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SEC Registration Number

GLOBAL FERRONICKEL HOLDINGS INC

formerly:

SOUTHEAST ASIA CEMENT HOLDINGS INC

(Company's Full Name)

7F CORPORATE BUSINESS CENTER 151

PASEO DE ROXAS COR ARNAIZ ST

MAKATI

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

Atty. Noel Lazaro

(Contact Person)

(632) 5118229

(Company Telephone Number)

Month *Day*

(Fiscal Year)

17-Q

(Form Type)

Month *Day*

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended - **JUNE 30, 2022**

2. Commission Identification Number - **ASO94-003992**

3. BIR Tax Identification Number - **003-871-592**

4. Exact name of issuer as specified in its charter
   GLOBAL FERRONICKEL HOLDINGS, INC.

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

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office — Postal Code
   7th Floor Corporate Business Centre, 151 Paseo de Roxas corner Arnaiz Street, Makati City — 1228

8. Issuer's telephone number, including area code
   (632) 8519-7888

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

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

Common Shares	6,072,357,151
Amount of Debt Outstanding	Not applicable

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

    Yes [X] 6,072,357,151 Common Shares No [ ]

12. 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 [X] No [ ]

13. Has been subject to such filing requirements for the past ninety (90) days.

    Yes [X] No [ ]

Global Ferronickel Holdings, Inc.

17-Q QUARTERLY REPORT
JUNE 30, 2022

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PART I - FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

The Unaudited Interim Consolidated Financial Statements as at June 30, 2022 and for the six-month period ended June 30, 2022 and 2021 (with Comparative Audited Consolidated Statement of Financial Position as at December 31, 2021) are hereto attached.

The following tables set forth the summary financial information for the six-month period ended June 30, 2022 and 2021 and as at June 30, 2022 and December 31, 2021:

1.a. Summary Consolidated Statements of Financial Position

	June 30, 2022 (Unaudited)	**December 31, 2021** (Audited)	**Increase/ (Decrease)**	**Percent Inc. (Dec.)**
	(In Thousand Pesos)			
ASSETS				
Current Assets	7,201,515	6,964,970	236,545	3.4%
Noncurrent Assets	6,956,880	6,932,471	24,409	0.4%
TOTAL ASSETS	14,158,395	13,897,441	260,954	1.9%
LIABILITIES AND EQUITY				
Current Liabilities	2,129,464	1,358,583	770,881	56.7%
Noncurrent Liabilities	1,970,720	1,921,772	48,948	2.5%
Total Liabilities	4,100,184	3,280,355	819,829	25.0%
Equity				
Equity Attributable to the Parent Company	9,717,201	10,259,790	(542,589)	-5.3%
Non-controlling Interest	341,010	357,296	(16,286)	100.0%
Total Equity	10,058,211	10,617,086	(558,875)	-5.3%
TOTAL LIABILITIES AND EQUITY	14,158,395	13,897,441	260,954	1.9%

1.b. Summary Consolidated Statements of Comprehensive Income

	For the Three Months Ended June 30		For the Six Months Ended June 30		Increase (Decrease)	
	2022	2021	2022	2021	3 Months	6 Months
			(In Thousand Pesos)			
Revenues	2,167,457	2,476,712	2,207,361	2,609,981	(309,255)	(402,620)
Cost and Expenses	(1,372,269)	(1,420,044)	(1,602,718)	(1,657,977)	(47,775)	(55,259)
Finance Costs	(28,034)	(17,824)	(53,814)	(27,355)	10,210	26,459
Share in Net Loss of Investment in Associates	(23,274)	(18,054)	(34,266)	(24,313)	5,220	9,953
Other Income (Charges) - net	74,537	(79,020)	63,969	(72,872)	153,557	136,841
Income Before Income Tax	818,417	941,770	580,532	827,464	(123,353)	(246,932)
Provision for Income Tax - net	202,836	207,209	163,110	186,670	(4,373)	(23,560)
Net Income	**615,581**	**734,561**	**417,422**	**640,794**	(118,980)	(223,372)
Other Comprehensive Income	80,861	1,919	96,905	9,552	78,942	87,353
Total Comprehensive Income	**696,442**	**736,480**	**514,327**	**650,346**	(40,038)	(136,019)
Basic and Diluted Income Per Share	0.1208	0.1399	0.0833	0.1223	(0.0191)	(0.0389)
Net Income (Loss) Attributable To:						
Equity Holders of the Parent	628,634	735,009	433,708	641,856	(106,375)	(208,148)
Non-controlling Interest	(13,053)	(448)	(16,286)	(1,062)	12,605	17,348
	615,581	**734,561**	**417,422**	**640,794**	(118,980)	(223,372)

1.c. Summary Consolidated Statements of Changes in Equity

	For the Period Ended June 30		For the Year Ended December 31
	2022	2021	2021
		(In Thousand Pesos)	
Capital Stock	6,375,975	6,375,975	6,375,975
Additional Paid-in Capital	239,012	239,012	239,012
Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive Loss	(5,902)	(4,469)	(5,565)
Remeasurement Gain on Retirement Obligation	43,703	8,607	43,703
Cumulative Translation Adjustment	116,353	(36,429)	19,111
Retained Earnings	4,894,093	4,173,957	5,500,360
Treasury Shares - at cost	(1,946,033)	(1,912,806)	(1,912,806)
Non-controlling Interest	341,010	30,527	357,296
Total Equity	**10,058,211**	**8,874,374**	**10,617,086**

1.d. Summary Consolidated Statements of Cash Flows

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2022	2021	2022	2021
	(In Thousand Pesos)			
NET CASH FLOWS FROM (USED IN):				
Operating Activities	(366,390)	1,148,997	(668,351)	884,948
Investing Activities	(374,426)	(208,104)	(767,814)	(391,566)
Financing Activities	(445,571)	(38,144)	(507,954)	(411,933)
NET INCREASE (DECREASE) IN CASH	(1,186,387)	902,749	(1,944,119)	81,449
Effect of Exchange Rate Changes on Cash	144,436	11,787	191,879	31,440
CASH AT BEGINNING OF PERIOD	3,110,888	1,649,919	3,821,177	2,451,566
CASH AT END OF PERIOD	**2,068,937**	**2,564,455**	**2,068,937**	**2,564,455**

Basis of Preparation of Interim Consolidated Financial Statements

The unaudited interim consolidated statements of financial position of Global Ferronickel Holdings, Inc. and Subsidiaries (the Group) as at June 30, 2022 and December 31, 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the periods ended June 30, 2022 and 2021 were prepared in accordance with generally accepted accounting principles in the Philippines. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

The accounting principles followed in the preparation of the Group's most recent annual consolidated financial statements were similarly applied in the preparation of the unaudited interim consolidated financial statements. There were no significant changes in the Group's accounting policies, practices and methods of estimates from the Group's last annual consolidated financial statements.

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

Statement of Financial Condition

As at June 30, 2022, total assets of the Group stood at ₱14,158.4 million, higher by ₱261.0 million or 1.9%, from ₱13,897.4 million as at December 31, 2021. The increase was due to the increase in current assets by ₱236.6 million or 3.4% and increase in noncurrent assets by ₱24.4 million or 0.4%.

The net increase in the current assets was mainly attributable to the following:

- Increase in trade and other receivables by ₱2,029.8 million (from ₱63.3 million as of December 31, 2021) or 3,204.3% is attributable mainly to the more shipments during the current period with "90-day from the date of Bill of Lading Letter of Credit" terms of payment;
- Increase in prepayments and other current assets to ₱107.5 million, higher by ₱61.1 million or 131.5%, from ₱46.4 million which mainly pertains to the advance payments of taxes and licenses made to Mines and Geosciences Bureau (MGB) and Bureau of Internal Revenue (BIR) for the processing of shipments' permits, and are expected to be incurred within the 2022 mining season;
- Increase in inventories by ₱21.5 million or 8.0% attributable to the increase in materials and supplies purchased during the period for use in the third and fourth quarters of this year;
- Decrease in cash and cash equivalents by ₱1,752.2 million or 45.9% is attributable mainly to cash dividends declared and paid in the second quarter, acquisitions of property and equipment, loans and interest payments and others; and
- Decrease in advances to related parties by ₱123.6 million.

