Century Peak Metals Holdings Corporation
and Subsidiaries

Interim Consolidated Financial Statements
As of June 30, 2016 (Unaudited) and December 31, 2015 (Audited)
and for the Six Months Ended June 30, 2016 and 2015 (Unaudited)

COVER SHEET

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SEC Registration Number

CENTURY PEAK METALS HOLDINGS
CORPORATION AND SUBSIDIARIES

(Company's Full Name)

UNITS 1403 & 1404 EQUITABLE BANK
TOWER CONDOMINIUM 8751 PASEO DE
ROXAS, SALCEDO VILLAGE,
MAKATI CITY 1227

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

MR. ROLDAN M. ANTONIO
(Contact Person)

(02) 856-0999
(Company Telephone Number)

12 **31**
Month *Day*
(Fiscal Year)

17-Q
(Form Type)

06 **30**
Month *Day*
(Annual Meeting)

Not Applicable
(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Not Applicable
Amended Articles Number/Section

Total Amount of Borrowings

229
Total No. of Stockholders

-
Domestic

-
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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 **30 June 2016**

2. Commission identification number **CS200324966**

3. BIR Tax Identification No **228-423-401-000**

4. **CENTURY PEAK METALS HOLDINGS CORPORATION**
   Exact name of issuer as specified in its charter

5. Province, country or other jurisdiction of incorporation or organization **Manila, Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. **14F Equitable Bank Tower, 8751 Paseo De Roxas, Salcedo Village, Makati City** **1226**
   Address of issuer's principal office Postal Code

8. Issuer's telephone number, including area code: **+63-2-856-0999**

9. **Not Applicable**
   Former name, former address and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 8 and 12 of the Code, 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	**2,820,330,450**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [✓] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange(PSE) **Common Stock**

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 twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [✓] No [ ] **Report: 17-Q**

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

Yes [✓] No [ ]

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

The interim consolidated financial statements as of June 30, 2016 (Unaudited) and December 31, 2015 (Audited) and for the six months ended June 30, 2016 and 2015 and the related notes to unaudited consolidated financial statements of Century Peak Metals Holdings Corporation and Subsidiaries (collectively referred to as "the Group") are filed as part of this Form 17-Q on pages 2 to 41.

For purposes of segment reporting, the Group has no other reportable segment other than mining and conversion of mineral resources.

There are no other material events subsequent to the end of this interim period that had not been reflected in the unaudited consolidated financial statements filed as part of this report.

CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	**June 30, 2016 (Unaudited)**	December 31, 2015 (Audited)
ASSETS			
Current Assets			
Cash		**P4,548,510**	P10,346,230
Trade and other receivables		**2,791,599**	63,776,444
Inventories		**179,286,914**	170,221,834
Other current assets		**23,785,788**	17,730,810
Total Current Assets		**210,412,811**	262,075,318
Noncurrent Assets			
Investment properties	*4*	**21,385,768**	21,385,768
Property and equipment – net	*5*	**969,692,063**	1,008,465,563
Explored mineral resources – net	*6*	**1,787,436,022**	1,804,380,864
Deferred Exploration Cost	*7*	**58,792,739**	31,618,852
Deferred tax assets		**3,234,131**	3,234,131
Other noncurrent assets	*8*	**62,676,883**	61,029,684
Total Noncurrent Assets		**2,903,217,606**	2,930,114,862
		P3,113,630,417	P3,192,190,180
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	*9*	**P126,229,579**	P121,642,289
Due to related parties	*13*	**159,378,451**	214,846,884
Income tax payable		**-**	46,931
Total Current Liabilities		**285,608,030**	336,536,104
Noncurrent Liability			
Provision for site rehabilitation costs	*10*	**11,315,919**	11,315,919
Equity			
Capital stock	*14*	**2,820,330,450**	2,820,330,450
Additional paid-in capital		**1,931,550**	1,931,550
Retained earnings	*16*	**2,320,054**	29,816,583
Total Equity Attributable to Equity Holders of the Parent		**2,824,582,054**	2,852,078,583
Non-controlling interests		**(7,875,586)**	(7,740,426)
Total Equity		**2,816,706,468**	2,844,338,157
		P3,113,630,417	P3,192,190,180

See accompanying Notes to Interim Unaudited Consolidated Financial Statements.

CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	April 1 to June 30, 2016	January 1 to June 30, 2016	April 1 to June 30, 2015	January 1 to June 30, 2015
SALES		**P85,653,949**	**P85,653,949**	P46,549,525	P46,549,525
COST OF SALES					
Cost of Sales	*11*	**(83,189,503)**	**(83,189,503)**	(24,121,931)	(24,121,931)
Depletion of Explored Mineral Resources		**(16,944,842)**	**(16,944,842)**	(24,293,278)	(24,293,278)
GROSS LOSS		**(14,480,396)**	**(14,480,396)**	(1,865,684)	(1,865,684)
Interest Income		**3,317**	**4,025**	27,651	41,470
Operating Expenses	*12*	**(8,027,471)**	**(13,373,789)**	(10,503,065)	(20,279,266)
Foreign exchange gains (losses)		**4,833**	**242,719**	(1,113,383)	(1,656,622)
Loss on disposal of Property and Equipment		**-**	**-**	(747,162)	(747,162)
Interest expense		**(16,228)**	**(24,248)**	(365,188)	(949,487)
Other income - net		**-**	**-**	717,513	717,513
NET LOSS/TOTAL COMPREHENSIVE LOSS		**(P22,515,945)**	**(P27,631,689)**	(P13,849,318)	(P24,739,238)
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Equity holders of the parent company		**(P22,405,809)**	**(P27,496,529)**	(P13,887,865)	(P24,808,095)
Non-controlling interest		**(110,136)**	**(135,160)**	38,547	68,857
		(P22,515,945)	**(P27,631,689)**	(P13,849,318)	(P24,739,238)
Loss Per Share					
Basic/diluted	*17*	**(P0.0080)**	**(P0.0098)**	(P0.0049)	(P0.0088)

See accompanying Notes to Interim Unaudited Consolidated Financial Statements.

CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES

INTERIM UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent Company				Non-Controlling Interest	Total Equity
	Capital Stock	**Additional Paid-in Capital**	**Retained Earnings (Deficit)**	**Total**		
Balance at January 1, 2016	**P2,820,330,450**	**P1,931,550**	**P29,816,583**	**P2,852,078,583**	**(P7,740,426)**	**P2,844,338,157**
Income (Loss) for the period	–	-	**(27,496,529)**	**(27,496,529)**	**(135,160)**	**(27,631,689)**
Balance at June 30, 2016	**P2,820,330,450**	**P1,931,550**	**P2,320,054**	**P2,824,582,054**	**(P7,875,586)**	**P2,816,706,468**
Balance at January 1, 2015	P2,820,330,450	P1,931,550	P92,298,368	P2,914,560,368	(P8,630,263)	P2,905,930,105
Income (Loss) for the period	–	-	(24,808,095)	(24,808,095)	68,857	(24,739,238)
Balance at June 30, 2015	P2,820,330,450	P1,931,550	P67,490,273	P2,889,752,273	(P8,561,406)	P2,881,190,867

See accompanying Notes to Interim Unaudited Consolidated Financial Statements.

CENTURY PEAK METALS HOLDINGS CORPORATION AND SUBSIDIARIES
INTERIM UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the six months ended June 30	
	Notes	**2016**	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(P27,631,689)**	(P24,739,238)
Adjustments for:			
Depreciation, amortization and depletion		**55,748,342**	98,666,801
Unrealized foreign exchange losses (gain)		**(242,719)**	1,656,622
Interest expense		**24,248**	949,487
Interest income		**(4,025)**	(41,470)
Operating income before working capital changes		**27,894,157**	76,492,202
Decrease (increase) in:			
Due from related parties		**-**	(34,062,689)
Trade receivables		**60,984,845**	209,907,902
Inventories		**(9,065,080)**	(110,608,068)
Other current assets		**(6,054,978)**	(34,525,339)
Increase (decrease) in accounts payable and other current liabilities		**4,587,290**	(148,005,300)
Net cash generated from (used in) operations		**78,346,234**	(40,801,292)
Income taxes paid		**(46,931)**	-
Interest paid		**(24,248)**	(949,487)
Interest received		**4,025**	41,470
Net cash provided by (used in) operating activities		**78,279,080**	(41,709,309)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net disposal of property and equipment	*5*	**-**	68,380,067
Acquisition of property and equipment	*5*	**(30,000)**	-
Decrease (increase) in:			
Deferred exploration cost	*7*	**(27,173,887)**	(15,221,152)
Other noncurrent assets	*8*	**(1,647,199)**	5,581,653
Net cash provided by (used in) investing activities		**(28,851,086)**	58,740,568
CASH FLOWS FROM A FINANCING ACTIVITY			
Payment to stockholders	*13*	**(55,468,433)**	(101,143,778)
EFFECT OF EXCHANGE RATE CHANGES IN CASH		**242,719**	(1,656,622)
NET DECREASE IN CASH		**(5,797,720)**	(85,769,141)
CASH AT BEGINNING OF YEAR		**10,346,230**	99,529,835
CASH AT END OF YEAR		**P4,548,510**	P13,760,694

See accompanying Notes to Interim Unaudited Consolidated Financial Statements.

