by ₱165.0 million or 5.4% from ₱3,079.0 million as of December 31, 2014 to ₱2,911.0 million as of June 30, 2015. The decrease pertains to the net loss of ₱165.0 million from the sale of nickel ore by its subsidiary.

Statement of Cash Flows

The net cash used in operating activities amounted to ₱396.3 million for the six months ended June 30, 2015 as compared to net cash provided by operating activities of ₱168.31 million for same period in 2014. The decrease in cash from operating activities is the net result of the following:

- Net loss generated during the first semestral this year.
- Higher interest paid on interest bearing loans
- Lower interest income received.

Net cash used in investing activities amounted to ₱310.81 million as compared to ₱143.19 million for the same period in 2014 mainly as a result of the acquisition of the service and heavy equipment and placement of new investment.

Net cash provided by financing activities amounted to ₱199.9 million for the current year as compared to net cash used in financing activities of ₱0.43 million last year due to availment of an interest bearing loan in 2015 .

The net effect of the foregoing operating, investing and financing activities is an decrease of ₱ 507.21 million and a balance of ₱106.93 million in cash as of June 30, 2015 as compared to an increase of ₱24.69 million and a balance of ₱328.17 million as of June 30, 2014.

HORIZONTAL AND VERTICAL ANALYSIS:

	Unaudited	Audited	June 2015 vs. Dec. 2014	
	June 2015	Dec. 31, 2014	Increase (decrease)	Percentage Increase (Decrease)
A S S E T S				
Current Assets:				
Cash	106,927,037	614,134,346	(507,207,309)	-82.59%
Trade and other receivables	262,744,801	13,073,991	249,670,810	1909.68%
Inventories	135,573,837	170,374,619	(34,800,782)	-20.43%
Advances to related parties	94,629,144	60,985,516	33,643,628	55.17%
Other current assets	73,196,505	49,204,323	23,992,182	48.76%
Total Current Assets	673,071,324	907,772,795	(234,701,471)	
NonCurrent Assets:				
Property and Equipment	581,192,548	514,558,741	66,633,807	12.95%
Mining rights on explored resources	1,136,572,777	1,157,773,183	(21,200,406)	-1.83%
Mine and mining properties	868,407,048	867,786,012	621,036	0.07%
Deferred Tax assets	8,790,696	8,790,696	-	0.00%
Other noncurrent assets	390,447,169	259,902,951	130,544,218	50.23%
Total noncurrect assets	2,985,410,238	2,808,811,583	176,598,655	
	3,658,481,562	3,716,584,378	(58,102,816)	-1.56%
LIABILITIES AND STOCKHOLDER'S EQUITY				
Current Liabilities				
Current portion of long term loans	300,541,450	100,666,400	199,875,050	198.55%
Trade and other payable	370,024,387	465,827,238	(95,802,851)	-20.57%
Advances from related party	-	-	-	0.00%
Total Current liabilities	670,565,837	566,493,638	104,072,199	
Non current Liabilities				
Provision for mine site rehabilitation	47,104,039	43,798,134	3,305,905	7.55%
Retirement liability	26,839,819	27,304,938	(465,119)	-1.70%
	73,943,858	71,103,072	2,840,786	
	-			
Stockholders' Equity	-			
Capital stock	1,821,358,600	1,821,358,600	(0)	0.00%
Additional paid-in-capital	212,655,493	212,655,493	0	0.00%
Retained Earnings	865,057,632	1,030,073,433	(165,015,801)	-16.02%
Actuarial Gain	14,900,142	14,900,142	-	0.00%
Total Equity	2,913,971,867	3,078,987,668	(165,015,801)	
	3,658,481,562	3,716,584,378	(58,102,816)	

OTHER INFORMATION

a. There are no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

b. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

c. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

d. There are no material commitments for capital expenditures, the general purpose of such commitments, and the expected sources of funds for such expenditures should be described;

e. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations except as disclosed below:

On 25 April 2014, the Company was informed of a letter from the Mines & Geosciences Bureau (MGB) dated 22 April 2014 directing the Company's subsidiary, Marcventures Mining and Development Corp. (MMDC) to perform the following:

1. Stop mining operation in the Carrascal portion of the contract area, without prejudice to the possible imposition of any penal sanction/s pursuant to the pertinent provisions of R.A. 7942;

2. Address the issues that prevent the implementation of the environmental mitigation measures in the contract area, to allow the implementation of said measures within one (1) month from receipt hereof; and

3. Develop the mining area in the Cantilan portion of the contract area in accordance with the approved Three (3) – Year Work Program and suspend the extraction and disposition of ore therefrom until such time that the above requirement if fully complied with, as determined by this Bureau."

While MMDC had to temporarily suspend extraction and hauling of minerals in the Municipalities of Carrascal, Cantilan and Madrid pursuant to the foregoing directive, the same has no impact on the Company's financial condition. The Company is liquid and has adequate capital to sustain its operation to cover the period of suspension and to fund its operating expenses and payable.

The Company strongly believes that it is fully compliant with existing laws and regulations as well as the terms and conditions of its MPSA based on existing permits, licenses and approvals. Thus, on 08 May 2014, MMDC filed a motion for reconsideration requesting MGB to reconsider its findings.

While the company's extraction operation was suspended it incurred fixed overhead costs and costs relating to completion of environmental mitigating measures and for development/ reconfiguration of the Cabangahan mine pit amounting to ₱ 97.2 million as of

June 30, 2014, which the company classified as a non recurring costs in other income in the consolidated statement of income. The Company received a letter from the MGB on August 19, 2014, lifting the suspension order.

f. The causes for the material changes from period to period in the financial accounts were explained in the management's discussion and analysis of financial condition and results of operation.

g. There are no significant elements of income or loss that did not arise from the registrant's continuing operations.

h. There are no seasonal aspects that had a material effect on the financial condition or results of operations.

i. There are no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents.

j. There are no new Issuances, repurchases, and repayments of debt and equity securities.

k. There are no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

l. There are no changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

m. There are no contingent liabilities or contingent assets since the last annual balance sheet date.

n. There are no material contingencies and other material events or transactions during the interim period.

o. There are no events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

KEY PERFORMANCE INDICATORS

Marcventures' management uses the following KPIs for the Company' and its subsidiaries:

	June 30, 2015
Net loss	₱ (165,015,796)
Quick asset	464,300,982
Current assets	673,071,324
Total assets	3,658,481,562
Current liabilities	670,565,837
Total liablities	744,509,695
Stockholders' equity	2,913,971,867
Number of common shs. Outstanding	1,821,358,599
Liquidity ratios:	
Current ratio (1) Quick ratio (2)	1.00:1 0.69:1
Solvency Ratios:	
Debt ratio (3) Debt to Equity ratio (4)	0.20:1 0.26:1
Profitability ratios:	
Return on equity (5)	(0.055)
Return on assets (6)	(0.045)
Loss per share (7)	(0.091)

Note:

1. Current assets / Current liabilities
2. Quick asset / Current liabilities
3. Total liabilities / Total assets
4. Total Liabilities / Shareholders' equity
5. Net loss / Ave. Shareholders' equity
6. Net loss / Ave. Total assets
7. Net loss / common shares outstanding