The net increase in noncurrent assets was attributable to the following:

- Net increase in property and equipment amounting to ₱54.1 or 1.4% was mainly due to the acquisitions of transportation and handling equipment such as water trucks, buses and service vehicles used in Surigao mining site during the period amounted to ₱247.5 million reduced by ₱192.0 million representing depreciation and depletion during the period;
- Increase in other noncurrent assets by ₱38.4 million or 6.2% was attributable mainly to increase in advances to suppliers and input value-added tax (VAT) during the period;

- Increase in the net retirement plan asset by ₱5.3 million or 18.6% representing contributions to the retirement plan during the period amounting to ₱11.5 million, net of retirement benefit costs and interest cost and income amounted to ₱6.2 million;
- Decrease in net deferred tax assets amounted to ₱36.9 million or 38.3% representing currency translation adjustment recognized directly in other comprehensive income of a subsidiary during the period;
- Decrease in deposits for future acquisition amounted to ₱34.3 million or 1.6% representing share in net loss of investment in an associate during the period; and
- Decrease in mining rights by ₱2.2 million or 1.8% representing amortization during the period.

Total liabilities of the Group stood at ₱4,100.2 million as at June 30, 2022, up by ₱819.8 million or 25.0%, from ₱3,280.4 million as at December 31, 2021. The net increase in the total liabilities was mainly attributable to the following:

- Increase in trade and other payables by ₱736.9 million from ₱707.4 million to ₱1,444.3 million representing mainly increase in trade payables by ₱147.1 million or 97.1%, increase in contract liability attributable to advances from customers by ₱521.2 million or 125.7% and accrued expenses and taxes by ₱73.5 million or 88.0%;
- Increase in income tax payable and advances from related parties amounting to ₱48.9 million and ₱39.7 million, respectively;
- Net increase in loans payable amounting to ₱15.9 million attributable to loan availment, effect of changes in foreign currency exchange rates and loan payments amounting to ₱90.0 million, ₱63.7 million and ₱137.8 million, respectively; and
- Net decrease in lease liabilities amounting to ₱27.3 million mainly attributable to rental payments during the period.

Results of Operations

The Group posted a consolidated net income of ₱417.4 million for the period ended June 30, 2022 mainly driven by the April to June mining operations of Platinum Group Metals Corporation's (PGMC) Surigao mine, with incremental contributions from another wholly-owned subsidiary, PGMC International Limited (PIL). The Surigao mine performs nickel ore production and shipment during the dry months of each year between April to October.

Revenues

The Group's revenues for the period ended June 30, 2022 amounted to ₱2,207.4 million compared to ₱2,610.0 million in the same period last year. The bulk of the Group's revenues come from its mining operations accounting for about 96.7% of the total revenues, while the remaining 3.3% pertains to revenues for services rendered to its customers.

During Q1 and Q2 of the year, the expected total revenues of the group is normally at 38% of the total potential revenues for the full year and the remaining 62% are usually delivered in Q3 as the height of the mining season falls in July until September.

Export Revenues

The Group's first half 2022 mining operations generated total export revenues of ₱2,135.2 million compared to ₱2,610.0 million million in the six months ended June 30, 2021, a decrease of ₱474.8 million or 18.2% mainly due to lower volume of nickel ore shipped. Despite the lesser volume sold for the period ended June 2022, the Group benefited from the higher average realized foreign exchange rate this year at ₱52.60 compared to prior period's ₱48.24, positively impacting the revenue at a total of ₱177.1 million. The nickel ore prices were also higher this year which resulted in an overall average realized nickel ore price at United States Dollar (US$)39.21/wet metric ton (WMT) compared to same period of last year at US$31.10/WMT, and this contributed positively to the revenues by ₱405.0 million.

The sale of nickel ore for the six months ended June 30, 2022 was 1.035 million WMT, lower by 0.705 million WMT or 40.5%, compared to 1.740 million WMT of nickel ore in the six months ended June 30, 2021. The Group was able to complete 19 shipments of nickel ore during the six months period ended June 30, 2022 as against 32 shipments of nickel ore during the same period last year mainly due to bad weather conditions. The Group encountered more rainy days each month this period totalling to 128 rainy days for the period ended June 30, 2022 compared to 105 rainy days of the same period in 2021. The resulting sales mix was 79% low-grade ore and 21% medium-grade ore in 2022 versus the previous period's mix of 84% low-grade ore and 16% medium-grade ore. These shipments sold solely to Chinese customers consisted of 0.816 million WMT low-grade nickel ore and 0.219 million WMT medium-grade nickel ore compared to 1.465 million WMT low-grade nickel ore and 0.275 WMT medium-grade nickel ore of the same period in 2021.

The average realized nickel ore prices for the period ended June 30, 2022 were higher than 2021, specifically: (1) Low-grade ore was US$36.79/WMT in 2022, 18.6% higher than 2021 price of US$31.01/WMT; and (2) Medium-grade ore was US$48.26/WMT, 52.8% higher than 2021 price of US$31.58/WMT. The overall average realized nickel ore price for the period ended June 30, 2022 was US$39.21/WMT compared to US$31.10/WMT for the period ended June 30, 2021, higher by US$8.11/WMT or 26.1%.

The average realized Peso over US$ exchange rate for the Group's export revenues was ₱52.60 compared to ₱48.24 of the same period last year, higher by ₱4.36 or 9.0%.

Service Revenues
The service income earned by the Group amounting to ₱72.2 million for the period ended June 30, 2022 pertains to port services rendered by Mariveles Harbor Corporation (MHC; previously Seasia Nectar Port Services Inc./SNPSI), a subsidiary, to its customers. The service revenue for the period ended June 30, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no take-up yet for the same period of last year.

Also, the Group earned service income for the landing craft tanks (LCT) chartered by PGMC from its subsidiary, PGMC-CNEP Shipping Services Corp. (PCSSC), amounted to ₱29.9 million for the six months period ended June 30, 2022 as compared to ₱32.1 million for the same period last year. This service income is eliminated in full in the consolidated financial statements.

Cost and Expenses
Cost and expenses include cost of sales, excise taxes and royalties, general and administrative expenses and shipping and distribution. The cost and expenses amounted to ₱1,602.7 million for the six months ended June 30, 2022 compared to ₱1,658.0 million for the six months ended June 30, 2021, a decrease of ₱55.3 million or 3.3%. The average cash operating cost per volume sold increased to ₱1,349.83 per WMT in the first half of 2022 from ₱861.85 per WMT, higher by ₱487.98 per WMT or 56.6%. For the six months period ended June 30, 2022, the total aggregate cash costs and total sales volume were ₱1,397.1 million and 1.035 million WMT, respectively. For the six months period ended June 30, 2021, the total aggregate cash costs and total sales volume were ₱1,499.6 million and 1.740 WMT, respectively.

Cost of Sales
The cost of sales went down from ₱837.8 million for the six months ended June 30, 2021 to ₱779.6 million for the same period this year, a decrease by ₱58.2 million, or 6.9%, broken down mainly as follows: (a) decrease in contract hire by ₱113.0 million (from ₱514.4 million in 2021 to ₱401.4 million in 2022), or 22.0% mainly due to lower volume shipped for this period compared to the prior period; (b) increase in fuel, oil and lubricants by ₱23.4 million or 115.9% (from ₱20.2 million) or 115.9% mainly due to higher fuel prices this year compared to the previous year; the Group's Surigao mine operations average fuel price was ₱55.61 per liter for the period ended June 30, 2022, 80.1% higher than the 2021 price of ₱30.88 per liter, while the consumption slightly increased by 2.3%; (c) increase in environmental protection costs by ₱13.3 million (from ₱19.0 million), or 70.2%; and (d) increase in depreciation and depletion by ₱14.5 million (from ₱119.7 million), or 12.1% mainly due to PGMC's acquisition of transportation and handling equipment during the period used in its mining operations. Also, the cost of sales for the period ended June 30, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no take-up yet for the same period of last year.