1. Corporate Information

Century Peak Metals Holdings Corporation (CPMHC or the "Parent Company"), was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on December 30, 2003. On February 15, 2008, the SEC approved the change in the Parent Company's corporate name to Century Peak Metals Holdings Corporation.

On April 14, 2008, the SEC approved the amendment of the Parent Company's Articles of Incorporation changing its primary purpose to include promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities. The Parent Company further expanded its primary purpose by including investing in real estate development and energy. The amended Articles of Incorporation was approved by the SEC on March 18, 2010.

The Parent Company listed its common shares of stock with the Philippine Stock Exchange (PSE) on October 6, 2009.

The Parent Company operates as the holding company of the following subsidiaries:

	Percentage of Ownership [(a)]	
	Direct	Indirect
Century Peak Corporation (CPC)	100.00	-
Century Peak Mineral Development Corporation (CPMDC)	100.00	-
Century Peak Cement Manufacturing Corporation (CPCMC)	100.00	-
Century Sidewide Smelting Incorporated (CSSI) [(b)]	60.00	-
Century Hua Guang Smelting Incorporated (CHGSI)	55.00	-
Century Summit Carrier, Inc. (CSCI) [(b) (c)]	-	80.00

[(a)]Based on the Parent Company's interest in the issued and outstanding shares of the subsidiaries.
[(b)]CSSI and CSCI were incorporated on September 6, 2011 and September 29, 2011, respectively.
[(c)]Owned by the Parent Company through CPC.

The registered office address of the Parent Company and its subsidiaries (collectively referred to as the "Group") is at 14/F Equitable Tower, 8751 Paseo de Roxas, Salcedo Village, Makati City.

The Parent Company's subsidiaries were all incorporated in the Philippines and registered with the SEC. Their principal activities are as follows:

CPC and CHGSI	Invest in and engage in the business of operating and mining of any mineral resources in the Philippines such as iron, ore, copper, gold, silver, lead, manganese, chromites, nickel, etc.
CSSI	Invest in and engage in the business of operating and mining of any mineral resources in the Philippines and to engage in the business of managing, administering solid waste disposal system.

CPMDC	Engage in the business of operating and mining any mineral resources in the Philippines, such as limestone, lime, silica, iron ore, copper, gold, silver, lead, manganese, chromites, nickel, among other minerals, both metallic and non-metallic; prospecting, exploring, milling, concentrating, converting, smelting, treating, refining, manufacturing, and preparing for market, whether export or domestic, such mineral resources and producing and dealing in all its products and by-products of every kind and description and by whatsoever process, the same can be or may hereafter be produced.
CPCMC	Engage in the business of manufacture, production and merchandising, whether export or domestic, of cement, cement products and by-products, including its derivatives and any and all kinds of minerals and building materials.
CSCI	Engage in the business of operating barges, steamships, motorboats and other kinds of water crafts for the transportation of cargoes and passengers.

Mineral Rights

The table below summarizes the Group's mineral rights, which were acquired through CPC, as at June 30, 2016:

Tenement Designation	Area Covered (in Hectares)	Location
Mineral Production Sharing Agreement (MPSA) 010-92-X	1,198	Casiguran, Loreto, Dinagat Islands
MPSA-283-2009-XIII-SMR	3,188	Libjo (Albor), Dinagat Islands
Application for Mineral Production Sharing Agreement (APSA) 086-XIII	660	Acoje, Loreto, Dinagat Islands

CPC acquired MPSA-010-92-X or the "Casiguran Nickel Project," by virtue of a deed of assignment executed with Casiguran Mining Corporation on May 29, 2006, which was approved by the Department of Environment and Natural Resources (DENR) on December 11, 2006.

MPSA-283-2009-XIII-SMR was approved by the DENR on June 19, 2009.

The Acoje Property is covered by APSA-086-XIII and Environmental Compliance Certificate (ECC) No. 008-345-301C. APSA-086-XIII is still in process with the MGB Central Office as at December 31, 2015.

CPC has a Joint Operating Agreement with the Philippine Mining Development Corporation (PMDC) as the operating partner for the exploration, development and mining operations of the Pinamungahan Limestone Property. This covers an area of 4,795 hectares located in Toledo and Pinamungahan, Cebu.

Mining Operations

The Group has ongoing exploration work through CPC in its properties in the Province of Dinagat Island.

CPC released two Geologic Resource Evaluation Reports in respect of Casiguran Nickel Project and a Resource Evaluation Report in respect of Rapid City Parcel II Prospect covered by its MPSA-283-2009-XIII-SMR. These reports were prepared by Dr. Carlo A. Arcilla, an accredited competent person in accordance with the definition of the Philippine Mineral Reporting Code.

Based on the reports, the Casiguran Nickel Project has a combined indicated and measured resource of 9,897,000 DMT with a grade of 1.02% nickel (at 0.8% nickel cut-off). The Rapid City Parcel II Prospect reveals a combined indicated and measured resource of 9,067,000 DMT with a grade of 1.07% nickel (at 0.8% nickel cut-off). These represent 100,000 metric tons of pure nickel and 3.5 million tons of iron in respect of the Casiguran property, and 90,000 tons of pure nickel and 3.8 million tons of iron in respect of the Rapid City Parcel II Prospect, subject to mining plans and metal recovery parameters.

Management looks forward to continue developing and exploring these mineral properties either on its own or with joint venture partners.

Registration of CPC with the Board of Investments (BOI)
On May 7, 2010, CPC was registered with the BOI with Certificate of Registration No. 2010-093 (the "BOI Registration"), on its mining and extraction of nickel ore at Casiguran, Loreto, Dinagat Islands (the "Project"), as a new project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPC is entitled to the following incentives, among others:

a. Tax credit on taxes and duties paid on raw materials and supplies in producing its export product for a period of ten (10) years from start of commercial operations;

b. Importation of consigned equipment for a period of ten (10) years from date of registration;

c. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and

d. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On January 14, 2015, BOI granted the Company's request to amend the Specific Terms and Conditions of its BOI Registration, which entitled the Project to a one-year Income Tax Holiday incentive covering taxable year 2014 only.

<u>The Cement and Limestone Project</u>
CPCMC and CPMDC
Through MPSA 045-96-VII and 046-96-VII, the Group has 4,795 hectares in Pinamungahan, Cebu to mine limestone. An initial resource assessment conducted in 2012 on an 81 hectare area estimate as indicated limestone resource of 34,000,000 metric tons.

In April and July 2015, the Group was able to obtain the ECC and local permits for the Cement Plant/Power Plant and Limestone Quarry Project, respectively. The Group is in the process of acquiring lands from the Quarry and Port areas to the Cement Plant. The Group is also building a Command Center near the Cement Plant that will house the Centralize Motorpool and Repair shop, Offices and Residential area for Officers and staff.

<u>The Smelting Plant Project</u>
CHGSI
CHGSI was registered and incorporated with the SEC on January 14, 2008. The principal activities of CHGSI are to invest in and engage in the business of operating and mining mineral resources in the Philippines such as iron ore, copper, gold, silver, lead, manganese, chromites, nickel, etc.; prospecting, exploring, milling, concentrating, converting, smelting, treating, refining, and manufacturing; preparing for the market, whether export or domestic; and producing and dealing in all its products and by-products of every kind and description and by whatsoever process the same can be or may be hereafter be produced.

On October 28, 2009, CHGSI was registered with Philippine Economic Zone Authority (PEZA) under Republic Act (RA) No. 7916 as an ecozone export enterprise engaged in the production of ferro-nickel (pig iron) at the Leyte Industrial Development Estate - Special Economic Zone (LIDE-SEZ).

By virtue of its PEZA registration, CHGSI is entitled, among other incentives, to four (4) years income tax holiday, which shall be reckoned upon its start of commercial operations, as well as tax and duty free importation of its capital equipment and raw materials, subject to its compliance with the terms and conditions of its registration.

CSSI

In 2011, the Parent Company entered into a partnership with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Saiwai Mining Co., Ltd of P. R. China., a group that owns an iron powder processing plant, electric furnace smelting plant, and primarily does mineral ore trading. It is the Parent Company's plan to set up electric furnaces in the future to enhance the production of its nickel pig iron. From this formed partnership, CSSI is incorporated.

CSCI

On December 8, 2011, CSCI was registered with the Maritime Industry Authority with Certificate No. DSO-2006-003-095 (2011) under Marina Circular 2006-003, which is valid until December 7, 2017.

2. Basis of Preparation

Statement of Compliance

The interim consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations issued by the Financial Reporting Standards Council (FRSC).

Basis of Measurement

The interim consolidated financial statements have been prepared on a historical cost basis.

Basis of Consolidation

The interim consolidated financial statements include the accounts of the Group from the date control was obtained by the Parent Company. Equity attributed to the equity holders of the Parent Company is based on its share in net profits and net assets of the investees in accordance with the investees' Articles of Incorporation.

The interim consolidated financial statements reflect the consolidated accounts of the Group. Intra-group balances and any unrealized gains and losses or income and expenses arising from intra-group transactions are eliminated in the consolidation.

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

A subsidiary is an entity that is controlled by the Parent Company and whose accounts are included in the interim consolidated financial statements. Control exists when the Parent Company is exposed to, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases.