PART II--OTHER INFORMATION

Any information not previously reported in a report on SEC Form 17-C

NONE

PART III – FINANCIAL SOUNDNESS INDICATORS

Liquidity Ratio

a. Current Ratio

   Total Current Assets/ Total Current Liabilities 1:1

b. Quick Ratio

   Quick asset / Total Current Laibilities = 0.69:1

Solvency Ratio

a. Debt Ratio

   Total liabilities / Total assets = 0.20:1

b. Debt to Equity Ratio

   Total liabilities / Shareholder's Equity = 0.26:1

Profitability Ratio

a. Return on Equity Ratio

   Net loss / Average shareholder's equity = -0.06 :1

b. Return on Assets

   Net income / Average Total assets = -0.05:1

c. Fixed Assets Turnover Ratio :

   Revenue/Property Plant and Equipment = 1.27:1

d. Asset to Equity Ratio:

   Total Assets / Ave. Stockholders' Equity = 1.22:1

e. Asset Turnover

   Revenue/Total Assets = 0.19:1

Interest Coverage Ratio

Net Income / Interest expense = -32.26:1

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: **MARCVENTURES HOLDINGS INC.**

Signature and Title: **ROLANDO S. SANTOS**
Treasurer

Date: August 19, 2015

Signature and Title: **RENITA S. TY**
Accountant

Date: August 19, 2015

Marcventures Holdings, Inc. and Subsidiary

Consolidated Financial Statements
June 30, 2015

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**June 30, 2015**	December 31, 2014
ASSETS			
Current Assets			
Cash	6	**₱106,927,037**	₱614,134,346
Trade and other receivables	7	**262,744,801**	13,073,991
Inventories		**135,573,837**	170,374,619
Advances to related parties	20	**95,629,144**	60,985,516
Other current assets	8	**73,196,505**	49,204,323
Total Current Assets		**673,071,324**	907,772,795
Noncurrent Assets			
Property and equipment	9	**581,192,548**	514,558,741
Mining rights on explored resources	10	**1,136,572,777**	1,157,773,183
Mine and mining properties	10	**868,407,048**	867,786,012
Deferred tax assets	22	**8,790,696**	8,790,696
Other noncurrent assets	11	**390,447,169**	259,902,951
Total Noncurrent Assets		**2,985,410,238**	2,808,811,583
		₱3,658,481,562	₱3,716,584,378
LIABILITIES AND EQUITY			
Current Liabilities			
Current portion of long-term loans	13	**₱300,541,450**	₱100,666,400
Trade and other payables	12	**370,024,387**	465,827,238
Total Current Liabilities		**670,565,837**	566,493,638
Noncurrent Liabilities			
Provision for mine site rehabilitation		**47,104,039**	43,798,134
Retirement liability	19	**26,839,819**	27,304,938
Total Liabilities		**₱73,943,858**	₱71,103,072
Equity			
Capital stock	14	**₱1,821,358,600**	₱1,821,358,600
Additional paid-in capital		**212,655,493**	212,655,493
Retained earnings		**865,057,632**	1,030,073,433
Actuarial Gain		**14,900,142**	14,900,142
Total Equity		**2,913,971,867**	3,078,987,668
		₱3,658,481,562	₱3,716,584,378

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended June 30		For the six months ended June 30	
	Note	**2015**	2014	**2015**	2014
SALE OF ORE		**₱544,652,622**	₱410,649,336	**₱696,772,859**	₱656,498,506
COST OF GOODS SOLD	15	**529,331,706**	249,039,291	**675,721,992**	385,029,937
GROSS INCOME		**15,320,916**	161,610,045	**21,050,867**	271,468,569
OPERATING EXPENSES	16	**117,476,434**	58,217,304	**185,119,144**	119,517,193
INCOME(LOSS) FROM OPERATIONS		**(102,155,518)**	103,329,740	**(164,068,277)**	151,951,376
INTEREST EXPENSE	13	**(3,059,139)**	(283,221)	**(5,114,942)**	(322,188)
INTEREST INCOME	6	**97,919**	214,083	**113,796**	324,401
OTHER INCOME (CHARGES)	17	**2,644,055**	(8,155,170)	**4,053,627**	(6,214,731)
TOTAL COMPREHENSIVE INCOME		**(₱102,472,683)**	₱95,168,432	**(**₱165,015,796)	**₱**145,738,857
Basic earnings per share	21	**(₱0.06)**	₱0.05	**(₱0.09)**	₱0.08
Diluted earnings per share	21	**(₱0.06)**	₱0.05	**(₱0.09)**	₱0.08

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED June 30, 2015 AND 2014

	Note	**June 30,2015**	June 30, 2014
CAPITAL STOCK			
Balance at beginning of year	14	**₱1,821,358,600**	₱1,821,358,600
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year		**212,655,493**	212,655,493
RETAINED EARNINGS			
Balance at beginning of year, as restated		**1,030,073,433**	735,219,661
Net income		**(165,015,796)**	145,738,857
Actuarial Gain		**14,900,142**	-
Balance at end for the period		**879,957,779**	880,958,518
		₱2,913,971,872	₱2,914,972,611

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	**For the three months ended June 30**	
		2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱102,472,677**	₱95,168,433
Adjustments for:			
Depletion	10	**35,523,178**	13,467,464
Depreciation	9	**42,618,490**	48,838,950
Interest expense	13	**3,059,139**	283,220
Interest income	6	**(97,919)**	(214,083)
Operating income before working capital changes		**(21,369,789)**	157,543,984
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		**(97,691,061)**	243,149,589
Inventory		**37,783,858**	(65,177,560)
Other current assets		**8,771,792**	(20,128,249)
Advances to related parties		**(32,601,052)**	(841,495)
Increase (decrease) in:			
Trade and other payables		**202,333,547**	(162,623,895)
Retirement liability		**(465,119)**	
Advances from related parties		**-**	(1,782,976)
Net cash generated from operations		**96,762,180**	150,139,398
Interest paid		**(3,059,139)**	(283,220)
Interest received		**97,919**	214,083
Net cash provided by operating activities		**93,800,953**	150,070,260
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Other noncurrent assets		**(18,148,155)**	(2,104,952)
Property and equipment	9	**(148,823,593)**	(36,504,173)
Mine and mining properties		**(10,052,299)**	(358,724)
Cash used in investing activities		**(177,024,047)**	(38,967,849)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loans		**(208,250)**	(157,765)
Availment of loan		**100,208,250**	-
Net cash provided by (used in) financing activities		**100,000,000**	(157,765)
NET INCREASE IN CASH		**16,776,906**	110,944,647
CASH AT BEGINNING OF YEAR		**90,150,131**	217,229,541
CASH AT END FOR THE PERIOD		**₱106,927,037**	₱328,174,188

See accompanying Notes to Consolidated Financial Statements.