General and Administrative
General and administrative expenses were ₱406.3 million in the period ended June 30, 2022 compared to ₱325.8 million in the period ended June 30, 2021, an increase of ₱80.5 million, or 24.7%. The increase was mainly due to the increase in depreciation and amortization, personnel costs, outside services, and repairs and maintenance, amounted to ₱24.1 million, ₱13.8 million, ₱10.1 million and ₱7.7 million, respectively. The increase in depreciation and amortization was attributable to the full period amortization of right-of-use asset for the period ended June 30, 2022 compared to three (3) months amortization in 2021 starting April 1, 2021. Also, the general and administrative expenses for the period ended June 30, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no take-up yet for the same period of last year.

Shipping and Distribution
Shipping and loading costs were ₱116.6 million for the six months ended June 30, 2022 compared to ₱173.9 million in the same period last year, lower by ₱57.3 million, or by 33%. The decrease was driven by lower volume shipped for the period ended June 30, 2022 compared to the same period of last year.

Finance Costs
Finance costs amounted to ₱53.8 million in the six months ended June 30, 2022 compared to ₱27.4 million of the same period last year, an increase of ₱26.4 million, or 96.7%. The increase was mainly due to the increase in interest expense attributable to the Taiwan Cooperative Bank Manila Offshore Banking Branch (TCB) loan (the Group increased its TCB loan availment to US$15 million on July 29, 2021). Also, the finance costs for the period ended June 30, 2022 includes the accounts of MHC after it became a subsidiary in December 2021 compared to no take-up yet for the same period of last year.

Share in Net Loss of Investment in Associates
In accordance with Philippine Accounting Standards (PAS) 28, *Investment in Associates and Joint Ventures*, the Group recognizes its share in the net earnings or losses of its associate using the equity method of accounting. The share in net loss of investment in associates amounted to ₱34.3 million and ₱24.3 million for the periods ended June 30, 2022 and 2021, respectively, an increase of ₱10.0 million, or 40.9%. For the period ended June 30, 2022, this represents net loss take-up in relation to the Group's investment in Southeast Palawan Nickel Ventures, Inc. (SPNVI). MHC ceased to be an associate and became a subsidiary of the Group as at December 31, 2021 as a result of the Group's additional 40.05% investment interest in MHC in accordance with PFRS 3, *Business Combinations*. For the period ended June 30, 2021, the share in net loss represents the net loss take-up in relation to the Group's investments in SPNVI and MHC. The increase in the amount of the Group's share in the net loss was mainly due to the increased activities and corresponding expenditures of SPNVI's subsidiary, Ipilan Nickel Corporation (INC), as it transitioned to the development and production phase during the first half of 2022.

Other Income (Charges) - net
Net other income amounted to ₱59.7 million in the period ended June 30, 2022 compared to net other charges amounted to ₱75.6 million in the period ended June 30, 2021, an increase of ₱135.3 million, or 179.0%. The increase in other income was mainly due to the net despatch income earned amounted to ₱15.3 million during the period compared to the net demurrage incurred amounted to ₱147.2 million in the prior period. As mentioned earlier, the Group encountered more rainy days during the period compared to the prior period, with this the Management made conscious efforts in scheduling the Surigao mine's production, employing prudent stockpiling activities, and scheduling vessel arrivals.

Provision for Income Tax - net
The net provision for income tax was ₱163.1 million for the period ended June 30, 2022 compared to ₱186.7 million in the same period last year, a decrease of ₱23.6 million or 12.6%. The Group's current provision for income tax represents regular corporate income tax for the periods ended June 30, 2022 and 2021. It also represents amounts which are expected to be paid to different taxation authorities, the BIR in the Philippines and the Inland Revenue Department (IRD) in Hong Kong. The decrease was due to the lower taxable income earned during the period compared to the prior period.

Total Comprehensive Loss - net of tax

Net Income
As a result of the foregoing, the consolidated net income was ₱417.4 million for the period ended June 30, 2022 compared to ₱640.8 million in the same period last year, a decrease of ₱223.4 million or 34.9%. Net of non-controlling interests, the net income attributable to equity holders of the Parent Company for the period ended June 30, 2022 amounted to ₱433.7 million compared to ₱641.9 million in the same period of last year.

Cumulative Translation Adjustment
The Group had recognized cumulative translation adjustment, net of tax amounted to ₱97.2 million and ₱8.5 million for the periods ended June 30, 2022 and 2021, respectively, which pertained to the exchange differences arising on the translation of a subsidiary's functional currency to the presentation currency of the Parent Company.

Statement of Cash Flows

Cash Flows from Operating Activities
The net cash flows used in operating activities resulted in ₱668.4 million and ₱884.9 million for the six months ended June 30, 2022 and 2021, respectively. The negative operating cash flow for the period ended June 30, 2022 is mainly due to the increase in working capital requirements in preparation for the last quarters of the mining season and due to the trade receivables outstanding as at end of the period.

Cash Flows from Investing Activities
Net cash flows used in investing activities for the six months ended June 30, 2022 and 2021 amounted to ₱767.8 million and ₱391.6 million, respectively. The net cash outflows in 2022 arose mainly from the Group's investment in additional transportation and handling equipment used in its Surigao mining operations amounted to ₱244.1 million, additional advances to related parties amounted to ₱482.7 million, and increase in other noncurrent assets by ₱41.0 million. The net cash outflows in 2021 arose mainly from the acquisition of property and equipment amounted to ₱97.2 million, additional advances to related parties amounted to ₱193.2 million, and increase in other noncurrent assets by ₱90.9 million.

Cash Flows from Financing Activities
For the six months ended June 30, 2022 and 2021, the net cash flows used in financing activities amounted to ₱508.0 million and ₱411.9 million, respectively. The negative cash flows from investing activities for the current period was mainly due to issuance of cash dividends in the second quarter amounted to ₱433.7 million, payments of loans payable amounted to ₱137.8 million, net of ₱90.0 million loan availment, purchase of treasury shares in relation to buyback program amounted to ₱33.2 million, payments of lease liabilities amounted to ₱33.0 million, and additional advances from related parties amounted to ₱39.7 million. The net cash outflows in 2021 arose mainly from the buyback of GFNI shares amounted to ₱367.9 million, payments of lease liabilities amounted to ₱36.1 million, and payments of loans payable amounted to ₱8.2 million.

Material Off-balance Sheet Transactions

The Group is not aware of any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reported period other than those discussed in this report and in disclosures under Form 17-C.

Material Commitments for Capital Expenditures

The Group does not have any outstanding commitment for capital expenditures as at June 30, 2022.

Known Trends, Events and Uncertainties

There are no known significant trends, demands, commitments, or uncertainties that will result in or that are reasonably likely to result in the Group's liquidity increasing or decreasing in a material way. There were no other significant elements of income or loss that did not arise from the Group's continuing operations.

PART II - FINANCIAL SOUNDNESS INDICATORS

The Group considers the following as the significant Key Performance Indicators as at June 30, 2022 and 2021:

Indicators	Formula	2022	2021
Earnings (Loss) Per Share	Profit for the Period/Weighted Average Number of Shares Outstanding	0.0833	0.1223
Debt-to-Equity Ratio	Total Liabilities/Total Equity	0.41:1	0.49:1
Asset-to-Equity Ratio	Total Assets/Total Equity	1.41:1	1.49:1
Current Ratio	Current Assets/Current Liabilities	3.38:1	2.27:1

PART III - OTHER INFORMATION

The disclosures made under Form 17-C are as follows:

Date	Description
April 4, 2022	At its regular meeting on April 4, 2022, the Board set the Annual Stockholders' Meeting to June 29, 2022 and record date to May 30, 2022. The Board authorized the ASM Committee to finalize the meeting's agenda and time, and charged the Corporate Secretary to issue appropriate notices and information statement to the stockholders of record through any means allowed by the SEC. The Company shall disclose the details in due course. The Board also approved the declaration of cash dividend at P0.20 per share, subject to the Company's withholding of applicable taxes, for stockholders of record as of April 20, 2022.
April 20, 2022	Press Release: Platinum Group Metals Corporation's first shipment underway and targets M WMT for
June 29, 2022	In its meeting held June 29, 2022, the Board of Directors discussed and approved the following matters: 1. Amendment of the Third Article of the Articles of Incorporation of Global Ferronickel Holdings, Inc., to reflect the new principal office to Penthouse, Platinum Tower, Asean Avenue corner Fuentes St., Aseana, Parañaque City from 7F Corporate Business Center, 151 Paseo de Roxas cor. Arnaiz St. Makati City. 2. Finalization of the previously disclosed acquisition and the operationalization of Ipilan Mine under Ipilan Nickel Corporation within the year. - Target completion of acquisition is within the year subject to completion of precondition requirements of the Memorandum of Agreement dated November 27, 2014 and with acquisition disclosure on March 28, 2016. . 3. Finalization of the previously approved acquisition of twenty percent (20%) stake in Guangdong Century Tsingshan Nickel Industry Co., Ltd within the year. - The target completion of the acquisition is within this year but terms and conditions have not been finalized and will be disclosed in due course. 4. Amendment of the Articles of Incorporation of Seasia Nectar Port Services, Inc. ("SNPSI") to change its name to Mariveles Harbor Corporation ("MHC"). MHC is projected to have approximate annual capacity of 3,000,000 Metric Tonnes of Dry Bulk, Breakbulk and Project Cargoes. - As disclosed on December 29, 2021, FNI's shareholding in SNPSI increased to 64% making it a subsidiary. As such, a new name will be applied for amendment with the SEC. 5. Construction and Operationalization of the FNI Steel Plant located in Mariveles, Bataan with approximate annual capacity of 1,000,000 of Steel Rebar. - As disclosed on November 9, 2021, FNI Steel Corporation and FNI Steel Landholdings Corporation became 100% owned by FNI. 6. Election of the following Directors of Global Ferronickel Holdings, Inc.: Joseph C. Sy, Dante R. Bravo, Gu Zhifang, Dennis Allan T. Ang, Mary Belle D. Bituin, Francis C. Chua, Jennifer Y. Cong, Noel B. Lazaro, Edgardo G. Lacson (Independent Director), and Sergio R. Ortiz-Luis Jr.(Independent Director)
June 29, 2022	Following are the results of Annual Stockholders' Meeting of Global Ferronickel Holdings, Inc. ("FNI") held on June 29, 2022 via videoconference: I. Approval of the Minutes of the Annual Stockholders' Meeting dated June 30 , 2021; II. Approval of the Company's Audited Financial Statements and Annual Report as of December 31, 2021; III. Election of the following directors of FNI for the ensuing year:Joseph C. Sy, Dante R. Bravo, Gu Zhifang, Dennis Allan T. Ang, Mary Belle D. Bituin, Francis C. Chua, Jennifer Y. Cong, Noel B. Lazaro, Edgardo G. Lacson (Independent Director), and Sergio R. Ortiz-Luis Jr.(Independent Director) IV. Ratification of acts of the Board of Directors and proceedings of the Board of Directors, Board Committees and management V. Approval of the amendment of the Third Article of the Articles of Incorporation to reflect new address VI. Reappointment of Sycip Gorres Velayo & Co. as the external auditor of FNI for the ensuing year.

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: **GLOBAL FERRONICKEL HOLDINGS, INC.**

Signature and Title: **ATTY. DANTE R. BRAVO**
President

Date: August 15, 2022

Signature and Title: **MARY BELLE D. BITUIN**
Chief Financial Officer

Date: August 15, 2022

Annex A

Aging of Trade and Other Receivables
As at June 30, 2022
(In Thousand Pesos)

	Neither Past Due Nor Impaired	Past Due But Not Impaired			Impaired	Total
		90 Days or Less	91-120 Days	More than 120 days		
Trade	2,044,016	-	-	-	186,001	2,230,017
Advances to Contractors	36,464	-	-	-	79,711	116,175
Advances to Officers, Employees and Others	12,699	-	-	-	-	12,699
Total	**2,093,179**	**-**	**-**	**-**	**265,712**	**2,358,891**
Less: Allowance for Doubtful Accounts						265,712
NET RECEIVABES						**2,093,179**

GLOBAL FERRONICKEL HOLDINGS, INC.
SEC FORM 17-Q
INDEX TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**₱2,068,937**	₱3,821,177
Trade and other receivables (Note 5)	**2,093,179**	63,348
Advances to related parties (Note 29)	**2,640,931**	2,764,514
Inventories (Note 6)	**290,922**	269,470
Prepayments and other current assets (Note 7)	**107,546**	46,461
Total Current Assets	**7,201,515**	6,964,970
Noncurrent Assets		
Property and equipment (Note 8)	**3,800,525**	3,746,417
Deposits for future acquisition (Note 29)	**2,136,737**	2,171,003
Mining rights (Note 10)	**123,352**	125,579
Mine exploration costs (Note 11)	**147,299**	147,299
Deferred tax assets - net (Note 30)	**59,357**	96,253
Retirement plan asset - net (Note 16)	**33,695**	28,410
Other noncurrent assets (Note 12)	**655,915**	617,510
Investment in an associate (Note 9)	**–**	–
Total Noncurrent Assets	**6,956,880**	6,932,471
TOTAL ASSETS	**₱14,158,395**	₱13,897,441
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 13)	**₱1,444,263**	₱707,381
Current portion of loans payable (Note 14)	**193,044**	247,109
Advances from related parties (Note 29)	**275,587**	235,861
Current portion of lease liabilities (Note 18)	**64,125**	64,725
Income tax payable	**152,445**	103,507
Total Current Liabilities	**2,129,464**	1,358,583
Noncurrent Liabilities		
Loans payable - net of current portion (Note 14)	**722,151**	652,147
Provision for mine rehabilitation and decommissioning (Note 15)	**311,031**	305,414
Lease liabilities - net of current portion (Note 18)	**415,570**	442,243
Other noncurrent liabilities (Note 17)	**521,968**	521,968
Total Noncurrent Liabilities	**1,970,720**	1,921,772
Total Liabilities	**4,100,184**	3,280,355
Equity		
Capital stock (Note 19)	**6,375,975**	6,375,975
Additional paid-in capital	**239,012**	239,012
Remeasurement gain on retirement obligation	**43,703**	43,703
Cumulative translation adjustment	**116,353**	19,111
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**(5,902)**	(5,565)
Retained earnings	**4,894,093**	5,500,360
Treasury shares (Note 19)	**(1,946,033)**	(1,912,806)
Equity attributable to the Parent Company	**9,717,201**	10,259,790
Non-controlling interest (Note 19)	**341,010**	357,296
Total Equity	**10,058,211**	10,617,086
TOTAL LIABILITIES AND EQUITY	**₱14,158,395**	₱13,897,441

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2022 AND 2021
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 AND 2021
(Amounts in Thousands, Except Earnings per Share)

	Three Months Ended June 30		Six Months Ended June 30	
	2022	2021	**2022**	2021
REVENUE FROM CONTRACTS WITH CUSTOMERS	**₱2,167,457**	₱2,476,712	**₱2,207,361**	₱2,609,981
COST OF SALES (Note 21)	**750,129**	790,344	**779,648**	837,814
GROSS PROFIT	**1,417,328**	1,686,368	**1,427,713**	1,772,167
OPERATING EXPENSES				
Excise taxes and royalties (Note 22)	**300,197**	307,085	**300,197**	320,401
General and administrative (Note 23)	**207,657**	159,127	**406,302**	325,813
Shipping and distribution (Note 24)	**114,286**	163,488	**116,571**	173,949
	622,140	629,700	**823,070**	820,163
FINANCE COSTS (Note 27)	**(28,034)**	(17,824)	**(53,814)**	(27,355)
FINANCE INCOME	**2,150**	1,310	**4,251**	2,717
SHARE IN NET LOSS OF INVESTMENT IN ASSOCIATES (Note 9)	**(23,274)**	(18,054)	**(34,266)**	(24,313)
OTHER INCOME (CHARGES) - net (Note 28)	**72,387**	(80,330)	**59,718**	(75,589)
INCOME BEFORE INCOME TAX	**818,417**	941,770	**580,532**	827,464
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 30)				
Current	**158,267**	182,820	**158,787**	187,634
Deferred	**44,569**	24,389	**4,323**	(964)
	202,836	207,209	**163,110**	186,670
NET INCOME	**615,581**	734,561	**417,422**	640,794
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to profit or loss in subsequent periods:				
Currency translation adjustment	**109,444**	1,597	**129,656**	12,200
Income tax effect	**(27,361)**	(479)	**(32,414)**	(3,660)
	82,083	1,118	**97,242**	8,540
Items that will not be reclassified to profit or loss in subsequent periods:				
Fair value reserve of financial asset at fair value through other comprehensive income (Note 12)	**(1,222)**	801	**(337)**	1,012
TOTAL COMPREHENSIVE INCOME	**₱696,442**	₱736,480	**₱514,327**	₱650,346
Net Income (Loss) Attributable To:				
Equity holders of the Parent Company	**₱628,634**	₱735,009	**₱433,708**	₱641,856
Non-controlling interest in consolidated subsidiaries	**(13,053)**	(448)	**(16,286)**	(1,062)
	₱615,581	₱734,561	**₱417,422**	₱640,794
Total Comprehensive Loss Attributable To:				
Equity holders of the Parent Company	**₱709,495**	₱736,928	**₱530,613**	₱651,408
Non-controlling interest in consolidated subsidiaries	**(13,053)**	(448)	**(16,286)**	(1,062)
	₱696,442	₱736,480	**₱514,327**	₱650,346
Basic/Diluted Earnings (Loss) Per Share on Net Loss Attributable to Equity Holders of the Parent Company (Note 20)	**₱0.1208**	₱0.1399	**₱0.0833**	₱0.1223