Non-controlling Interest

Non-controlling interest represents the interests not held by the Parent Company in its subsidiaries.

Functional and Presentation Currency
The interim consolidated financial statements are presented in Philippine peso, which is the Group's functional currency. All financial information presented in Philippine peso has been rounded-off to the nearest peso, unless otherwise indicated.

Use of Estimates and Judgments
The preparation of the interim consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts reported in the interim consolidated financial statements. The judgments and estimates used in the accompanying consolidated financial statements are based on management's evaluation of relevant facts and circumstances as of the date of the Group's interim consolidated financial statements. Actual results may differ from these estimates.

Judgments, estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, that have the most significant effect on the amounts recognized in the interim consolidated financial statements:

Legal Contingencies
As at June 30, 2016 and 2015, management, in consultation with outside counsel handling the Group's defense in legal matters, determined that there are no ongoing litigations filed against the Group that would have a material adverse impact on the interim consolidated financial statements.

Determining whether an Arrangement Contains a Lease
The Group uses its judgment in determining whether an arrangement contains a lease, based on the substance of the arrangement at inception date and makes assessment of whether the arrangement is dependent on the use of a specific asset or assets, the arrangement conveys a right to use the asset and the arrangement transfers substantially all the risks and rewards incidental to ownership to the Group.

Operating Lease - The Group as Lessee
The Group has entered into various arrangements covering the lease of its warehouse, equipment and residence of officers. In determining whether all significant risks and rewards of ownership remain with the lessor or transferred to the lessee, the following factors are considered:

a. the ownership of the asset does not transfer at the end of the lease term;
b. there is no option to purchase the asset at a price which is expected to be sufficiently lower than the fair value at the date the option becomes exercisable such that, at the inception of the lease, it is reasonably certain that the option will be exercised;
c. the lease term is not for the major part of the economic life of the asset even if title is not transferred;
d. at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset; and
e. the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

The Group has determined that the lessors retain all the significant risks and rewards of ownership of the properties and, as such, accounts for the agreements as operating leases.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty as of reporting date that have the most significant risk of resulting in a material adjustment to the carrying amounts of assets, liabilities and equity within the next financial year are as follows:

Estimating Allowance for Impairment Losses on Trade Receivables
The Group maintains an allowance for impairment losses on receivables 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 collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with the customer, the customer's payment behavior and known market factors. The Group performs regular review of the age and status of receivables, designed to specifically identify accounts with objective evidence of impairment and provides these with the appropriate allowance for impairment losses. The review is accomplished using a combination of specific and collective assessment approaches, with the impairment losses being determined for each risk grouping identified by the Group. The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different methodologies. An increase in the allowance for impairment losses on receivables would increase the recorded operating expenses and decrease current assets.

Trade receivables amounted to P2.8 million and P63.8 million at June 30, 2016 and 2015, respectively.

Estimating Net Realizable Value of Inventories
In determining the net realizable value of inventories, the Group considers inventory obsolescence based on specific identification and as determined by management for inventories estimated to be unsaleable in the future. The Group adjusts the cost of inventories to the net realizable value at a level considered adequate to reflect any market decline in the value of the recorded inventories. The Group reviews, on a continuous basis, the product movement, changes in customer demands and introduction of new products to determine whether these items should still be used in operations or otherwise disposed of, and identifies inventories which are to be written-down to net realizable values. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in inventory obsolescence and market decline would increase recorded operating expenses and decrease current assets.

As at June 30, 2016 and 2015, the cost of inventories amounted to P179.3 million and 170.2 million, respectively.

Estimating Allowance for Impairment Losses on Input Value-added Tax (VAT)
The Group maintains an allowance for impairment losses at a level considered adequate to provide for probable unrecoverable amounts of input VAT. The level of this allowance is evaluated by management on the basis of factors that affect the recoverability of the account.

Management has provided allowance for input VAT amounting to P9.1 million as at June 30, 2016. The carrying value of input VAT as at June 30, 2016 amounted to P16.3 million.

Estimating Useful Lives of Property and Equipment (Excluding Mine Site Development Cost)
The Group reviews at each reporting date the estimated useful lives (EUL) of property and equipment based on the period over which the assets are expected to be available for use and updates these expectations if actual results differ from previous estimates due to physical wear and tear and technical or commercial obsolescence. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of property and equipment will increase the recorded depreciation and amortization expense and decrease noncurrent assets.

As at June 30, 2016 and 2015, property and equipment (excluding mine site development cost), net of accumulated depletion, depreciation and amortization, amounted to P518.7 million and P616.8 million, respectively.

Estimating Allowance for Impairment Losses on Nonfinancial Assets
The Group assesses the impairment of its explored mineral resources, property and equipment and investment properties whenever events or changes in circumstances indicate that the carrying value of the assets or group of assets may not be recoverable. Factors that the Group considered in deciding when to perform impairment review includes the following, among others:

- The period for which the Group has the right to explore the specific areas has expired or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for the evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the explored mineral resource is unlikely to be recovered in full from successful development or by sale;
- Significant under-performance of a business or product line in relation to expectations;
- Significant negative industry or economic trends; or
- Significant changes or planned changes in the use of the assets.

The Group assesses at each reporting date whether there is an indication that items of property and equipment, investments in subsidiaries and investment properties may be impaired. Determining the amount of the assets, which requires the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the consolidated financial statements. Further events could cause the Group to conclude that these assets are impaired. Any resulting impairment loss could have material impact on the consolidated financial position and performance of the Group.

The preparation of the estimated future cash flows involves estimations and assumptions. While the Group believes that its assumptions are appropriate and reasonable, significant changes in these assumptions may materially affect the Group's assessment of the recoverable amounts and may lead to future additional impairment.

In 2013, the Group recognized impairment losses on its property and equipment amounting to P197 million, resulting from the destruction caused by typhoon Yolanda, which the fair value is based on current replacement costs.

As at June 30, 2016, management assessed that there are no impairment indicators relating to the Group's non-financial assets, other than input VAT. Accordingly, the Group did not recognize any impairment losses on its nonfinancial assets in 2016 and 2015.

Valuation of Explored Mineral Resources
The Group recognized explored mineral resources at its fair value as of initial recognition. The Group estimated the fair value based on the cash flow generation of the relevant mineral property covered by the acquired MPSA. The amount initially recognized would differ if the Group utilized different valuation methodologies and assumptions. Using a different amount to recognize the explored mineral resources as of initial recognition would affect the periodic amortization expense and any impairment losses which may be subsequently recognized.

The carrying value of explored mineral resources amounted to P1.79 billion and P1.80 billion as at June 30, 2016 and 2015, respectively.

Estimating Recoverable Reserves
Recoverable reserves and resource estimates for development projects 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 costs 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.

All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from block grading and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed areas are subject to greater uncertainty over their future life than estimates for reserves for areas that are substantially developed and depleted. As an area goes into production, the amount of proven reserves will be subject to future revision once additional information becomes available. As those areas are further developed, new information may lead to revisions. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amount and timing of recorded depletion expenses for any period would be affected by changes in these factors and circumstances.

The carrying value of mine site development cost amounted to P451.0 million and P391.7 million as at June 30, 2016 and 2015, respectively.

Estimating Provision for Site Rehabilitation
In determining the provision for mine rehabilitation, the Group considers factors that affect the calculation of the ultimate liability. These factors include, but not limited to, the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates. The Group reviews and updates these factors on a continuous basis. It is possible that future results of operations could be materially affected by change in the provision for site rehabilitation brought about by the changes in the factors mentioned.

As at June 30, 2016 and 2015, the provision for site rehabilitation costs amounted to P11.3 million.

Estimating Realizability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax assets at each reporting date and reduces the carrying amounts 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 assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

Recognized deferred tax assets amounted to P3.2 million as at June 30, 2016 and 2015.

3. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, and have been applied consistently by the Group, except for the changes in accounting policies as explained below.

Adoption of Amendments to Standards
The Group has adopted the following amendments to standards and new interpretation starting January 1, 2015 and accordingly, changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards and interpretation did not have any significant impact on the Group's consolidated financial statements.

- Annual Improvements to PFRSs: 2010 - 2012 and 2011 - 2013 Cycles - Amendments were made to a total of nine standards, with changes made to the standards on business combinations and fair value measurement in both cycles. Earlier application is permitted, in which case the related consequential amendments to other PFRSs would also apply. The following are the said improvements or amendments to PFRSs applicable to the Group:

  - *Scope of portfolio exception (Amendment to PFRS 13, Fair Value Measurement). The scope of the PFRS 13 portfolio exception:*
    - whereby entities are exempted from measuring the fair value of a group of financial assets and financial liabilities with offsetting risk positions on a net basis if certain conditions are met; and
    - has been aligned with the scope of PAS 39, Financial Instruments Recognition and Measurements, and PFRS 9, Financial Instruments.

    PFRS 13 has been amended to clarify that the portfolio exception potentially applies to contracts in the scope of PAS 39 and PFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under PAS 32 - e.g. certain contracts to buy or sell non-financial items that can be settled net in cash or another financial instrument.