MARCVENTURES HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended June 30 **2015**	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**(₱165,015,796)**	₱145,738,857
Adjustments for:			
Depletion	10	**35,523,178**	20,744,571
Depreciation	9	**101,991,766**	58,602,036
Interest expense	13	**5,114,942**	322,188
Interest income	6	**(113,796)**	(324,401)
Operating income before working capital changes		**(22,499,706)**	225,083,251
Working capital changes in:			
Decrease (increase) in:			
Trade and other receivables		**(249,670,811)**	(8,521,869)
Inventory		**34,800,782**	(67,437,948)
Other current assets		**(23,992,182)**	(51,587,929)
Advances to related parties		**(33,643,628)**	(1,058,544)
Increase (decrease) in:			
Trade and other payables		**(95,802,851)**	71,928,504
Retirement liability		**(465,119)**	-
Advances from related parties		**-**	(100,147)
Net cash generated from operations		**(391,273,521)**	168,305,318
Interest paid		**(5,114,942)**	(322,188)
Interest received		**113,796**	324,401
Net cash provided by operating activities		**(396,274,666)**	168,307,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Other noncurrent assets		**(130,544,218)**	(3,348,756)
Property and equipment	9	**(168,625,571)**	(134,218,742)
Mine and mining properties		**(11,637,903)**	(5,621,740)
Cash used in investing activities		**(310,807,692)**	(143,189,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loan		**(208,250)**	(431,319)
Availment (payment) of loans		**200,083,300**	-
Net cash provided by (used in) financing activities		**(199,875,050)**	(431,319)
NET INCREASE IN CASH		**(507,207,309)**	24,686,974
CASH AT BEGINNING OF YEAR		**614,134,346**	303,487,214
CASH AT END OF PERIOD		**₱106,927,037**	₱328,174,188

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information**

Marcventures Holdings, lnc. (the Parent Company), singly and collectively with subsidiary, is referred herein as "the Company."

Marcventures Holdings, lnc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on August 7, 1957 primarily purpose to acquire by purchase, exchange, assignment, gift or otherwise, and to hold, own and use for investment or otherwise, and to transfer any and all properties of every kind and description and wherever situated to the extent permitted by law provided it shall not engage in the business of an open-end or close-end investment company as defined in the Investment Company Act (Republic Act 2629), or act as a securities broker or dealer.

The Parent's shares of stock were initially listed in the Philippine Stock Exchange (PSE) on January 10, 1958. As at June 30, 2014 and December 31, 2013 1,821,358,599 of the Parent's shares of stock are listed in the PSE.

The Parent owns 100% interest in Marcventures Mining Development Corporation (MMDC), a company incorporated in the Philippines.

MMDC has been granted by the Philippine Department of Environment and Natural Resources (DENR) a Mineral Production Sharing Agreement (MPSA) covering an area of approximately 4,799 hectares located in Cantilan, Surigao Del Sur.

Originally, the MPSA was granted to Ventura Timber Corporation (VTC). In January 1995, VTC executed a deed of assignment (Deed) to transfer to MMDC all its rights and interest in and title to the MPSA. On January 15, 2008, the Deed was approved by the Mines and Geosciences Bureau (MGB).

On October 29, 2009, MMDC's Partial Declaration of Mining Feasibility was approved by the MGB, allowing MMDC to commence development and operation within a 300-hectare area covered in the MPSA but production was limited to only 120 hectares covered by the Environmental Compliance Certificate (ECC) issued in December 22, 2008. On April 23, 2013, the ECC was amended. MMDC was granted authorization to develop and operate the whole 4,799-hectare area covered in the MPSA.

On July 19, 2010, MMDC was registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore. As a BOI registered entity, MMDC is entitled to an Income Tax Holiday (ITH) for four (4) years from July 2010 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration.

The Parent Company's registered office is located at Unit 4-3 Citibank Center, 8741 Paseo de Roxas, Makati City.

2. Basis of Preparation and Statement of Compliance and Basis of Consolidation

Basis of Preparation and Presentation

The accompanying consolidated financial statements of the Company have been prepared on a historical cost basis. The consolidated financial statements are presented in Philippine Peso, which is the Company's functional currency. All values are in absolute amounts unless otherwise indicated.

Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC, including Philippine SEC pronouncements. This financial reporting framework includes Philippine Accounting Standard (PAS) and Philippine Interpretations from the International Financial Reporting Interpretations Committee (IFRIC).

Basis of Consolidation

The consolidated financial statements include the financial statements of the Parent Company and its subsidiary, MMDC, as June 30, 2014 and December 31,2013.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date that such control ceases.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions that are recognized in assets, are eliminated in full. Unrealized losses are eliminated unless costs cannot be recovered.

3. Summary of Changes in PFRS

Adoption of New and Revised PFRS

The Company adopted the following new and revised PFRS, which became effective as at January 1, 2014:

- PAS 1, *Financial Statement Presentation* - The amendment changed the presentation of other comprehensive income, wherein items that will be reclassified to profit or loss at a future point in time are presented separately from items that cannot be reclassified.

- PAS 19, *Employee Benefits* (Amendment) - The amendment introduced numerous changes such as, among others, the removal of the corridor approach in the recognition of actuarial gains or losses and the concept of expected returns on plan assets and the disclosure of sensitivity analyses on the significant actuarial assumptions and the disaggregation of plan assets by nature and risk.

- PFRS 10, *Consolidated Financial Statements* - The standard replaces the portion of PAS 27, *Consolidated and Separate Financial Statements,* that addresses the accounting for consolidated financial statements and SIC-12, *Consolidation - Special Purpose Entities*. It establishes a single control model that applies to all entities including special purpose entities. Management has to exercise significant judgment to determine which entities are controlled, and are required to be consolidated by a parent company.

- PFRS 12, *Disclosure of Interests in Other Entities* - The standard includes all of the disclosures that were previously in PAS 27 related to consolidated financial statements, as well as all of the disclosure requirements that were previously included in PAS 31*, Interests in Joint Ventures* and PAS 28, *Investments in Associates and Joint Ventures*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

- PAS 27, *Separate Financial Statements* (as revised in 2011) - As a consequence of the new PFRS 10 and PFRS 12, PAS 27 is now limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PFRS 7, *Financial Instruments Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments) - The amendment requires entities to disclose information that will enable users to evaluate the effect or potential effect of netting arrangements on an entity's financial position. The new disclosure is required for all recognized financial instruments that are subject to an enforceable master netting arrangement or similar agreement.

- Amendments to PFRS 10, PFRS 11 and PFRS 12: *Transition Guidance* - The amendments provide additional transition relief in PFRS 10, PFRS 11 and PFRS 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. Furthermore, for disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before PFRS 12 is first applied.

- PFRS 13*, Fair Value Measurement* - The standard establishes a single source of guidance under PFRS for all fair value measurements. It does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted.

- IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* - This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset.

- Improvements to PFRS

  The omnibus amendments to PFRS issued in May 2012, which are effective for annual periods beginning on or after January 1, 2013, were issued primarily to clarify accounting and disclosure requirements to assure consistency in the application of the following standards.

  - PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
  - PAS 1, *Presentation of Financial Statements*
  - PAS 32, *Financial Instrument: Presentation*

Adoption of the foregoing new and revised PFRS did not have any material effect on the consolidated financial statements. Additional disclosures have been included in the notes to consolidated financial statements, as applicable.

<u>New and Revised PFRS Not Yet Adopted</u>
Relevant new and revised PFRS which are not yet effective for the year ended December 31, 2013 and have not been applied in preparing the consolidated financial statements are summarized below.