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 AND 2021
(Amounts in Thousands)

	Capital Stock (Note 19)	Additional Paid-in Capital	Treasury Shares (Note 19)	Fair Value Reserve of Financial Asset at Fair Value through Other Comprehensive (Note 12)	Remeasurement Gain on Retirement Obligation	Cumulative Translation Adjustment	Retained Earnings	Total	NCI	Total Equity
Balances at December 31, 2021 (Audited)	₱ 6,375,975	₱ 239,012	₱ (1,912,806)	₱ (5,565)	₱ 43,703	₱ 19,111	₱ 5,500,360	₱ 10,259,790	₱ 357,296	₱ 10,617,086
Net inccome (loss) for the period	-	-	-	-	-	-	433,708	433,708	(16,286)	417,422
Other comprehensive income - net of tax	-	-	-	(337)	-	97,242	-	96,905	-	96,905
Total comprehensive income (loss) - net of tax	-	-	-	(337)	-	97,242	433,708	530,613	(16,286)	514,327
Declaration of cash dividend	-	-	-	-	-	-	(1,039,975)	(1,039,975)	-	(1,039,975)
Purchase of treasury shares	-	-	(33,227)	-	-	-	-	(33,227)	-	(33,227)
Balances at June 30, 2022 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,946,033)	₱ (5,902)	₱ 43,703	₱ 116,353	₱ 4,894,093	₱ 9,717,201	₱ 341,010	₱ 10,058,211
Balances at December 31, 2020 (Audited)	₱ 6,375,975	₱ 239,012	₱ (1,544,904)	₱ (5,481)	₱ 8,607	₱ (44,969)	₱ 4,053,133	₱ 9,081,373	₱ 31,589	₱ 9,112,962
Net income (loss) for the period	-	-	-	-	-	-	641,856	641,856	(1,062)	640,794
Other comprehensive income - net of tax	-	-	-	1,012	-	8,540		9,552	-	9,552
Total comprehensive income (loss) - net of tax	-	-	-	1,012	-	8,540	641,856	651,408	(1,062)	650,346
Declaration of cash dividend	-	-	-	-	-	-	(521,032)	(521,032)	-	(521,032)
Purchase of treasury shares	-	-	(367,902)	-	-	-	-	(367,902)	-	(367,902)
Balances at June 30, 2021 (Unaudited)	₱ 6,375,975	₱ 239,012	₱ (1,912,806)	₱ (4,469)	₱ 8,607	₱ (36,429)	₱ 4,694,989	₱ 8,843,847	₱ 30,527	₱ 8,874,374

See accompanying Notes to Unaudited Consolidated Financial Statements.

GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2022 AND 2021
(Amounts in Thousands)

	2022	2021
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱580,532**	₱827,464
Adjustments for:		
Depreciation, depletion and amortization (Note 26)	**196,956**	158,362
Interest expense (Note 27)	**47,581**	19,739
Unrealized foreign exchange losses (gains) - net	**22,470**	(14,038)
Share in net loss of investment in associates (Note 9)	**34,266**	24,313
Retirement benefits costs (Note 16)	**6,958**	5,282
Accretion interest on provision for mine rehabilitation and decommissioning (Note 27)	**5,617**	4,085
Interest income	**(4,251)**	(2,717)
Accretion interest on security deposit under “Other noncurrent assets” (Note 27)	**(476)**	–
Other income under “Other charges - net” (Note 28)	**–**	(56,982)
Operating income before changes in working capital	**889,653**	965,508
Decrease (increase) in:		
Trade and other receivables	**(2,029,831)**	(805,298)
Inventories	**(21,452)**	15,574
Prepayments and other current assets	**(60,840)**	(23,636)
Increase in trade and other payables	**650,273**	874,994
Net cash generated from (used in) operations	**(572,197)**	1,027,142
Income taxes paid	**(22,832)**	(106,282)
Interest paid	**(63,492)**	(25,616)
Contributions (Note 16)	**(11,454)**	(11,454)
Interest received	**1,624**	1,158
Net cash flows from (used in) operating activities	**(668,351)**	884,948
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property and equipment	**(244,059)**	(97,183)
Mine exploration costs	**–**	(10,327)
Increase in:		
Advances to related parties	**(482,714)**	(193,188)
Other noncurrent assets	**(41,041)**	(90,868)
Net cash flows used in investing activities	**(767,814)**	(391,566)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of:		
Cash dividends	**(433,678)**	–
Loans	**(137,766)**	(8,204)
Purchase of treasury shares (Note 19)	**(33,227)**	(367,902)
Proceeds from availment of bank loans	**90,000**	–
Increase (decrease) in:		
Lease liabilities	**(33,009)**	(36,071)
Advances from related parties	**39,726**	244
Net cash flows used in financing activities	**(507,954)**	(411,933)
NET INCREASE (DECREASE) IN CASH	**(1,944,119)**	81,449
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**191,879**	31,440
CASH AT BEGINNING OF PERIOD	**3,821,177**	2,451,566
CASH AT END OF PERIOD	**₱2,068,937**	₱2,564,455

See accompanying Notes to Unaudited Consolidated Financial Statements.

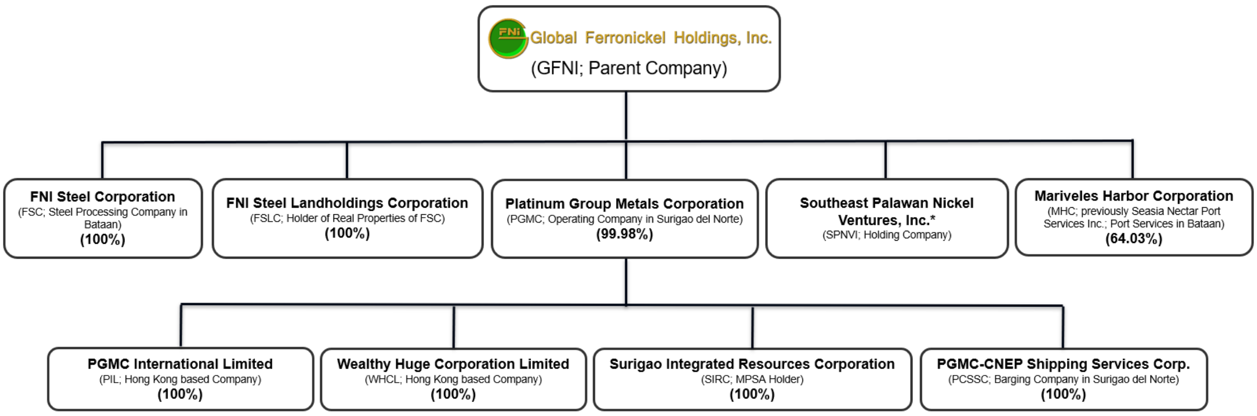
GLOBAL FERRONICKEL HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Global Ferronickel Holdings, Inc. (formerly Southeast Asia Cement Holdings, Inc.; GFNI; Parent Company) is a corporation listed in the Philippine Stock Exchange (PSE). It was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on May 3, 1994. The principal activities of the Parent Company are to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, and other securities or obligations of any corporation.