  - *Restatement of accumulated depreciation (amortization) on revaluation (Amendments to PAS 16 and PAS 38).* The amendments clarify the requirements of the revaluation model in PAS 16 and PAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset. PAS 16 and PAS 38 have been amended to clarify that, at the date of revaluation: the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset - e.g. restated in proportion to the change in the carrying amount or by reference to observable market data; and the accumulated depreciation (amortization) is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or the accumulated depreciation (amortization) is eliminated against the gross carrying amount of the asset.
  - *Definition of 'related party' (Amendment to PAS 24, Related Party Disclosure).* The definition of a 'related party' is extended to include a management entity that provides key management personnel (KMP) services to the reporting entity, either directly or through a group entity. For related party transactions that arise when KMP services are provided to a reporting entity, the reporting entity is required to separately disclose the amounts that it has recognized as an expense for those services that are provided by a management entity; however, it is not required to 'look through' the management entity and disclose compensation paid by the management entity to the individuals providing the KMP services. The reporting entity will also need to disclose other transactions with the management entity under the existing disclosure requirements of PAS 24 - e.g. loans.

Recognition of Financial Instruments

Date of Recognition. The Group recognizes a financial asset or a financial liability in the consolidated statements of financial position when it becomes a party to the contractual provisions of the instrument. The Group determines the classification of its financial assets and liabilities on initial recognition and, where applicable and appropriate, re-evaluates this designation at each reporting date. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using trade date accounting. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulations or convention in the marketplace.

Initial Recognition of Financial Instruments. Financial instruments are recognized initially at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. The fair value of a financial instrument on initial recognition is normally the transaction price (i.e., the fair value of the consideration given or received). If a financial asset is not subsequently accounted for at FVPL, the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination.

The Group classifies its financial assets in the following categories: HTM investments, AFS financial assets, FVPL financial assets and loans and receivables. The Group classifies its financial liabilities as either FVPL financial liabilities or other financial liabilities. The classification depends on the Group's business model for managing financial instruments and the contractual cash flow characteristics of the financial instruments. The management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

As at June 30, 2016 and 2015, the Group has no designated FVPL financial assets and liabilities and HTM investments.

Loans and Receivables. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS or FVPL financial assets. Such assets are recognized initially at fair value. After initial recognition, loans and receivables are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment losses, if:

- the loans and receivables are held within a business model whose objective is to hold such assets in order to collect contractual cash flows; and
- the contractual terms of the loans and receivables give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through amortization process. Loans and receivables are classified as current assets if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Loans and receivables comprise cash, trade receivables, due from related parties, long-term receivable, advances to employees, suppliers and third parties, and rehabilitation funds.

Cash includes cash on hand and in banks, which is stated at face value.

The current portion of the Group's long-term receivable and advances to employees, suppliers and third parties are included as part of "Other current assets" account in the consolidated statements of financial position. The noncurrent portion of long-term receivable and rehabilitation funds are included as part of "Other noncurrent assets" account in the consolidated statements of financial position.

AFS Financial Assets. AFS securities are financial assets which are designated as such, or do not qualify to be classified or have not been classified under any other financial category. They are purchased and held indefinitely and may be sold in response to liquidity requirements or changes in market conditions. These include debt and equity securities.

After initial measurement, AFS financial assets are subsequently measured at fair value. Changes in fair value, other than impairment losses, and foreign currency differences on AFS equity securities are recognized in other comprehensive income as “Unrealized gains or losses on AFS securities” and are presented within equity. The losses arising from the impairment of such securities are recognized in profit or loss. When the security is disposed of, the cumulative gain or loss previously recognized in other comprehensive income is transferred to profit or loss. The effective yield component of AFS debt securities, as well as the impact of restatement on foreign currency-denominated AFS debt securities, is reported in profit or loss.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of unobserved inputs such as in the case of unquoted equity instruments, these financial assets are allowed to be carried at cost less impairment, if any.

This category includes equity securities not held for control or significant influence over the investee.

As at June 30, 2016 and 2015, the AFS financial assets represent the Group’s investment in Century Peak Property Development, Inc. (CPPDI). These equity instruments do not have a quoted market price in an active market and are measured at cost less impairment, if any.

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings.

The financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

Included in this category are the Group’s accounts payable and other current liabilities and amounts due to related parties that meet the above definition (other than liabilities covered by other PFRSs, such as income tax payable).

‘Day 1’ Profit. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions of the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a ‘Day 1’ profit) in profit or loss. In cases where no observable data are used, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the ‘Day 1’ profit amount.

Offsetting Financial Instruments. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, the Group has an 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 generally not the case with master netting agreements, thus, the related assets and liabilities are presented on a gross basis in the consolidated statements of financial position.

Derecognition of Financial Assets and Liabilities

Financial Assets

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

- The right to receive cash flows from the asset has expired;
- The Group 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 Group has transferred its right to receive cash flows from the asset and either has: (a) transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right to receive cash flows from an asset 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 Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to pay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired. When 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 a new liability, with the difference in the respective carrying amounts recognized in profit or loss.

Determination of Fair Values

The Group's accounting policies require the determination of fair values, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes, when necessary, based on the estimated amounts that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. When applicable, the Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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, 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. Transfers between levels of the fair value hierarchy are recognized at the end of the reporting period during which the change has occurred.

Inventories
Inventories, which consist of nickel and chromite ores, are measured at the lower of cost or net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. The Group uses the weighted average method of inventory costing. Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period and the cost of similar items purchased or produced during the period. The average may be calculated on a periodic basis, or as each additional shipment is received, depending upon the circumstances of the entity.

Cost represents the weighted average cost and comprises direct materials, labor and an appropriate portion of fixed and variable production overhead expenditure on the basis of normal operating capacity, including depreciation and amortization incurred in converting materials to finished products.

Investment Properties
Investment properties are measured initially at cost, including transaction costs. The Group's investment properties are held either to earn rental income or for capital appreciation or both. Subsequent to initial recognition, investment properties are carried at cost less any impairment in value.

Investment properties are derecognized when these have been disposed or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Transfers between investment property, owner-occupied property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.

Explored Mineral Resources
Explored mineral resources represent the Group's intangible asset for its right to mine certain areas. Such intangible asset, which has a definite useful life, was acquired by the Group in relation to its acquisition of a group of assets.

Explored mineral resources are measured at cost of acquisition less accumulated amortization and accumulated impairment losses, if any. Amortization of explored mineral resources is calculated using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Amortization shall begin when the nickel ore extraction begins or when the mine site is in the condition when it is capable to operate in the manner intended by management, whichever is earlier. Amortization shall cease at the earlier of the date that the intangible assets is classified as held for sale in accordance with PFRS 5 and the date that asset is derecognized.

The estimated recoverable reserves and the amortization method are reviewed periodically to ensure that the estimated recoverable reserves and method of depletion are consistent with the expected pattern of economic benefits from the explored mineral resources. If the estimated recoverable reserve is different from previous estimates, the basis of depletion shall be changed accordingly.

Property and Equipment
Property and equipment are carried at cost less accumulated depletion, depreciation, amortization and impairment losses, if any. Land is carried at cost less any impairment in value.

Initially, an item of property and equipment is measured at its cost, which consists of its purchase price and any directly attributable cost in bringing the asset to the location and condition for its intended use. Subsequent costs (including costs of replacing a part of an item of property and equipment) that can be measured reliably are added to the carrying amount of the asset when it is probable that future economic benefits associated with the asset will flow to the Group. The carrying amount of the replaced part is derecognized. The costs of day-to-day servicing of an asset are recognized as an expense in the period in which they are incurred.

Depreciation and amortization is computed using the straight-line method over the EUL of the assets. Depreciation, amortization and depletion commences once the assets become available for use. Leasehold improvements are amortized using the straight-line method over the shorter of their EUL or corresponding lease terms.

	Number of Years
Transportation and field equipment	4 - 10
Office equipment	3 - 5
Barges and boats	4
Improvements	10

The assets' residual values, useful lives and depreciation, amortization and depletion methods are reviewed annually and adjusted, if appropriate, to ensure that the methods and period of depreciation, amortization and depletion are consistent with the expected pattern of economic benefits from items of property and equipment. Any change in the expected residual values, EUL and methods of depreciation, amortization and depletion is adjusted prospectively from the time the change was determined necessary.

When an asset is disposed of, or is retired from use and no future economic benefits are expected from its disposal, the cost and accumulated depreciation, amortization, depletion and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in profit or loss.

Construction in progress represents property and equipment under construction and is stated at cost. This includes cost of construction and other direct costs. Assets under construction are transferred to the related property and equipment account when the construction and installation and related activities necessary to prepare the property and equipment for the intended use are completed, and the property and equipment are ready for services. Construction in progress is not depreciated until such time that the relevant assets are completed and put into operational use but tested for impairment losses.

Mine site development costs represent the cost of road network, pier, stockyard and other costs incurred in constructing the production infrastructure. When exploration results are positive or commercially viable, cost incurred for development of mining properties are deferred as incurred.

Depletion of mine site development cost is computed based on ore extraction over the estimated volume of proven and probable ore reserves, as estimated by the Group's geologist and certified by an independent geologist, or over the estimated life of specific components whichever results in a shorter period of depletion.

Mine site development cost is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the assets) is included in profit or loss in the year the item is derecognized.

Assets Held for Sale

Noncurrent assets or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will recovered primarily through sale rather than through continuing use. Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less cost of disposal. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized on profit or loss.