Effective for annual periods beginning on or after January 1, 2014:

- Amendments to PAS 32*: Offsetting Financial Assets and Financial Liabilities* - The amendments address inconsistencies in current practice when applying the offsetting criteria in PAS 32. The amendments clarify (1) the meaning of ‘currently has a legally enforceable right of set-off’; and (2) that some gross settlement systems may be considered equivalent to net settlement.

Effective for annual periods beginning on or after January 1, 2015:

- PFRS 9, *Financial Instruments: Classification and Measurement* - This standard is the first phase in replacing PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to classification and measurement of financial assets as defined in PAS 39.

Under prevailing circumstances, the adoption of the foregoing new and revised PFRS is not expected to have any material effect on the consolidated financial statements. Additional disclosures will be included in the consolidated financial statements, as applicable.

4. Summary of Significant Accounting and Reporting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Fair Value Measurement

The Company uses market observable data as far as possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the valuation techniques as follows:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Financial Assets and Liabilities

a. Recognition

Financial instruments are recognized in the consolidated statement of financial position when the Company becomes a party to the contractual provision of the instruments. Financial instruments are initially recognized at fair value. In the case of regular way purchase or sale of financial asset, recognition and derecognition, as applicable, is done using trade date accounting. The initial measurement of the financial instruments, except for those classified at fair value through profit or loss (FVPL), includes transaction costs.

b. Classification

The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at FVPL, (b) held-to-maturity (HTM) investments, (c) loans and receivables and (d) Available-for-sale (AFS) financial assets. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or other financial liabilities at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred and whether or not the instruments are quoted in an active market.

As at June 30, 2015 and December 31, 2014, the Company does not have financial assets and liabilities at FVPL, HTM investments and AFS financial assets.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments and fixed maturities and that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not classified or designated as AFS financial assets or financial asset at FVPL. Loans and receivables are included in current assets if maturity is within twelve months from reporting date. Otherwise, these are classified as noncurrent assets.

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and any transaction cost which are directly attributable in the acquisition of the financial instrument. The amortization is included in profit or loss.

This category includes cash, trade and other receivables (excluding advances to contractors and suppliers) and advances to related parties.

Other Financial Liabilities at Amortized Cost. Financial liabilities are classified in this category if these are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or through borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any related issue costs, discount or premium. Gains and losses are recognized in profit or loss when the liabilities are derecognized, as well as when there is amortization process.

This category includes interest-bearing loans, trade and other payables (excluding statutory payables) and advances from related parties.

c. Derecognition

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized by the Company when:

- the right to receive cash flows from the asset has expired; or

- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risk and rewards of the assets, but has transferred control over the asset.

Where the Company has transferred its right to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset, if any, is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to pay.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of the new liability, and the difference in the respective carrying amount is recognized in profit or loss.

d. Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements where the related assets and liabilities are presented gross in the consolidated statement of financial position.

e. Impairment of Financial Assets

Loans and Receivables. The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The carrying value of the impaired account is reduced to the extent that it exceeds the asset's net realizable value. Impairment losses are recognized in full in profit or loss. If in a subsequent period, the amount of accumulated impairment losses has decreased because of an event occurring after impairment was recognized, the decline is allowed to be reversed to profit or loss to the extent that the resulting carrying value will not exceed the amortized cost determined had no impairment been recognized.

Inventories

Inventories, which consist of ore stockpile are physically measured or estimated and valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. Cost is determined using the moving average method.

Prepayments

Other current assets include expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realized for no more than 12 months after the financial reporting period are classified as current assets. Otherwise these are classified as noncurrent assets.

Property and Equipment

Property and equipment are initially measured at cost less accumulated depreciation and impairment losses, if any. The cost of an asset consists of its purchase price and costs directly attributable to bringing the asset to its working condition for its intended use. Cost also includes any asset retirement obligation and capitalized interest on borrowed funds used in the case of a qualifying asset.

Subsequent expenditures relating to an item of property and equipment that have already been recognized are added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are recognized as expense in the period in which these are incurred.

Each part of an item of property and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

Depreciation is calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Building	5-10
Office equipment and furniture and fixture	2-5
Heavy and transportation equipment	4-10

The estimated useful lives and depreciation method are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Construction in-progress is included in property and equipment and stated at cost which includes cost of construction and other direct costs. Construction in-progress is not depreciated until such time the relevant assets are ready for operational use.

When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in profit or loss.

Mine and Mining Properties

Upon start of commercial operations, mine development costs and deferred exploration costs are capitalized as part of mine and mining properties and presented as a separate line item in the consolidated statements of financial position. These costs are subject to depletion, which is computed using the units-of-production method based on proven and probable reserves, which is reviewed periodically to ensure that the estimated depletion is consistent with the expected pattern of economic benefits from the mine and mining properties.

Development costs, including the construction-in-progress incurred on an already operating mine area, are stated at cost and included as part of mine and mining properties. Such costs pertain to expenses incurred in sourcing new resources and converting these into reserves, which are not depleted or amortized until the development has been completed and become available for use.

Mining Rights on Explored Resources

Rights over mineral reserves, which are measured, indicated or inferred, are capitalized as part of mining rights on explored resources if the reserves are commercially producible and that geological data demonstrate with a specified degree of certainty that recovery in future years is probable.

Mining rights are subject to amortization or depletion from the commencement of production on a unit of production basis, based on proven and probable reserves. Costs used in the unit of production calculation comprise the net book value of capitalized costs plus the estimated future development costs. Changes in the estimates of mineral reserves or future development costs are accounted for prospectively.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that property and equipment, mine and mining properties and mining rights on explored resources may be impaired when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If any such indication exists and if the carrying value exceeds the estimated recoverable amount, the asset or cash-generating unit is written down to its recoverable amount, which is the greater of fair value less cost to sell and value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's-length transaction. In assessing value in use, the estimated future cash flows are discounted to present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of any depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Retirement Benefits

The Company has an unfunded, non-contributory defined benefit plan covering all qualified employees. The retirement cost is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment; and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on retirement liability or asset) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net retirement liability or asset is the aggregate of the present value of the retirement liability and the fair value of plan assets on which the obligations are to be settled directly. The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Borrowing Costs

Borrowing costs directly attributable to the development, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the asset. Capitalization of borrowing costs commences when activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization ceases when substantially all the activities necessary to prepare the asset for its intended use or sale are complete. Borrowing costs consist of interest and other financing costs that the Company incurs in connection with the borrowing of funds.

All other borrowing costs are recognized and charged to profit or loss as incurred.

Capital Stock

Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital

Additional paid-in capital is the excess over par value of consideration received for the subscription and issuance of shares of stock.

Retained Earnings

Retained earnings represent the cumulative balance of all current and prior period operating results, less any cash, stock or property dividends declared in the current and prior periods.

Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably. Revenue is the fair value of the consideration received or receivable from gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of taxes such as value added tax (if applicable), estimated returns, discounts and volume rebates. Revenue is recognized as follows:

Sale of ore. Sales are recognized upon delivery of goods to and acceptance by customers.

Interest. Interest income is recognized in profit or loss as it accrues, taking into account the effective yield on the asset.