The registered office address of the Parent Company is 7th Floor Corporate Business Centre, 151 Paseo De Roxas, corner Arnaiz Street, Makati City.

The following is the map of relationships of the Companies within the Group:



* 0.47% represents the ownership of GFNI on SPNVI's all classes of outstanding shares, preferred and common. GFNI owns 37.5% of the outstanding common shares of SPNVI with voting power.

The Parent Company's principal stockholders as at June 30, 2022 are as follows:

List of Top 20 Stockholders

Name	Citizenship	Holdings	Percentage
PCD NOMINEE CORP. - FILIPINO	Filipino	2,107,078,409	40.52%
PCD NOMINEE CORP. - NON-FILIPINO	Foreign	1,898,952,203	35..52%
REGULUS BEST NICKEL HOLDINGS INC.	Filipino	523,154,668	10.06%
BLUE EAGLE ELITE VENTURE INC.	Filipino	348,769,779	06.71%
SOHOTON SYNERGY, INC.	Filipino	233,156,767	04.48%
RED LION FORTUNE GROUP INC.	Filipino	57,588,866	01.11%
JOSEPH C. SY	Filipino	5,000,000	00.10%
DANTE R BRAVO	Filipino	3,261,053	00.06%
ORION-SQUIRE CAPITAL, INC. A/C-0459	Filipino	2,283 106	00.04%
CARLO A. MATILAC	Filipino	1,733,226	00.03%
MARY BELLE D. BITUIN	Filipino	1,630,523	00.03%
SQUIRE SECURITIES, INC	Filipino	867,338	00.02%
CORSINO L. ODTOJAN	Filipino	785,860	00.01%
GEARY L. BARIAS	Filipino	785,860	00.01%
MARILOU C. CELZO	Filipino	678,479	00.01%
EMMANUEL FELIPE E. FANG	Filipino	575,779	00.01%
HILARIO A. SALE JR.	Filipino	575,779	00.01%
GO GEORGE L.	Filipino	539,153	00.01%
KUOK PHILIPPINES PROPERTIES INC.	Filipino	463,953	00.01%
RICHARD C. GIMENEZ	Filipino	430,738	00.01%
TONG GABRIEL	Filipino	417,805	00.01%
OCA GREGORIO S.	Filipino	415,193	00.01%

The Subsidiaries

PGMC
PGMC was registered with the Philippine SEC on February 10, 1983. PGMC is 99.98% owned by the Parent Company and is primarily engaged in the exploration, mining and exporting of nickel ore located in the municipality of Claver, Surigao del Norte. The registered office address of PGMC is at Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St., Aseana, Parañaque City.

PGMC has an Operating Agreement with SIRC for the exclusive right and privilege to undertake mining activities within the area covered by the Mineral Production Sharing Agreement (MPSA) No. 007-92-X.

Seasonality
The Cagdianao Mine produces and exports nickel ores from April to October of each year, typically the dry and minimal sea swell season at the mine site. During the rainy season, mining operations in the mine site are suspended and there is no loading of ore onto ships. This seasonality results in quarter-to-quarter volatility in the operating results with more revenue being earned and more expenses being incurred during the second and third quarters compared to the first and fourth quarters.

SIRC
SIRC is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on July 16, 1999. Its primary purposes are to engage in the exploration and processing of minerals, petroleum and other mineral oils, to enter into financial and technical assistance agreements for the large-scale exploration, development and utilization of mineral resources or otherwise engage in mining activities or enter into agreements as may be allowed by law. The registered office address of SIRC is at Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St., Aseana, Parañaque City.

SIRC is the holder of MPSA No. 007-92-X, redenominated as MPSA No. 007-92-X-SMR (Amended 1), located in Cagdianao, Claver, Surigao del Norte. The said MPSA was last renewed on June 21, 2016 for another 25 years from its initial term ending in 2017, or until February 14, 2042.

PCSSC
PCSSC is a wholly-owned subsidiary of the Parent Company through PGMC and was registered with the Philippine SEC on June 4, 2013. Its primary purpose is to conduct and carry on the business of inter-island shipping, including chartering, hiring, leasing, or otherwise acquiring tug and barge, self-propelled barges or landing craft tank (LCT) or other ships or vessels, together with equipment, appurtenances and furniture therefor; and to employ the same in the conveyance and carriage of ores, minerals, goods, wares and merchandise of every kind and description. The registered office address of PCSSC is at Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St., Aseana, Parañaque City.

PIL
PIL is a wholly-owned subsidiary of the Parent Company through PGMC and was incorporated on July 22, 2015 as a limited company under the Companies Ordinance of Hong Kong. Its primary purpose is to trade mineral products. It was established to facilitate relations with Chinese customers, to promote marketing, to collect accounts, to avail of offshore banking services such as loans, credit/discounting lines and other financing arrangements, and to do other services for PGMC. The registered office address of PIL is at Unit 4101-02, 41/F, Office Tower, Convention Plaza, 1 Harbour Road Wanchai, Hong Kong.

WHCL
WHCL is a wholly-owned subsidiary of the Parent Company through PGMC and was incorporated on March 1, 2021 as a limited company under the Companies Ordinance of Hong Kong. Its primary purpose is to facilitate relations with offshore customers, collection of accounts, availment of offshore banking services, and such other services as will aid PGMC's strategic growth in the ASEAN region. The registered office address of WHCL is at Room 804, 8/F, LAP FAI Building, 6-8 Pottinger Street, Central Hong Kong.

FSC
FSC is a wholly-owned subsidiary of the Parent Company and was registered with the Philippine SEC on August 5, 2019. Its primary purpose is to engage in the business of buying, selling, dealing, at wholesale and retail, importing and manufacturing iron, steel and other ferrous or non-ferrous metal products, to be processed either by melting, rolling, casting, or forging to produce it in the form of ingots, billets, sections, bars, plates, strips, rods, tubes, pipes and other such form in demand in the market or industry; to import materials, machinery and equipment needed to manufacture such finished products; and to lease real properties such as land and buildings as needed. The registered office address of FSC is at Lot 9 3rd Floor AFAB Administration Building, Freeport Area of Bataan Alas-asin Mariveles, Bataan, Region III, Philippines.

FSLC
FSLC is a wholly-owned subsidiary of the Parent Company and was registered with the Philippine SEC on May 31, 2019. Its primary purpose is to engage in the business of managing real estate or interest therein, alone or in joint ventures with others and for this purpose acquire land by purchase, lease, donation, or otherwise, and to own, use, improve, subdivide, hold, administer, sell, convey, exchange, lease, mortgage, dispose of, work, develop, or otherwise deal in real property of any kind and interest or right therein and to construct, improve, manage, or otherwise dispose of buildings and other structures of whatever kind, together with their appurtenances whether for dwelling, commercial or industrial purposes. FSLC was incorporated to hold real properties of FSC. The registered office address of FSLC is at Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St., Aseana, Parañaque City.

MHC
MHC is a 64.03%-owned subsidiary of the Parent Company and was registered with the Philippine SEC on July 11, 2014 primarily to engage to carry on the business of providing and rendering general services incidental to and necessarily connected with the operation and management of port terminals in the Philippines, which will involve the handling of containers, bulk liquid and dry cargoes, bagging of fertilizers, refrigerated warehousing facilities, warehousing and stevedoring, lightering, towing, and/or storing of cargo handled by MHC to and from port terminals in the delivery from abroad and/or for shipment abroad as may be necessary or incidental thereto. The registered office address of MHC is at Mariveles Multi-Purpose Terminal, Mariveles Diversion Road, Freeport Area of Bataan, Brgy. Sisiman, Mariveles, Bataan.