Once classified as held-for-sale, intangible asset and property, plant and equipment are no long amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

Impairment

Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset (an incurred "loss event") and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

If there is an objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). Time value is generally not considered when the effect of the discounting is not material. The carrying amount of the asset is reduced through the use of an allowance account. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. The financial assets, together with the associated allowance accounts, is written-off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. Impairment loss is recognized in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed, either directly or by adjusting an allowance account. Any subsequent reversal is recognized in profit or loss to the extent that the carrying amount of the asset does not exceed its amortized cost at the reversal date.

Nonfinancial Assets
The carrying amounts of the Group's nonfinancial assets, such as property and equipment, explored mineral resources, investment properties and other noncurrent assets, are reviewed at each reporting date to determine whether there is any indication that an asset may be impaired, or whether there is any indication that an impairment loss previously recognized for an asset in prior periods may no longer exist or may have decreased. If any such indication exists and when the carrying amount of an asset exceeds its estimated recoverable amount, the asset or cash-generating units (CGU) to which the asset belongs is written-down to its recoverable amount. Recoverable amounts are estimated for individual assets or investments or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of a nonfinancial asset is the greater of the asset's fair value less costs of disposal and its value in use. The fair value is the amount obtainable from the sale of the asset in an orderly transaction between market participants at a measurement date, less the costs of disposal. Value in use is the present value of the future cash flows expected to be delivered from an asset or CGU. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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 cash flows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognized in profit or loss in the year in which it arises. A previously recognized impairment loss is reversed only if there has been a change in estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization for property and equipment, net of any depletion for mine site development cost) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized in profit or loss. After such reversal, the depreciation, amortization and depletion expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

<u>Equity</u>
Capital stock is measured at par value for all shares issued and outstanding. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Group, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to additional paid-in capital. If additional paid-in capital is not sufficient, the excess is charged to deficit.

Retained earnings represent the accumulated income (losses) of the Group.

<u>Revenue</u>
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Minerals
Revenue from sale of minerals, such as nickel and chromite ores, is recognized in profit or loss on the date that minerals are delivered to the customer. Revenue is the fair value of the consideration received or receivable, net of taxes, such as VAT (if applicable).

Incentive Revenue
Incentive revenue is recognized upon delivery of goods to the customer and when amount is fixed and determinable.

Interest Income
Interest income is recognized on a time-proportion basis using the effective interest method.

Other Income
Other income pertains to non-recurring gains recognized in profit or loss such as disposal of assets and investment properties. Income is earned when risks and rewards over the assets are transferred to the buyer.

Expenses
Expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Expenses are generally recognized when the services are rendered or the expenses are incurred.

Cost of Sales
Cost of sales is recognized when the expense is incurred and is reported in the consolidated financial statements in the periods to which it relates.

Operating Expenses
Expenses incurred in the general administration of the day-to-day operation of the Group are generally recognized when the service is rendered or the expense is incurred.

Taxes
Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or in other comprehensive income.

Current Tax
Current income tax assets and liabilities for the current period are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute this amount are those that are enacted or substantively enacted as at the reporting date.

Deferred Tax
Deferred tax assets and liabilities are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes and the carryforward tax benefits of the net operating loss carryover (NOLCO) and the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT). The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, carryforward benefits of NOLCO and MCIT, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax is not recognized for:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at each reporting date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and the carryforward tax benefits of NOLCO and MCIT can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accrual for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. Tax assessments rely on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax availabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off current tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

VAT

Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the Group's consolidated statements of financial position.

Final Tax

Final tax represents tax on interest income derived from bank deposits. Final tax is recognized in profit or loss in the same period when the related interest income is recognized and is withheld by the depository bank for remittance to the taxing authority.

<u>Foreign Currency Transactions</u>

The functional and presentation currency of the Group is the Philippine peso. Transactions in foreign currencies are recorded in Philippine peso based on the exchange rates prevailing at the transaction dates. Foreign currency denominated monetary assets and liabilities are translated into Philippine peso using the prevailing exchange rate at the reporting date. Exchange gains or losses arising from translation of foreign currency denominated items at rate different from those at which they were previously recorded are recognized in profit or loss.

<u>Provisions</u>

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risk specific to the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss, net of any reimbursement.

Provision for Site Rehabilitation
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailing dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mine assets. Overtime, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the statements of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed in the notes to the consolidated financial statements 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.

Related Parties
Related party relationship exists when one party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Earnings (Loss) Per Share
Basic earnings (loss) per share in the consolidated financial statements is determined by dividing net income (loss) attributable to equity holders of the Parent Company by the weighted average number of shares outstanding, after giving retroactive effect to any stock dividends declared during the year. Diluted EPS is computed in the same manner as basic EPS, however, net income attributable to common shares and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential common shares.

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

Standards Issued But Not Yet Adopted
A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2015. However, the Group has not applied the following new or amended standards in preparing these consolidated financial statements. Unless otherwise stated, none of these are expected to have a significant impact on the Group's consolidated financial statements.

Effective January 1, 2016

- *Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to PAS 16 and PAS 38).* The amendments to PAS 38, Intangible Assets, introduce a rebuttable presumption that the use of revenue-based amortization methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments to PAS 16, Property, Plant and Equipment, explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. This is because such methods reflect factors other than the consumption of economic benefits embodied in the asset – e.g. changes in sales volumes and prices.

The amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. Early application is permitted.

- *Equity Method in Separate Financial Statements (Amendments to PAS 27).* The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures, but also for subsidiaries.

Effective January 1, 2018

- *PFRS 9 Financial Instruments (2014).* PFRS 9 (2014) replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- *PFRS 15 Revenue from Contracts with Customers replaces PAS 11 Construction Contracts, PAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter Transactions Involving Advertising Services.* The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange non-monetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  However, the FRSC has yet to issue/approve this new revenue standard for local adoption pending completion of a study by the Philippine Interpretations Committee on its impact on the real estate industry. If approved, the standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Effective January 1, 2019

- *PFRS 16 Leases supersedes PAS 17 Leases and the related Philippine Interpretations.* The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted PFRS 15. The Group is currently assessing the potential impact of PFRS 16 and plans to adopt this new standard on leases on the required effective date once adopted locally.

4. Investment Properties

Investment properties consist of two parcels of land with carrying amount of P21.4 million as at June 30, 2016 and 2015. Fair values, which represent the price that would be received to sell the investment properties in an orderly transaction between market participants at the measurement date of February 28, 2011, amounted to P35.4 million. No direct cost was incurred.

The non-recurring fair values of investment properties are determined by the Group through an independent property appraiser using the market data approach. In this approach, the values of the parcels of land are based on sales and listings of comparable property registered within the vicinity. The comparison is premised on the factors of location, size and share of the lot, time element and others.

As at June 30, 2016 and 2015, the investment properties are idle and did not earn any income nor incur any related expenses

5. Property and Equipment

This account includes mine site development costs include costs incurred in the construction of road network, pier and stockyard. Measurement and recognition of this asset refers to those of property and equipment being used to develop and maintain CPC's mineral right property in Casiguran Property which has indicated various degrees of nickel mineralization.

Mine site development costs, transportation and field equipment were part of the group of assets acquired. These assets are initially recognized in the consolidated statement of financial position based on allocation of the total acquisition cost using their relative fair value.

Allowance for Impairment Losses on Property and Equipment
The Group has recognized provision for impairment losses on its property and equipment amounting to P197 million in 2013, following the impairment of some equipment, construction in progress and parcels of land of CHGSI in Leyte caused by typhoon Yolanda in November 2013. The impaired assets have a carrying value of P251.4 million as at December 31, 2013. The fair value of these assets amounting to P54.4 million was based on the current replacement costs as estimated by an independent property appraiser.

As at June 30, 2016 and 2015, construction in progress represents the installation of CHGSI's smelting plant which is expected to be completed in 2018.

6. Explored Mineral Resources

Explored mineral resources are part of the group of assets of CPC that were acquired in 2008, in exchange for shares of stock of the Parent Company. At acquisition date, these explored mineral resources were measured based on the expected cash flows from the explored area of about 400.0 hectares or 42.0% of total area covered by the MPSA.

The valuation also considered CPC's existing exploration permit in Puerto Princesa, Palawan covering an estimated area of 3,188.3 hectares and exploration permit application in Albor, Surigao del Norte with an estimated area of 5,136.3 hectares, without assigning financial or monetary value. Costs of exploration permits were immaterial and were charged to profit or loss. In addition, the valuation did not include any assignment of operating agreements and additional mining tenements that may contain other minerals.

The financial model yielded an expected NPV on CPC's group of assets amounting to P2.0 billion using an investment hurdle rate of 36.6%. The NPV computation assumed an average selling price of USD 27,500.0 per metric ton of pure nickel, which considered a 16.2% discount to London Metal Exchange quoted prices; a 15-year production and selling period with a maximum annual production yield of 2.0 million metric tons; and an average production cost of USD 6.4 per wet metric ton. The valuation was prepared by Asian Alliance Investment Corporation (AAIC), an independent financial advisor. Subsequently, the Parent Company appointed Multinational Investment Bancorporation (MIB), another independent financial advisor, to render fairness opinion to the valuation. The result of MIB's report dated April 9, 2008 fairly approximated that of AAIC's report.