Other Income. Income from other sources is recognized when earned during the period.

Cost and Expenses Recognition

Costs and expenses are recognized in profit or loss when there is a decrease in future economic benefit related to a decrease in an asset or an increase in a liability that can be measured reliably. Cost and expenses are presented using the function of expense method.

Cost of Sales. Cost of sales are recognized as expenses when the related goods are sold.

Operating Expenses. Operating expenses constitute cost of administering the business and costs incurred to sell and market goods and services. These are expensed as incurred.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception date, whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets, and the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the arrangement;

b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;

c. there is a change in the determination of whether fulfillment is dependent on a specified asset; or

d. there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Company as Lessee. Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term. For income tax purposes, expenses under operating lease agreements are treated as deductible expense in accordance with the terms of the lease agreements.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at reporting date. All differences are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate used to compute the amount is the one that has been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of any unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and any unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused MCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate that has been enacted or substantively enacted at the reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized in equity as other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Related Parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

Provisions and Contingencies

General Provisions. Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provisions for Mine Rehabilitation and Decommissioning. The Company recognizes provisions when there is partial fulfillment of obligation to restore operating locations at the end of the reporting period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste site and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is installed or the ground/environment is disturbed at the production location.

Contingencies. Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Earnings Per Share

Basic. Basic earnings per share is calculated by dividing the net income attributable to the ordinary stockholders of the Company by the weighted average number of common shares outstanding during the year, excluding common shares purchased by the Company and held as treasury shares.

Diluted. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potential dilutive common shares during the period.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the end of reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Segment Reporting
The Company has only one operating segment which consists of mining exploration and development.

5. Significant Accounting Judgments and Estimates

PFRS requires management to make judgments and estimates that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments and estimates used in the accompanying consolidated statements are based upon management's evaluation of relevant facts and circumstances as at the reporting date. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which have the most significant effect on the amounts recognized in the consolidated financial statements.

Functional Currency. Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine Peso, which is the currency of the primary economic environment in which the Company operates.

Operating Lease Commitment - Company as Lessee. The Company has an operating lease agreement for its office space. The Company has determined that the risks and benefits of ownership related to the leased properties are retained by the lessor. Accordingly, the lease is accounted for as an operating lease (see Note 20).

Estimates

The key estimates concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Estimating Allowance for Receivable Impairment. The Company maintains allowance for receivable impairment at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the length of the Company's relationship with the customer, the customer's payment behavior and known market factors. The Company identifies and provides for specific accounts that are doubtful of collection and reviews the age and status of the remaining receivables and establishes a provision considering, among others, historical collection and write-off experience.

Trade and other receivables, net of allowance, amounted to ₱262.2 million and ₱13.1 million as at June 30, 2015 and December 31, 2014, respectively. Allowance for receivable impairment amounted to ₱4.5 million as at June 30, 2015 and ₱11.0 December 31, 2014 (see Note 7).

Estimating Net Realizable Value of Inventories. The Company recognizes loss on inventories whenever net realizable values become lower than costs due to damage, physical deterioration, obsolescence, changes in price levels or other causes. Net realizable value is reviewed on a monthly basis to reflect the accurate valuation in the financial records. The carrying value of inventories, which is measured at cost, amounted to ₱135.6 million and ₱170.4 million as at June 30, 2015 and December 31, 2014, respectively.

Estimating the Realizability of Input VAT. The Company assesses the realizability of input VAT based on its ability to utilize the asset. The assessment is made on a continuing basis year on year. The carrying value of input VAT, which is included as part of "Other noncurrent assets" in the consolidated statements of financial position, amounted to ₱272.5 million and ₱253.1 million as at June 30, 2015 and December 31, 2014, respectively (see Note 11).

Estimating Useful Lives of Property and Equipment. The Company estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The Company reviews annually the estimated useful lives of property and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes and anticipated use of the assets.

Property and equipment, net of accumulated depreciation, amounted to ₱581.2 million and ₱514.6 million as at June 30, 2015 and December 31, 2014, respectively (see Note 9).

Estimating Depletion Rate and Recoverable Reserves. Depletion rates used to amortize mine and mining properties and mining rights on explored resources are assessed on an annual basis based on the results of latest estimate of recoverable reserves, which is subject to future revisions. Recoverable reserves and resource estimates for development project are, to a large extent, based on the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies which derive estimates of cost based upon anticipated tonnage and grades of ores to be mined and processed, the configuration of the ore body, expected recovery rates from the ore, estimated operating costs, estimated climatic conditions and other factors. Proven reserve estimates are attributed to future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. The Company's reserves are estimated based on local regulatory guidelines provided under the Philippine Mineral Reporting Code and duly reviewed and verified by a competent person.

Mine and mining properties, net of accumulated depletion, amounted to ₱868.4 million and ₱867.8 million as at June 30, 2015 and December 31, 2014, respectively (see Note 10).

Mining rights on explored resources, net of accumulated depletion, amounted to ₱1,136.6 million and ₱1,157.7 million as at June 30, 2015 and December 31, 2014, respectively (see Note 10).

Assessing Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; or

- significant negative industry or economic trends.

No impairment loss was recognized in 2015 and 2014.

Estimating Provision for Mine Rehabilitation. The obligation to rehabilitate and decommission a mine generally arises when the ground/environment is disturbed at the production location. The amount of provision depends on the completeness of rehabilitation and decommissioning activities performed by the Company during and immediately after every mining operation. Changes in rehabilitation and decommissioning costs are recognized as additions or charges to the corresponding provision when these occur.

Provision for mine rehabilitation amounted to ₱47.1 million and ₱43.8 as at June 30, 2015 and December 31, 2014, respectively.

Estimating Retirement Liability. The determination of the Company's retirement obligation and costs is dependent on the selection by management of assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rate and salary increase rate.

Actual results that differ from the Company's assumptions are recorded as addition to or deduction from retirement liability and recognized in profit or loss or other comprehensive income. One or more of the actuarial assumptions may differ significantly and as a result, the actuarial present value of the retirement obligation estimated as at reporting date may differ significantly from the amount reported.

Retirement liability amounted to ₱26.8 million and ₱27.3 as at June 30, 2015 and December 31, 2014, respectively (see Note 19).

6. Cash

This account consists of:

	As of June 30, 2015	December 2014
Cash in banks	**106,500,686**	614,001,323
Cash on hand	**426,351**	133,023
	106,927,037	614,134,346

Cash in banks earn interest at the respective bank deposit rates. Interest income from cash in banks amounted to ₱113,798 in June 30,2015 and ₱324,401 as of June30, 2014.

7. Trade and Other Receivables

This account consists of:

	As of June 30, 2015	December 2014
Trade receivables	**252,731,141**	1,885,786
Advances to employees	**5,201,106**	14,204,887
Others	**9,285,519**	8,019,845
	267,217,766	24,110,518
Allowance for impairment	**(4,472,965)**	(11,036,527)
	262,744,801	13,073,991

Trade receivables are usually due within 30 days and are noninterest-bearing.

Advances to employees are unsecured, noninterest-bearing and subject to liquidation for a specified period of time of about one year.