The Associate

SPNVI
SPNVI is an associate of the Parent Company and was registered with SEC on July 11, 2014 primarily to engage to prospect, explore, locate, acquire, hold, work, develop, lease, operate and exploit mineral lands for nickel, chromite, copper, manganese, magnesite, silver, gold, and other precious and non-precious metals; to acquire and dispose of mining claims and rights, and to conduct and carry on the business of preparing, milling, concentrating, smelting, treating or preparing for market, and to market, sell at wholesale, exchange or otherwise deal in nickel, chromite, copper, manganese, magnesite, silver, gold and other mineral products. The registered office address of SPNVI is at Penthouse, Platinum Tower, Aseana Avenue corner Fuentes St., Aseana, Parañaque City.

SPNVI directly owns 99.76% of Ipilan Nickel Corporation (INC), a company registered with the Philippine SEC on July 22, 2005, for the primary purpose to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed or found within the area of Sitio Ipilan, Mambalot, Municipality of Brooke's Point, Province of Palawan, consisting of 2,835 hectares and covered by MPSA No. 017-93-IV, Amended 2000 by the Government of the Republic of the Philippines through the Secretary of the Department of Environment and Natural Resources (DENR).

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

Basis of Preparation
The accompanying unaudited interim consolidated financial statements of the Group as at June 30, 2022 and for the six months period ended June 30, 2022 and 2021 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*, and on a historical cost basis, except for the financial asset at fair value through other comprehensive income (FVOCI), which are carried at fair value. The unaudited interim consolidated financial statements are presented in Philippine peso, which is the Group's presentation currency under the Philippine Financial Reporting Standards (PFRS). Based on the economic substance of the underlying circumstances relevant to the Group, the functional currencies of the Parent Company and subsidiaries is Philippine peso, except for PIL and WHCL whose functional currency is Hong

Kong Dollar (HK$). All values are rounded to the nearest thousand (000), except number of shares, per share data and as indicated. Further, the unaudited interim consolidated financial statements do not include all the information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the audited Group's annual consolidated financial statements as at December 31, 2021.

Statement of Compliance
The accompanying unaudited interim consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes statements named PFRS, PAS, and Standard Interpretation Committee/ Philippine Interpretation based on International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC, including SEC pronouncements.

Basis of Consolidation
The unaudited interim consolidated financial statements include the balances of the Parent Company and its subsidiaries and equity share in net income or losses of associates, after eliminating significant intercompany balances and transactions.

	Principal Place		Effective Ownership	
Subsidiaries	of Business	Principal Activities	**June 30, 2022**	June 30 2021
PGMC	Philippines	Mining	**99.98%**	99.98%
SIRC(1)	Philippines	Mining	**99.98%**	99.98%
PCSSC(1)	Philippines	Services	**99.98%**	99.98%
PIL(1)	Hong Kong	Marketing, Trading and Services	**99.98%**	99.98%
WHCL(1)	Hong Kong	Marketing, Trading and Services	**99.98%**	99.98%
FSLC(2)	Philippines	Landholdings	**100.00%**	60.00%
FSC(2)	Philippines	Manufacturing	**100.00%**	51.00%
MHC(3)	Philippines	Port Operations	**64.03%**	–
Associates				
SPNVI(4)	Philippines	Holding/Mining	**0.47%**	0.47%
MHC(3)	Philippines	Port Operations	**–**	40.05%

(1) Indirect ownership through PGMC.
(2) On November 9, 2021, FSC and FSLC became wholly-owned subsidiaries of the Parent Company when Huarong Asia Limited relinquished its interest in FSC and FSLC in favor of the Parent Company.
(3) On December 29, 2021, the Parent Company's equity interest in MHC increased from 40.05% to 64.03% as a result of the purchase of additional interest from Nectar Group Limited, an existing stockholder.
(4) This represents the ownership of the Company on SPNVI's all classes of outstanding shares, preferred and common. The Parent Company owns 37.5% of the outstanding shares of SNPVI with voting power.

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

Changes in Accounting Policies and Disclosures
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are applied prospectively. The amendments did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments did not have any impact on the consolidated financial statements of the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. The amendments did not have any impact on the consolidated financial statements of the Group.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of PFRS, Subsidiary as a first-time adopter*
    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent’s date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments did not have any impact on the consolidated financial statements of the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the “10 percent” test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments did not have any impact on the consolidated financial statements of the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41. The Group applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments did not have any impact on the consolidated financial statements of the Group.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements [unless otherwise indicated].

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRSs requires the Group to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the judgments and assumptions used in arriving at the estimates to change. The effects of any changes in estimates are reflected in the unaudited interim consolidated financial statements as they become reasonably determinable.

Accounting judgments, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Judgments

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

Estimates and Assumptions

The Group based its assumptions and estimates on parameters available when the unaudited interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

4. Cash and Cash Equivalents

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cash on hand	₱1,298	₱1,011
Cash with banks	1,995,510	3,748,037
Short-term cash investments	72,129	72,129
	₱2,068,937	₱3,821,177

5. Trade and Other Receivables

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	₱2,230,017	₱209,260
Advances to:		
Contractors	116,175	92,588
Officers, employees and others	12,699	27,212
	2,358,891	329,060
Less allowance for expected credit losses (ECL)	265,712	265,712
	₱2,093,179	₱63,348

There was no provision for ECL on trade and other receivables for the periods ended June 30, 2022 and 2021.

6. Inventories

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beneficiated nickel ore	₱186,372	₱186,372
Materials and supplies	104,550	83,098
	₱290,922	₱269,470

Beneficiated nickel ore was valued at cost while materials and supplies which consist of tires, spare parts, and fuel and lubricants were valued at net realizable value.

No provision for inventory losses was recognized for the periods ended June 30, 2022 and 2021. The balance of the allowance for inventory losses on materials and supplies amounted to ₱7.5 million as at June 30, 2022 and December 31, 2021.

7. Prepayments and Other Current Assets

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Prepaid taxes and licenses	₱59,630	₱5,803
Prepaid insurance	26,889	18,610
Prepaid rent	12,993	13,131
Creditable withholding taxes (CWT)	3,684	3,684
Advances to suppliers	3,619	5,261
Others	4,415	3,656
	111,230	50,145
Less allowance for impairment losses	3,684	3,684
	₱107,546	₱46,461

No provision for impairment losses on other current assets was recognized in 2022 and 2021.

8. Property and Equipment

As at June 30, 2022 and December 31, 2021, property and equipment amounted to ₱3,800.5 million and ₱3,746.4 million, respectively. During the six-month period ended June 30, 2022 and 2021, the Group acquired assets with a cost of ₱247.5 million and ₱97.2 million, respectively, including construction in-progress. In the first quarter of 2021, the Group embarked on the development of its CAGA 1 and with this the Group transferred to Mining Properties portion of its mine exploration costs applicable to the CAGA 1 amounted to ₱115.8 million.

Depreciation and depletion expenses for the six-month period ended June 30, 2022 and 2021 amounted to ₱192.0 million and ₱152.3 million, respectively (see Note 26). As at June 30, 2022 and December 31, 2021, total accumulated depreciation and depletion amounted to ₱3,119.9 million and ₱2,920.3 million, respectively.

The property and equipment includes right-of-use assets amounted to ₱529.3 million and ₱567.9 million as at June 30, 2022 and December 31, 2021, respectively. As at June 30, 2022 and December 31, 2021, accumulated depreciation of the right-of-use assets amounted to ₱159.8 million and ₱115.3 million, respectively. Depreciation expense of right-of-use assets for the six-month period ended June 30, 2022 and 2021 amounted to ₱39.7 million and ₱27.4 million, respectively.

No property and equipment were pledged as at June 30, 2022 and December 31, 2021 except machineries and other equipment subject to chattel mortgage.

9. Investment in an Associate

As at June 30, 2022 and December 31, 2021, investment in an associate amounted to nil.

Details of investment in SPNVI are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	₱300,000	₱300,000
Accumulated equity in net loss:		
Beginning balance	(300,000)	(300,000)
Share in loss	–	–
Ending balance	(300,000)	(300,000)
	₱–	₱–

SPNVI and subsidiaries incurred a net loss of ₱91.4 million and ₱22.3 million for the periods ended June 30, 2022 and 2021, respectively. The Group's share in the net loss of SPNVI from its deposits for future acquisition amounted to ₱34.3 million and ₱8.4 million for the periods ended June 30, 2022 and 2021, respectively. As at June 30, 2022 and December 31, 2021, the Group's accumulated share in net loss of SPNVI charged to its net investment in SPNVI are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Share in net loss charged to:		
Investment in an associate	₱300	₱300
Deposits for future acquisition	80,316	46,050
	₱80,616	₱46,350

MHC (Previously SNPSI)

On December 19, 2019, the Group acquired 40.05% interest in MHC and accounted for the investment using the equity method. On December 29, 2021, the Group increased to 64.03% its ownership interest in MHC and MHC became a subsidiary as at December 31, 2021.