For purposes of computing the net present value using discounted cash flow method, the valuation of intangible assets involves the extraction of non-replaceable resource.

The assumptions used in the valuation included a number of market factors that are subject to market risk, such as commodity risk and currency risk. Significant changes in the commodity prices and foreign exchange rates would affect the fair value of the explored mineral resource.

7. Deferred Exploration Cost

Deferred exploration costs pertains to expenditures related to exploration for economic mineral deposits. This includes, among others, costs of exploration and mining rights acquisition, geological, geochemical and geophysical surveys, drilling, labor, materials and supplies, professional fees, community relations, and environmental management expenditures attributable to the cement project.

As at June 30, 2016 and December 31, 2015, the expenditures of the Group amounted to P58.8 million and P31.6 million, respectively. Exploration activities is covered by a Joint Operating Agreement entered by the Group through CPC

8. Other Noncurrent Assets

Advances to suppliers are required down payments for the purchase of barges and blast equipment.

Rehabilitation funds were set up by the Group to ensure availability of financial resources for the satisfactory compliance with and performance of activities of its Environmental Protection and Enhancement Program during the specific phases of its mining projects. The funds also include a Social Development Management Program fund under a Memorandum of Agreement with the Development Bank of the Philippines (DBP).

The Group's rehabilitation funds are deposited with DBP and earn interest at the respective bank deposit rates.

AFS financial assets pertain to the Parent Company's 3.0% ownership interest in CPPDI representing 15,000 shares at P100.00 par value, which are measured at cost in the absence of fair value.

9. Accounts Payable and Other Current Liabilities

The Group's accounts payable are usually paid within one year. This consists of current payables to contractors and suppliers. This is also includes statutory payables, accrued salaries and various items that are individually immaterial.

10. Provision for Site Rehabilitation

A provision is recognized for the estimated rehabilitation costs of the Group's mine site upon termination of the MPSA, which is 25 years. The provision is calculated by the Group's engineers based on an estimate of the expected cost to be incurred to rehabilitate the mine site. The provision is presented at discounted value using the Philippine bond yield of 9.93% as the effective interest rate. The accretion of interest is recognized as part of "Interest expense" account in profit or loss.

11. Cost of Sales

	January 1 to June 30, 2016	January 1 to June 30, 2015
Depreciation	**P27,920,892**	P10,711,755
Fuel and oil	**14,958,932**	4,462,796
Contractor's fee	**10,688,093**	1,005,095
Royalty tax	**6,695,616**	4,473,418
Rental expense	**6,053,595**	1,003,535
Materials and supplies	**5,701,086**	242,045
Salaries, wages and employee benefits	**4,881,494**	1,110,172
Excise tax	**1,380,030**	491,150
Utilities	**552,075**	42,788
Taxes and licenses	**550,383**	42,455
Transportation	**240,703**	14,898
Miscellaneous Expenses	**3,566,604**	521,824
	P83,189,503	P24,121,931

Royalties and excise tax pertain to the tax imposed on the sale of mineral resources, which are 5% and 2%, respectively, of the assessed value of the mineral ores by MGB.

12. Operating Expenses

	April 1 to June 30, 2016	**January 1 to June 30, 2016**	April 1 to June 30, 2015	January 1 to June 30, 2015
Salaries, wages and employee benefits	**P2,897,311**	**P5,248,948**	P3,328,397	P6,017,864
Depreciation	**718,448**	**1,436,896**	800,400	1,971,196
Professional fees	**1,141,268**	**1,437,068**	1,047,846	1,399,908
Office supplies	**1,293,662**	**1,376,065**	1,176,264	1,693,878
Taxes and licenses	**174,696**	**1,241,589**	2,309,791	5,285,458
Association dues	**222,796**	**519,858**	148,531	445,593
Transportation	**251,760**	**355,815**	364,057	465,263
Representation	**282,905**	**323,243**	181,728	253,381
Janitorial Services	**181,078**	**260,608**	169,208	265,516
Utilities	**94,755**	**173,338**	164,307	314,423
Communication	**81,236**	**162,338**	99,921	161,597
Insurance Expense	**15,558**	**98,730**	118,661	130,459
Rental Expense	**63,200**	**67,200**	68,200	72,200
Repairs and Maintenance	**8,960**	**25,313**	10,384	74,415
Fuel and Oil	**7,500**	**15,449**	1,500	26,597
Advertising and Promotions	**-**	**-**	7,000	14,000
Miscellaneous Expenses	**592,338**	**631,331**	506,870	1,687,518
	P8,027,471	**P13,373,789**	P10,503,065	P20,279,266

Miscellaneous expenses include bank charges and various items that are individually immaterial.

13. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries are related entities of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals and companies associated with these individuals also constitute related entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to nonrelated entities in an economically comparable market.

In considering each possible related entity relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Significant related party transactions represent mainly availment of non-interest-bearing advances from a stockholder for working capital purposes. As of June 30, 2016 and December 31, 2015, total outstanding advances from a stockholder amounted to P159.3 million and P214.8 million, respectively. The advances are payable on demand.

The outstanding balances are unsecured without fixed repayment terms and interest.

14. Capital Stock

	Number of Shares	Amount
Authorized, P1.0 par value	P3,575,000,000	P3,575,000,000
Issued and outstanding	P2,820,330,450	P2,820,330,450

The Group has 229 holders of common equity securities as at June 30, 2016 and 2015.

The Group is compliant with the minimum public float of 10% that is required by the PSE, where the Parent Company's shares are traded.

15. Seasonality

The Group has no significant seasonality or cyclicality in its business operations that would have material effect on the financial condition or results of operations.

16. Retained Earnings

Following is the movement of retained earnings from December 31, 2015 to June 30, 2016:

Balance at December 31, 2015	P29,816,583
Net Loss	(27,496,529)
Balance at June 30, 2016	P2,320,054

17. Earnings (Loss) Per Share Computation

The following table presents information necessary to calculate earnings per share:

	2016	2015
Income (loss) attributable to equity holders of the Parent Company (a)	**(P27,496,529)**	(P24,808,095)
Weighted average number of common shares outstanding (b)	**2,820,330,450**	2,820,330,450
Basic/diluted income (loss) per share (a/b)	**(P0.0098)**	(P0.0088)

The Parent Company has no dilutive shares as of June 31, 2016.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis relate to the consolidated financial position and results of operations of CPMHC and its subsidiaries and should be read in conjunction with the accompanying interim unaudited consolidated financial statements and related notes. The Group cautions that its business and financial performance is subject to certain risks and uncertainties. In evaluating the Group's business, investors should carefully consider all of the information contained in "Risk Factors."

2.1 OVERVIEW

Century Peak Metals Holdings Corporation ("CPMHC", the "Company", the "Parent Company", or the "Issuer"), was registered with the Philippine Securities and Exchange Commission ("SEC") on December 30, 2003. On February 15, 2008, the SEC approved the change in the Group's corporate name to Century Peak Metals Holdings Corporation.

On April 14, 2008, the SEC approved the amendment of the Company's articles of incorporation. Its primary purpose was changed to include promoting, operating, managing, holding, acquiring or investing in corporations or entities that are engaged in mining activities or mining-related activities. The Group further expanded its primary purpose by including investing in real estate development and energy. The amended articles of incorporation were approved by the SEC on March 18, 2010.

The Group listed its common shares of stock with the Philippine Stock Exchange ("PSE") on October 6, 2009.

The Parent Company operates as the holding company of the following subsidiaries:

	Percentage of Ownership [a]	
	Direct	Indirect
Century Peak Corporation (CPC)	100.00	-
Century Peak Mineral Development Corporation (CPMDC) [c]	100.00	-
Century Peak Cement Manufacturing Corporation (CPCMC) [c]	100.00	-
Century Sidewide Smelting Incorporated (CSSI) [b]	60.00	-
Century Hua Guang Smelting Incorporated (CHGSI) [b]	55.00	-
Century Summit Carrier, Inc. (CSCI) [d]	-	80.00

[a] *Based on the Parent Company's interest in the issued and outstanding shares of the subsidiaries.*
[b] *CSSI and CHGSI have not yet started commercial operations.*
[c] *CPMDC and CPCMC were incorporated in 2015 and have not yet started commercial operations.*
[d] *Owned by the Parent Company through CPC.*

The registered office address of the Parent Company is at Units 1403 and 1404 BDO Equitable Bank Tower Condominium, 8751 Paseo de Roxas, Makati City.

Century Peak Corporation

CPC is incorporated in the Philippines. It was registered with the SEC on March 30, 2006.

The principal activities of CPC is to invest in and engage in the business of operating and mining of mineral resources in the Philippines such as iron ore, copper, gold, silver, lead, manganese, chromites, nickel, etc. and prospecting, exploring, milling, concentrating, converting, smelting, treating, refining and manufacturing, and preparing for the market, whether export or domestic, and producing and dealing in all its products and by-products, whether export or domestic, and producing and dealing in all its products and by-products of every kind and description and by whatsoever the same can be or may hereafter be produced.

On May 7, 2010 CPC was registered with the Board of Investments (BOI) with Certificate of Registration No. 2010-093, on its mining and extraction of nickel ore at Casiguran, Loreto, Province of Dinagat, as a new project on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226).