Current	*1 to 30 days past due*	*31 to 60 days past due*	*61 to 90*	*120+ past due*	*Total*
₱'000	*₱'000*	*₱'000*	*₱'000*	*₱'000*	*₱'000*
₱134,058	*₱116,787*	*₱0.00*	*₱0.00*	*₱1,886*	*252,731*

No additional allowances for impairment was provided for the six month period ended June 30, 2015.

8. Other Current Assets

This account consists of:

	As of June 30, 2015	December 2014
Mining and office supplies	**27,146,341**	24,400,769
Advances to contractors and suppliers	**22,079,405**	5,414,359
Prepaid expenses	**24,954,174**	18,078,325
Others	**1,949,215**	1,310,870
Allowance for probable lossess	**(2,932,630)**	-
	73,196,505	49,204,323

Prepaid expenses pertain to insurance, rent, and excise taxes.

9. Property and Equipment

This account consists of the following:

June 30, 2015.

Consolidated	**Land**	**Building**	**Office Equipment and Furniture and Fixtures**	**Heavy and Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
Balance at the beginning of the year	**47,078,744**	**113,158,653**	**75,329,766**	**649,881,952**	**19,020,120**	**904,469,235**
Additions	**10,583,732**	**6,836,220**	**4,884,825**	**141,924,308**	**4,396,486**	**168,625,571**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**
Balance 6.30.15	**57,662,476**	**119,994,873**	**80,214,591**	**791,806,260**	**23,416,606**	**1,073,094,806**
Accumulated Depreciation						**-**
Balance at the beginning of the year	**-**	**17,281,048**	**41,796,887**	**330,832,557**	**-**	**389,910,492**
Additions	**-**	**4,454,476**	**9,661,238**	**87,876,052**		**101,991,766**
Balance 6-30-15	**-**	**21,735,524**	**51,458,125**	**418,708,609**	**-**	**491,902,258**
Net Carrying Amount	**57,662,476**	**98,259,349**	**28,756,466**	**373,097,651**	**23,416,606**	**581,192,548**

Transportation equipment with carrying value aggregating ₱1.5 million and ₱1.7 million as at June 30, 2015 and December 31, 2014, respectively, are used as security for loans, as discussed in Note 13.

December 31, 2014.

Consolidated	Land	Building	Office Equipment and Furniture and Fixtures	Heavy and Transportation Equipment	Construction in Progress	Total
Cost						
Balance at the beginning of the year	29,646,649	18,876,757	37,530,399	516,419,485	11,624,195	614,097,485
Additions	17,432,095	94,281,895	37,799,367	133,462,467	14,864,166	297,839,990
Reclassification	-	-	-	-	7,468,240	7,468,240
Balance 12-30-14	47,078,744	113,158,652	75,329,766	649,881,952	19,020,121	904,469,235
Accumulated Depreciation						-
Balance at the beginning of the year	-	5,606,897	24,197,510	228,227,610	-	258,032,017
Additions	-	11,674,151	17,599,377	102,604,947		131,878,475
Balance 12-31-14	-	17,281,048	41,796,887	330,832,557	-	389,910,492
Net Carrying Amount	47,078,744	95,877,604	33,532,879	319,049,396	19,020,121	514,558,743

10. Mine and Mining Properties and Mining Rights

Movements in mine and mining properties and mining rights on explored resources are as follows:

June 30, 2015.		**Mine and Mining properties**		
	Mining rights on explored resources	**Mine development costs**	**Mine rehabilitation asset**	**Total**
Cost				
Beg Bal	**1,294,766,157**	**923,306,495**	**42,170,134**	**2,260,242,786**
Additions	**-**	**11,637,903**	**3,305,905**	**14,943,808**
	1,294,766,157	**934,944,398**	**45,476,039**	**2,275,186,594**
Accumulated				
Balance at beg	**136,992,974**	**97,690,617**	**-**	**234,683,591**
Addtions	**21,200,406**	**14,322,772**		**35,523,178**
	158,193,380	**112,013,389**	**-**	**270,206,769**
Net carrying amount, 06-30-2015	**1,136,572,777**	**822,931,009**	**45,476,039**	**2,004,979,825**

December 31, 2014.		Mine and Mining properties		
	Mining rights on explored resources	Mine development costs	Mine rehabilitation asset	Total
Cost				
Beg Bal	1,294,766,157	783,040,505	-	2,077,806,662
Additions	-	140,265,990	42,170,134	182,436,124
	1,294,766,157	923,306,495	42,170,134	2,260,242,786
Accumulated depletion				
Balance at beg	121,061,960	69,480,693	-	190,542,653
Addtions	15,931,014	28,209,924	-	44,140,938
	136,992,974	97,690,617	-	234,683,591
Net carrying amount, 12-31-2014	1,157,773,183	825,615,878	42,170,134	2,025,559,195

Depletion was charged to the following accounts:

	June 30, 2015	December 31. 2014
Cost of sales	₱ 35,523,178	₱44,140,938

Mining rights on explored resources represent the excess of the fair value of shares issued by the Company over the book value of the net assets of MMDC when the Company acquired 100% ownership in MMDC.

A third party was commissioned for a fairness opinion on the fair and reasonable value of MMDC, primarily in the explored mineral resources covered in MMDC's MPSA. The assumptions used on the valuation, which was approved by the SEC, include, among others, discount rate of 25% and a constant nickel price of US$11,000 per metric ton over a ten-year projection period.

In 2014, additions to mine and mining properties represent reclassifications from construction-in-progress under property and equipment.

11. Other Noncurrent Assets

This account consists of:

	As of June 30, 2015	December 2014
Input VAT	**272,538,984**	253,062,540
Rehabilitation cash fund (RCF)	**5,305,827**	5,294,620
Rental Deposit	**881,203**	1,146,204
Monitoring trust fund (MTF)	**161,843**	161,632
Others	**112,279,569**	237,955
Allowance for Probable losses	**(720,257)**	-
	390,447,169	259,902,951

RCF is reserved as part of the Company's compliance with the approved rehabilitation activities and schedules for specific mining project phase, including research programs as defined in the Environmental Protection and Enhancement Program (EPEP).

MTF is exclusively used in activities approved by the Mine Rehabilitation Fund Committee.

12. Trade and Other Payables

This account consists of:

	As of June 30, 2015	December 2014
Trade Payables	**134,336,485**	96,591,391
Advance from customers	**89,942,249**	40,426,805
Accrued expenses	**8,260,648**	
Excise tax and other statutory payables	**14,609,666**	62,591,020
Salaries and wages	**7,258,526**	5,879
Others	**115,616,813**	1,059,493
Dividend Payable	**-**	255,809,371
Others	**-**	9,343,279
	370,024,387	465,827,238

Trade payables primarily consist of liabilities arising from transactions with contractors related to the normal course of business. These are noninterest-bearing and are generally on a 90-day credit term.

Advances from customers represent preliminary collections related to the sale and shipment of nickel ores.