As a BOI-registered entity, CPC is entitled to the following incentives, among others:

a. Tax credit on taxes and duties paid on raw materials and supplies used in producing its export product for a period of ten (10) years from start of commercial operations;

b. Importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond;

c. Exemption from wharfage dues, any export tax, duties, imposts and fees for a ten (10) year period from date of registration; and

d. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

Century Hua Guang Smelting Incorporated

CHGSI is incorporated in the Philippines. Its SEC Certificate of Registration was issued on January 14, 2008.

The principal activities of CHGSI are to invest in and engage in the business of operating and mining mineral resources in the Philippines such as iron ore, copper, gold, silver, lead, manganese, chromites, nickel, etc. and prospecting, exploring, milling, concentrating, converting, smelting, treating, refining and manufacturing, and preparing for the market, whether export or domestic, and producing and dealing in all its products and by-products of every kind and description and by whatsoever process the same can be or may hereafter be produced.

On October 28, 2009, CHGSI was registered with PEZA under Certificate of Registration No.09-56 for the production of ferro-nickel (pig iron) at the Leyte Industrial Development Estate - Special Economic Zone.

By virtue of its PEZA Registration, CHGSI is entitled, among other incentives, to four (4) years Income Tax Holiday, which shall be reckoned upon its start of commercial operations, as well as tax and duty free importation of its capital equipment and raw materials, subject to its compliance with the terms and conditions of its registration.

Moreover, CHGSI has an approved application with PEZA for its proposed Coking Coal Production Project, and the Supplemental Agreement to its Registration Agreement last 28th October 2009 was signed into effect last March 1, 2011.

CHGSI Registration with MGB and EMB

CHGSI has filed its application for a Mineral Processing Permit (MPP) for its Smelting Plant and is currently under evaluation with the MGB Regional Office, Region 8. It has received its Amended Environmental Compliance Certificate (ECC), with Reference Code 1003-0011 issued by the Environmental Management Bureau (EMB) - Central Office, to include the installation of a Coking Coal Plant, aside from its smelting plant, also to be located at the Leyte Industrial Development Estate (LIDE) in Isabel, Leyte.

Century Sidewide Smelting Incorporated

The Company entered into joint-venture with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Saiwai Mining Co., Ltd. of P.R. China. This group owns an iron powder processing plant, electric furnace smelting plant, and primarily does trading of mineral ore. They have offices in Beijing, Shanghai and Hong Kong. It is the Company's plan to set up electric furnaces in the future to enhance the production of its nickel pig-iron. From this newly formed partnership CSSI was incorporated.

CSSI is incorporated in the Philippines. Its SEC Certificate of Registration was issued on September 6, 2011.

The primary purpose of CSSI is to invest in the business of operating and mining mineral resources (mineral ores) in the Philippines. CSSI's activities also involve prospecting, exploring, milling, smelting and preparing for market, whether export or domestic, of mineral ores.

Century Summit Carrier, Inc.

On December 8, 2011, CSCI was registered with the Maritime Industry Authority with Certificate No. DSO-2006-003-086 (2014) under Marina Circular 2006-003, which is valid until December 7, 2017.

Century Peak Mineral Development Corp. and Century Peak Cement Manufacturing Corp.

Through MPSA 046-96-VII and MPSA 047-96-VII, the Group has 4,795 hectares in Pinamungahan, Cebu to mine limestone. An initial resource assessment conducted in 2012 on an 81 hectare area estimate as indicated limestone resource of 34,000,000 metric tons.

In April and July 2015, the Group was able to obtain the Environmental Compliance Certificate (ECC) for the Cement Plant/Power Plant and Limestone Quarry Project, respectively. In addition, local government approvals were obtained for the project.

2.2 PLAN OF OPERATION

Mining Operations

The Group, through CPC, has continuing exploration work in its properties in the Province of Dinagat Islands. With the mining equipment and other assets already in place, mining operations and nickel ore extraction in its Casiguran and Rapid City Parcel II properties will likewise be more aggressive. This is in line with the Group's plans to market and export a minimum of 1,000,000 metric tons of nickel ore in 2015. This focus on mining operations is consistent with the Group's strategy to optimize its assets for mineral extraction in order to serve current demands for its mineral ore but would be cautious on the selling price.

The management looks forward to continue developing and exploring its mineral properties.

The Smelting Plant Project

The Group's smelting plant project, which is to be undertaken through its subsidiary CHGSI, is located in LIDE. The ECC for the smelting plant project was issued last April 16, 2010. Initial civil works have been undertaken on the smelting plant. However, in late 2013, typhoon Yolanda wrought massive devastation in Leyte Island, significantly impairing the value of CHGSI assets in Leyte. Despite this, the company is optimistic that it will be able to pursue operations in the future as negotiations with investors and technology partners are ongoing.

The Company entered into a partnership with Sidewide Resources (H.K.) Limited, a subsidiary of Chaoyang Saiwai Mining Co., Ltd. of P.R. China. This group owns an Iron Powder Processing Plant, Electric Furnace Smelting Plant, and primarily does trading of mineral ore. They have offices in Beijing, Shanghai and Hong Kong. It is the Company's plan to set up electric furnaces in the future to enhance the production of its nickel pig-iron at the LIDE.

The Coking Coal Plant Project

Also to be located at the LIDE, CHGSI has an approved application with PEZA for its proposed Coking Coal Production Project, and the Supplemental Agreement to its Registration Agreement last 28th October 2009 was signed into effect last March 01, 2011. The Company's Coking Coal Plant project will be a support system to its Ferro-Nickel Smelting Plant. It is CHGSI's approach to making the Ferro-Nickel Smelting Plant as self-sustaining as possible.

CHGSI has received its Amended Environmental Compliance Certificate (ECC), with Reference Code 1003-0011 issued by the Environmental Management Bureau (EMB), Central Office, to include the installation of a Coking Coal Plant to be located at the Leyte Industrial Development Estate (LIDE) in Isabel, Leyte.

The Shipping Company

The newly incorporated CSCI, an 80%-owned subsidiary of CPC, compliments the mining operations of CPC. It owns three (3) units of landing craft tanks (LCT) (self-propelled barges) with a capacity of 3000DWT. Two of the vessels are registered with the MARINA under the names of Century Summit 1 and Century Summit 2. The third vessel, Summit 3, has arrived in Surigao Port and undergoing customs clearance as of reporting dated. These vessels are utilized for the mining operations of CPC.

The management of CPMHC is confident that overall, operational targets for the year 2016 have been accomplished. Indeed, the potential of the Group's resources have been tagged and realized.

2.3 RESULT OF OPERATION

For the six months ended June 30, 2016, the Group's operation resulted to net loss of P22 million.

Interim Unaudited Consolidated Statements of Comprehensive Income

	For the six months ended June 30		
In thousands, except % change data	**2016**	2015	% change
Revenue	**P85,654**	P46,550	84
Cost of Sales	**(83,190)**	(24,122)	245
Depletion of explored mineral resources	**(16,945)**	(24,293)	(30)
Gross Loss	**(14,481)**	(1,866)	676
Interest income	**4**	41	(90)
Operating Expenses	**(13,374)**	(20,279)	(34)
Foreign exchange gains (losses)	**243**	(1,657)	(115)
Loss on disposal of Property and Equipment	**-**	(747)	(100)
Interest Expense	**(24)**	(949)	(97)
Other Income	**-**	718	(100)
Net Loss	**P27,632**	P24,739	12
Net loss attributable to the equity holders of the Parent	**P27,497**	P24,808	11
Loss Per Share Basic/Diluted	**P0.0098**	P0.0088	11

2.4 OPERATING RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 COMPARED WITH JUNE 30, 2015

During the six months ended June 30, 2016, there are three shipments of nickel ore was made by the Group. Operating expenses of P13.4 million in 2016 was incurred compared with P20.3 million for the same period in 2015 or 34% lower.

The Group's operating expenses for the six months ended June 30, 2016 pertain mainly to salaries, taxes, depreciation, materials and supplies, and professional fees, which represent 39%, 11%, 10%, and 10%, respectively of the total operating expenses.

2.5 FINANCIAL CONDITION

Consolidated Statement of Financial Position

In thousands, except % change data	**June 30, 2016**	December 31, 2015	% Change
Total Current Assets	**210,413**	262,075	(20)
Total Assets	**3,113,630**	3,192,190	(2)
Current Liabilities	**285,608**	336,536	(15)
Total Liabilities	**296,924**	347,852	(15)
Total equity attributable to equity holders of the parent	**2,824,582**	2,852,078	(1)
Equity Attributable to Minority Interests	**(7,876)**	(7,740)	2
Total Equity	**2,816,706**	2,844,338	(1)
Current assets/Total assets	**0.07**	0.08	
Current ratio	**0.74**	0.78	
Debt to equity ratio	**0.11**	0.12	

The liabilities of the Group mainly consist of payables to contractors, suppliers and related parties. The payable to related parties represents advances which were used to finance the operation of the Group. Decrease in liability is due to payments to stockholder.

There are no significant variances affecting the balance during the six months ended June 30, 2016 other than the decrease in Trade and other Receivable which is due to collection of receivable from 2015 sales.

2.6 LIQUIDITY and CAPITAL RESOURCES

The table below shows the Group's consolidated cash flows for the three months ended June 30, 2016 and 2015:

Consolidated Cash Flows

	For the six months ended June 30		
In thousands, except % change data	**2016**	2015	% change
Net cash provided by (used in) operating activities	**78,279**	(41,709)	(288)
Net cash provided by (used in) investing activities	**(28,851)**	58,740	(149)
Net cash provided by financing activities	**(55,468)**	(101,144)	(45)
Effect of exchange rate changes in cash	**(243)**	(1,657)	(85)
Net increase (decrease) in cash	**(5,798)**	(85,769)	(93)
Cash at beginning of year	**10,346**	99,530	(90)
Cash at end of year	**4,549**	13,761	(67)

The Group has funded its pre-operating expenses through a capital-raising exercise that started in October 2007. The Group believes that it has sufficient resources to finance its working capital requirements. The Group expects to regularly undertake shipment of ore and the corresponding management and collection of accounts receivable, and temperance of accounts payable. Long-term events such as the additional purchase of property and equipment can be met by the Group via infusions of either equity or debt through the shareholders. All funding for the Group's operations for the next 12 months shall be internally generated. The majority shareholder has committed to continually provide working capital to the Group to assure its continuous operations.

2.7 FINANCIAL SOUNDNESS INDICATORS

All secondary licensees of the Commission (financing companies, broker dealer of securities and underwriters) and public companies are required to include a schedule showing financial soundness indicators in two comparative periods, as follows:

	June 30, 2016	December 31, 2015
Current Assets	**210,412,811**	262,075,318
Current Liabilities	**285,608,030**	336,536,104
Current Ratio	**0.74**	0.78
Total Liabilities	**296,923,949**	347,852,023
Shareholder's Equity	**2,816,706,468**	2,844,338,157
Debt to equity ratio	**0.11**	0.12
Total Asset	**3,113,630,417**	3,192,190,180
Total Liabilities	**296,923,949**	347,852,023
Solvency ratio	**10.49**	9.18
Total Asset	**3,113,630,417**	3,192,190,180
Shareholder's Equity	**2,816,706,468**	2,844,338,157
Asset to equity ratio	**1.11**	1.12
Loss before Interest Expense and Taxes	**(27,607,441)**	(48,742,363)
Interest Expense	**24,248**	2,128,387
Interest rate coverage ratio	**-1,138.55**	-22.90
Net Loss	**(27,631,689)**	(61,591,948)
Total Assets	**3,113,630,417**	3,192,190,180
Return on Asset ratio	**-0.01**	-0.02
Net Loss	**(27,631,689)**	(61,591,948)
Shareholder's Equity	**2,816,706,468**	2,844,338,157
Return on Equity ratio	**-0.01**	-0.02

2.8 RISK

The Group's principal financial instruments comprise of cash. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities such as receivables, advances to related parties, and accrued expenses and other current liabilities, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. The market risk exposure of the Group can be further classified to foreign currency risk and commodity price risk. The Board of Directors (BOD) reviews and approves policies for managing each of these risks, which are summarized below.

Market Risks

Foreign currency risk

The Group's currency exposure is limited to foreign currency denominated bank accounts as well as transactions comprising of receivables and payables. Since it is a 100% export company, all its sales transactions are in foreign currency, specifically denominated in US Dollars.

Commodity price risk

The Group's mine product revenues are based on international commodity quotations (i.e., primarily on London Metal Exchange quotes) over which the Group has no significant influence or control. This exposes the Group's results of operations to commodity price volatilities that may significantly impact its cash flows.

Liquidity Risk

The Group's exposure to liquidity risk relates to raising funds. The Group manages its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group intends to use internally generated funds and available short-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in case any requirements arise.

Credit Risk

The Group's credit risk relates to other financial assets of the Group, which comprise mainly of cash and cash equivalents and receivables. The exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments as shown in the following table:

		June 30, 2016		**December 31, 2015**
Cash and cash equivalents	P	4,548,510	P	10,346,230
Trade receivables		2,791,599		63,776,444
Advances to employees, suppliers and third parties		18,710,798		1,340,534
Rehabilitation funds		10,309,851		9,043,451
	P	**36,360,758**	**P**	**84,506,659**

Cash are considered good quality as these pertain to deposits in reputable banks.

The Group continuously reviews credit policies and processes and implements various credit actions, depending on assessed risks, to minimize credit exposure.

2.9 KEY PERFORMANCE INDICATORS

The Company's management intends to analyze future results of operations through the following key performance indicators, among other measures:

Tons Extracted and Ore Grade Sold and Shipped
Tons extracted and ore grade are key determinants of sales volume. Higher tonnage and ore grade are directly proportional to revenue level.

Actual Production Cost
Production cost per ton is a key measure of operating efficiency. A lower unit production cost both in ore extraction and smelting operation will result in the Company meeting, if not exceeding, its profitability targets.

Earnings Per Share
The Company's earnings per share is a key measure of the Company's effectiveness in meeting its financial targets that in turn, will provide investors comparable benchmarks relative to similar companies.

2.10 DISTRIBUTION METHODS OF PRODUCTS AND SERVICES

Demand for Nickel from China
China is the world's largest producer and consumer of stainless steel. In 2010, China produces over 50% of the global production and that figure is expected to grow over the next few years. Common stainless steel contains between 2-14% Nickel.

In 2006, nickel prices started to surge because of China's huge demand and China's nickel supply was affected. An opportunity surfaced when Chinese stainless steel producers realized that they need an alternative supplier for Nickel. China Steel was one of the first to start producing the alternative pigiron (NPI) in 2006.

Nickel Pig Iron (NPI)
Laterite Nickel ore accounts for about two-thirds of the world's nickel resources but is generally not used for producing refined pure nickel because of its low nickel content that ranges between 1 – 2%.

After a series of sintering and smelting processes, removing impurities such as phosphorus, sulphur and silicon to specification, the laterite nickel ore can be processed into nickel pig iron that contains between 4% to 13% nickel with Iron and other metals accounting for the balance.

Chinese stainless steel producers use nickel pig iron, to which they will add chromium and other materials, to produce 200 to 300 series stainless steel which accounts for more than 70% of total stainless steel production in China.

The future of Nickel Pig Iron
The slowdown in China economy starting year 2015 has affected the Chinese domestic demand of nickel and nickel pig iron. Analyst has projected that the past stock file made by the Chinese government has already been consumed and importation for nickel will continue.

With the Chinese Government Steel Industry Restructuring Program, many nickel pig iron producers have been shut down due to poor environmental standards. Hence with demand still continue to grow and supply of nickel pig iron being substantially reduced, demand for nickel pig iron from producers like China Steel is still strong.

Indonesian Ore Ban
On January 12, 2014, the ban on exports of unprocessed ore in Indonesia took effect, the result of legislation that was passed five years ago. Exports of lateritic nickel ore over the last several years to China have fueled the growth of its NPI industry. China's NPI plants rely exclusively on nickel ore, primarily from Indonesia and secondarily from the Philippines. It is estimated that Indonesia sold over 50 million WMT of high-grade saprolite ore to China last year, in contrast to the Philippines' supply of less than 10 million WMT of medium and high-grade materials. As there are limited sources of particularly high grade saprolite ore in our country, it is unlikely that the Philippines will be able to increase production to replace Indonesian ore.

While stockpiles of ore have been accumulating in China over the year in review as a result of the impending ban, once consumed towards the latter part of 2014, NPI production should drop significantly and China's stainless steel producers will have to source its nickel requirements elsewhere. This should lead to a more balanced global supply and demand picture, if not eventually leading to a deficit, in turn spurring higher nickel prices. We have indeed already seen a significant price increase on our ore products following the imposition of the ban. There is much speculation on whether or not the ore ban will continue or eventually be reversed, either in full or in part such that some level of exports would resume. Our belief is that much will depend on whether or not the ban will ultimately lead to the construction of processing plants, which is uncertain at this time given the high costs associated with such projects, as well as geopolitical considerations.

2.11 GROUP'S STRATEGIC PLAN

The Group intends to continue exporting nickel ore in China, which is its principal market. It has received several Letters of Intent from interested buyers in China for the purchase of a minimum volume of 500,000 metric tons of Nickel Ore with an average of 0.90% nickel content with 49% iron content but would be cautious on the selling price. If the price is higher than the variable cost and provide contribution margin to lower down fixed cost, we can sign the transaction. The Group will focus on cost management as we will monitor the selling price in the market.

Transactions with and /or Dependence on Related Parties
Necessary information on related parties is already disclosed in Note 13 in the notes to the interim consolidated financial statements.

PART II – OTHER INFORMATION

There are no other information not previously reported in SEC Form 17-C that need to be reported in this section.

ANNEX 1

CENTURY PEAK METALS HOLDINGS CORPORATION

SCHEDULE OF AGING RECEIVABLES

As of June 30, 2016

(Unaudited)

	Total	Neither past due nor impaired	Past due but not impaired	
			180-210 days	211-240 days
Trade and other receivables	P2,791,599	P2,791,599	P–	P–

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.

Registrant: **CENTURY PEAK METALS HOLDINGS CORPORATION**

By:

WILFREDO D. KENG
Chairman of the Board and President

ROLDAN M. ANTONIO
Chief Finance Officer