13. Interest-Bearing Loans

This account consists of:

	As of June 30, 2015	December 2014
Loan from Banks		
United Coconut Planters Bank	**541,450**	666,400
Orix Metro Leasing and Finance Corp.	**100,000,000**	-
Philippine Business Bank	**200,000,000**	100,000,000
	300,541,450	100,666,400
Less: Current Portion	**300,541,450**	100,666,400
	-	-

The loan obtained from UCPB, which reached up to 1.5 million during 2013, which was used to meet working capital requirements and for the purchase of transportation equipment. The loan which bears an annual interest rate of 11.81%, will mature in November 2014. Transportation equipment are used to secure the loan (see Note 9).

In 2015 the loan of the company from Philippine Business Bank and Orix Metro Leasing and Finance Corporation was used for working capital and for the purchase of transportation equipment. The loan from PBB bears an interest rate of 5% per annum, is secured by MMDC's stock certificate.

Interest expense charged to operations amounted to ₱5.1 million and ₱0.9 million as of June 2015 and December 2014 respectively.

14. Equity

Capital Stock

Movements in the Company's shares of capital stock consist of the following:

	Note	**June 30, 2015**	December 31, 2014
Authorized number of shares - ₱1 par value		**₱2,000,000,000**	₱2,000,000,000
Issued:			
Balance at beginning of year		**1,821,358,600**	1,821,358,600
		₱1,821,358,600	₱1,821,358,600

15. Cost of Goods Sold

This account consists of:

	June 30, 2015	June 30, 2014
Cost of beneficiated minerals	**549,454,436**	227,734,854
Marketing expense	**114,588,566**	118,339,408
Excise tax	**7,811,390**	13,129,970
Demurrage	**3,867,600**	25,825,705
	675,721,992	385,029,937

Contracted services pertain to activities directly related to mining. The services include, among others, mine extraction, stevedoring, janitorial, maintenance, security and explosive blasting.

Excise tax represents the Philippine Government's share on mineral production as defined under MMDC's MPSA. The MPSA also provides that any term favorable to the contractor resulting from the enactment of a new law shall inure to the benefit of the contractor and such law shall be considered part of the MPSA.

On March 3, 1995, Republic Act No. 7942 (RA 7942) or the Mining Act of 1995 was passed and enacted into law. Section 80 of RA 7942 prescribes that the total government share in an MPSA shall be the excise tax of 2.0% on gross revenue on mineral products.

16. Operating expenses

This account consists of:

		Six months		Three months	
		June 30, 2015	June 30, 2014	**Apr-June 2015**	Apr-June 2014
Salaries and Allowances		**65,720,649**	52,229,324	**33,819,152**	22,339,683
Donations		**5,762,089**	1,936,755	**4,355,665**	1,462,759
Loading fee		**6,221,652**	3,478,689	**4,881,732**	2,258,380
Royalties		**7,316,115**	6,893,234	**5,718,853**	1,976,251
Representation		**1,864,593**	14,132,677	**685,752**	10,863,485
Depreciation	9	**13,852,605**	5,955,400	**8,891,980**	3,239,874
Professional and Mgt. Fees		**4,534,857**	7,460,435	**2,297,132**	5,448,331
Taxes and Licenses		**18,530,660**	8,567,169	**11,263,793**	1,036,351
Social Development program		**11,300,361**	2,138,680	**8,621,968**	1,665,665
Rental	21	**263,849**	1,419,893	**134,919**	701,770
Outside services		**4,206,682**	-	**538,716**	-
Office Supplies		**1,628,070**	2,089,291	**945,236**	899,010
Communication, light and water		**2,865,863**	791,071	**1,859,240**	410,451
Advertisement		**157,313**	3,793,377	**157,313**	1,315,237
Repairs and maintenance		**211,977**	18,235	**180,086**	11,945
Directors Fees		**30,991,177**	6,360,000	**26,349,706**	3,075,000
Others		**9,690,632**	2,252,963	**6,775,192**	1,513,116
		185,119,144.00	119,517,193	**117,476,435**	58,217,308

17. Other Income (Charges)

This account consists of:

	June 30, 2015	June 30, 2014
Forex Gain (Loss)	3,878,437.00	(6,400,000.00)
Other income(charges)	175,190.00	(6,214,731.18)
Expenses related to suspension		-
Interest income	113,796.00	324,401.00
Interest expense	(5,114,942.00)	(322,188.00)
	(947,519.00)	(12,612,518.18)

18. Retirement Benefits

The Company has an unfunded, noncontributory defined benefit plan covering all its regular full-time employees.

The retirement liability recognized in the consolidated statement of financial position as at June 30, 2015 and December 31, 2014 and changes in the present value of defined benefit obligation are as follows:

	June 30, 2015	December 31, 2014
Balance at beginning of year	**₱29,214,953**	₱29,214,953
Current service cost	**–**	17,917,358
Interest cost	**–**	1,458,543
Net actuarial losses	**–**	(21,285,916)
Retirement benefits paid	**(2,375,134)**	––
Balance at end of year	**₱26,839,819**	₱27,304,938

The principal actuarial assumptions used to determine retirement benefit for 2014 are as follows:

	2014
Discount rates	**4.68%**
Salary increase rates	**5.00%**

Sensitivity analysis on defined benefit obligation as at December 31, 2013 is as follows:

	Change in Assumption	Effect on defined benefit liability
Discount rate	+100	(₱3,937,381)
	-100	4,970,880
Salary increase rate	+100	4,624,730
	-100	(3,763,511)

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the end of each reporting date after adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed more reasonable.

Weighted average duration of the defined benefit obligation is 11 years.

19. Related Party Transactions

Significant transactions with related parties include the following:

Advances to Related parties	Transaction Amounts **2015 (Semestral)**	**2014 (1 year)**	Outstanding Balances **June 30, 2015**	December 31, 2014	Nature and Terms	Conditions
Receivables from:						
Carac-an Development Corp. (CDC)	**₱33,643,628**	₱62,472,337	**₱94,629,144**	**₱60**,985,516	Working fund; unsecured; non-interest bearing; settled on demand	None
	₱33,643,628	₱62,472,337	**₱94,629,144**	₱60,985,516		

MMHI, CDC, and MRHI are companies under common control.

20. Lease Commitments

The Company leases an office space for its operations. The lease is for a period of five (5) years. The minimum lease payments under operating lease amounted to ₱0.4 million in 2015 and 2014.

At year-end, the Company has outstanding commitments under non-cancellable operating lease that fall due as follows:

	2015	2014
Within 1 year	**₱276,000**	**₱276,000**
More than 1 year but within 5 years	**115,000**	**115,000**
	₱391,000	**₱391,000**

21. Income Taxes

As discussed in Note 1, MMDC is registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a New Producer of Nickel Laterite Ore and enjoys ITH for a period of four years until June 2014.

Benefit from income tax represents the movement in recognized deferred tax assets.

The Company's deferred tax assets arising from temporary differences as at June 30, 2015 and December 31, 2014 are summarized as follows:

	June 30, 2015	Dec. 2014
Retirement liability	**₱7,448,806**	₱7,448,806
Allowance for receivable impairment	**1,341,890**	1,341,890
Provision for mine site development cost	–	–
Excess of MCIT over RCIT	–	–
	₱8,790,696	₱8,790,696

Details of unrecognized deferred tax assets are as follows:

	June 30, 2015	Dec. 2014
NOLCO	**₱20,176,049**	₱20,176,049
Retirement liability	**6,866,444**	6,866,444
	2,500,000	2,500,000
	₱29,542,493	₱29,542,493

Details of NOLCO are as follows:

Year incurred	2015	Year of Expiry
2013	₱57,410,040	2016
2012	9,843,457	2015
2011	–	2014
	₱67,253,497	

These deferred tax assets, which pertain to the Parent Company, were not recognized because management believes that there will be no future taxable income against which the deferred tax asset may be applied.

22. Basic/Diluted Earnings Per Share

Basic earnings per share is calculated by dividing the net income attributable to stockholders of the Company by the weighted average number of ordinary shares in issue during the year.

Estimation of earnings per share as of June 30, 2015 and 2014 are as follows:

	June 2014	June 2013
Net income (loss) shown in the statement of comprehensive income (a)	**(₱165,015,796)**	₱145,738,857
Weighted average number of common shares (b)	**1,821,358,599**	1,821,358,599
Effect of dilution from conversion options and warrants	**–**	–
Weighted average number of common shares adjusted for the effect of dilution (c)	**1,821,358,599**	1,821,699,509,
Basic earnings per share (a/b)	**(₱0.09)**	₱0.08
Diluted earnings per share (a/c)	**(₱0.09)**	₱0.08

23. Financial Risk Management Objectives and Policies

General(

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the Company's established business objectives.

Financial Risk Management Objectives and Policies

The Company's principal financial instruments consist of cash and cash equivalents and loans payable. The primary purpose of these financial instruments is to finance the Company's operations. The Company has other financial instruments such as receivable, trade and other payables and related party receivables and payables, which arise directly from its operations. The main risks arising from the use of these financial instruments are credit risk, liquidity risk, currency risk and market risk. Management reviews and approves the policies for managing each of these risks which are summarized below.

Foreign Currency Risk. The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar-denominated financial assets.

The Company's transactional currency exposures arise from its trade receivables and advances from customers which are denominated in currencies other than the Company's functional currency. The Company periodically reviews the trend of the foreign exchange rates to address its exposure in foreign currency risk.

The following table shows the Company's US dollar-denominated monetary financial assets and their Philippine Peso equivalent as at June 30, 2014 and December 31, 2013

	June 30, 2015		December 31, 2014	
	Philippine Peso	**US Dollar**	Philippine Peso	US Dollar
Current financial asset:				
Cash in banks	**₱45,897,097**	**$1,018,803**	**₱192,887,556**	**$4,313,228**
Trade receivables	**252,731,141**	**5,610,014**	**0.00**	**0.00**
	₱271,519,263	**$6,628,817**	**192,887,556**	**4,313,228**
Current financial liability -				
Advances from customers	**89,942,249**	**1,996,498**	**40,426,804**	**903,998**
Net financial asset (liability)	**₱181,577,014**	**$4,632,319**	**₱152,460,751**	**$3,409,230**

For purposes of restating the outstanding balances of the Company's foreign currency-denominated financial assets and liabilities as at June 30, 2015 and December 31, 2014, the exchange rate applied was ₱45.05 and ₱44.72 per US$1, respectively.

Credit Risk *Credit* risk arising from the inability of counterpart to meet the terms of the Company's financial instrument is generally limited to the amount, if any, by which the counterparty's obligation exceed the obligation of the Company. With respect to credit risk arising from the other financial assets of the Company, which comprise cash in banks, trade and other receivables and advances to a related party , the Company's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company trades only with recognized, credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification precedures. In addition, trade and other receivables balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The table below show the credit quality per class of financial asset and aging analysis of financial assets that are past due but not impaired as at June 30, 2015 and December 30, 2014.

The aging analysis of the Company's financial assets as at June 30, 2015 and December 31, 2014 are as follows:

(₱'000)

	Current	**Less than 3 months**	**3 to 6 months**	**6 to 12 months**	**Impaired**	**Total**
June 30, 2014						
Cash in banks	**₱45,897**	**₱–**	**₱–**	**₱–**	**₱–**	**₱45,897**
Trade receivables	**262,228**	**–**	**–**	**–**	**4,473**	**266,701**
Advances to related parties	**34,828**			**60,318**	**6,564**	**101,710**
	₱342953	**₱**	**₱**	**₱60,318**	**₱11,037**	**₱414,308**

	Current	Less than 3 months	3 to 6 months	6 to 12 months	Impaired	Total
December 31, 2014						
Cash in banks	₱614,001	₱–	₱–	₱–	₱–	₱614,001
Trade and other receivables	13,074	–	–	–	11,037	24,111

Advances to related parties	60,986	–	–	–	–	60,986
	₱688,061	₱—	₱–	₱–	₱11,037	₱699,098

Liquidity Risk. The Company manages liquidity risk by maintaining a balance between continuity of funding and flexibility. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational and working capital requirements, including debt principal and interest payments. Management closely monitors the Company's future and contingent obligations and sets up required cash reserves and reserve borrowing facilities as necessary in accordance with internal policies.

The tables below summarize the maturity profile of the Company's financial liabilities as at June 30, 2014 and December 31, 2013 based on contractual undiscounted payments. Loans payable consist of principal and estimated future interest payments.

(₱'000)

	On Demand	**Less than 3 months**	**3 to 6 Months**	**More than 6 months**	**Total**
June 30, 2015					
Trade and other payables*	**₱102,653**	**₱147,203**	**₱15,617**	**₱89,942**	**₱355,415**
Interest-bearing loans	**200,000**	**100,000**	**–**	**541**	**300,541**
	₱302,653	**₱247,203**	**₱15,617**	**₱90,483**	**₱655,956**

(₱'000)

	On Demand	Less than 3 months	3 to 6 Months	More than 6 months	Total
December 31, 2014					
Trade and other payables*	₱35,999	₱293,941	₱5,764	₱27,105	₱362,809
Interest-bearing loans	100,000	125	125	416	100,666
	₱135,999	₱294,066	₱5,889	₱27,521	₱463,475

**Trade and other payables exclude statutory liabilities*

Fair Value of Financial Assets and Financial Liabilities

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidated sale.

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements:

(₱'000)

	June 30, 2015		December 31, 2014	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Loans and receivables:				
Cash	**₱106,927**	**₱106,927**	₱614,001	₱614,001
Trade and other receivables	**262,228**	**262,228**	24,111	24,111
Advances to related parties	**95,146**	**95,146**	60,985	60,985
Rental deposit	**881**	**881**	1,146	1,146
	₱465,182	**₱465,182**	₱700,244	₱700,244
Other financial liabilities:				
Trade and other payables	**₱311,759**	**₱311,759**	₱362,809	₱362,809
Loans payable	**358,987**	**358,987**	100,666	100,666
	₱670,566	**₱670,566**	₱463,475	₱463,475

Cash, Trade and other receivables, Advances to related parties, Trade and other payables and Advances from related parties. Due to the short-term nature of transactions, the fair values approximate the amount of consideration at reporting period.

Loans payable. The fair value approximates carrying value because the effective interest rate is comparable to prevailing market rates.

Rental Deposits. The fair value of rental deposit has not been determined using observable market data because management believes that the difference between fair value and carrying amount would not be significant.