MHC incurred a net loss of ₱39.8 million for the period ended June 30, 2021. The Group's share in the net loss amounted to ₱15.9 million for the period ended June 30, 2021.

The Group recognized total share in net loss of investment in associates amounting to ₱34.3 million and ₱24.3 million for the periods ended June 30, 2022 and 2021, respectively.

10. Mining Rights

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Cost	₱396,500	₱396,500
Accumulated amortization:		
Beginning balance	270,921	259,675
Amortization	2,227	11,246
Ending balance	273,148	270,921
Net book value	₱123,352	₱125,579

No provision for impairment losses on mining rights was recognized for the periods ended June 30, 2022 and 2021.

11. Mine Exploration Costs

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱147,299	₱241,361
Exploration expenditures incurred	–	21,735
Reclassification	–	(115,797)
Ending balance	₱147,299	₱147,299

The Group operates CAGA 1, 2, 3 and 4 areas. CAGA 5, 6, 7 and limestone areas are still under exploration and evaluation phase.

12. Other Noncurrent Assets

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Mine rehabilitation fund (MRF)	₱318,448	₱317,765
Advances to suppliers	144,316	123,638
Input VAT	232,526	213,894
Restricted cash	83,097	77,176
Intangible asset	32,682	32,838
Security deposits	19,950	19,474
Computer software	4,009	4,454
Financial asset at FVOCI	2,953	3,290
Others	24,005	31,052
	861,986	823,581
Less allowance for impairment losses	206,071	206,071
	₱655,915	₱617,510

Financial Asset at FVOCI

There was no disposal of shares for the periods ended June 30, 2022 and 2021 and the shares are valued based on the exit market price amounting to ₱0.70 and ₱0.78 per share as at June 30, 2022 and December 31, 2021, respectively.

Movements in the "Fair value reserve of financial asset at FVOCI" are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱5,565	₱5,481
Fair value reserve	337	84
Ending balance	₱5,902	₱5,565

No dividend income was earned by the Group for the periods ended June 30, 2022 and 2021 from the financial asset at FVOCI.

Movements in the allowance for impairment losses on other noncurrent assets are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱206,071	₱202,180
Provision for impairment losses	–	3,891
Ending balance	₱206,071	₱206,071

13. Trade and Other Payables

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Trade	₱298,434	₱151,379
Contract liabilities	936,063	414,824
Accrued expenses and taxes	157,040	83,528
Nontrade	31,978	30,426
Dividends payable	20,238	21,562
Interest payables	510	5,662
	₱1,444,263	₱707,381

Details of the accrued expenses and taxes are summarized below:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Excise taxes and royalties payable	₱110,917	₱28,736
Provision for Social Development and Management Program (SDMP) and Indigenous Cultural Communities (ICC)	31,917	24,294
Business and other taxes	14,206	16,485
Others	–	14,013
	₱157,040	₱83,528

14. Loans Payable

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Long term and short term loans:		
Taiwan Cooperative Bank Manila Offshore Banking Branch (TCB)	₱825,315	₱761,610
UnionBank of the Philippines (UBP)	89,880	89,880
Bank of Commerce (BOC)	–	47,766
Total	915,195	899,256
Less current portion:		
TCB	103,164	95,201
UBP	89,880	89,880
BOC	–	47,766
Loans payable - current portion	193,044	247,109
Noncurrent portion	₱722,151	₱652,147

Movements in the carrying value of loans payable are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱899,256	₱460,487
Availments	90,000	892,776
Payments	(137,766)	(460,487)
Effect of changes in foreign currency exchange rates	63,705	6,480
Ending balance	₱915,195	₱899,256

Long term loans

TCB

On July 29, 2021, the Group was granted by TCB through PGMC an Omnibus Line for Loan Facility in the aggregate principal amount not exceeding US$15.0 million for general corporate purposes. The Omnibus Line is comprised of Revolving loan amounting to US$5.0 million and Term loan amounting to US$15.0 million with the following terms:

- Revolving loan shall be repaid at the maturity date of each loan but the tenor shall not exceed 180 days
- Term loan shall be repaid in four semi-annual installment repayments. First installment commences on the date falling 18 months from the first drawdown date as follows:

Months from the first drawdown date	Repayment installment from outstanding principal at the end of availability period (%)
18	12.50%
24	12.50%
30	12.50%
36	62.50%

The interest shall be payable quarterly in arrears. The interest rate for the loan is the aggregate of the reference rate plus spread of 3.25% per annum. The reference rate is the applicable London Interbank Offered Rates (LIBOR) displayed on the Bloomberg and Reuters' page for three (3) month yield as of approximately 11:15 am on the interest rate setting date as stated in the loan agreement.

The other conditions of the agreement are as follows:

a. The Group shall maintain a waterfall account with TCB wherein all amounts collected from the buyers of nickel ore shall be deposited.
b. The security required by TCB shall consist of only three (3) kinds, as follows:
   i. Accounts receivables from PGMC's customers or clients or Import letters of credit (LC) issued in favor of PGMC by its customers and clients. Provided, that the aggregate value, in combination, shall at least twice (2x) the amount of the actual drawdown
   ii. Demand Deposit Account which shall be opened and set-up by the collateral provider acceptable to TCB (in this case PGMC International Limited) amounting to at least 10% of the drawdown. The amount in said account maybe reduced proportionately as PGMC pays the principal and its interest by express agreement of TCB and PGMC.
   iv. Guarantee issued by any individual, juridical person such as corporations or any combination thereof that is acceptable to TCB.
c. TCB is irrevocably appointed as the collecting agent for the account receivables from PGMC's export orders of nickel ore and as a collecting and advising bank for the import LC opened by the buyers of the nickel ore of PGMC. All the amount collected by TCB shall be deposited in the Waterfall Account of PGMC.
d. The Group may, at its option, prepay the loan in part or in full, together with accrued interest thereon.
e. If the Group fails to make payment when due of any sum (whether at the stated maturity, by acceleration or otherwise), the Group shall pay penalty on such past due and unpaid amount/s at the rate of 18% per annum, in addition to the interest rate from due date until the date of payment in full. The penalty shall be payable from time to time and upon demand by the bank.

On July 30, 2021, the Group made a drawdown amounting to US$15.0 million of the loan.

Interest expense related to the TCB loan amounted to ₱17.5 million and ₱9.4 million for the periods ended June 30, 2022 and 2021, respectively.

BOC
On May 10, 2017, the Group through MHC entered into a loan agreement with BOC to acquire additional financing to support the construction of Phase 1 of the dry bulk terminal facilities in Mariveles, Bataan. Repayments of the loan will be in equal semi-annual installments for five (5) years and bear an annual interest rate ranging from 7.12% to 7.21% per annum. MHC has fully settled its loan with BOC on May 29, 2022.

The loan is secured by MHC's shares of stock as collateral and a continuing suretyship from Seasia Logistics Philippines, Inc. Part of the agreement states that MHC shall not participate in or enter into any merger or consolidation, sell, lease mortgage or otherwise dispose of all or substantially all of its assets and voluntarily suspend its business operations or dissolve its affairs, and declare or pay dividends to its shareholders (other than dividends payable solely in shares of capital stock) if payment of any sum due to BOC is in arrears.

Interest expense related to the BOC loan amounted to ₱1.2 million for the period ended June 30, 2022.

SBM Leasing
On July 5, 2019, the Group through PGMC availed long-term loan from SBM Leasing for the acquisition of transportation equipment. The loans are payable within two (2) years and bear an annual interest rate of 9.50% per annum. On July 15, 2021, the SBM Leasing term loan was fully paid.

<u>Short term loans</u>
BDO
The Group is granted annually by BDO a revolving US$20.0 million Export Packing Credit Line for working capital purposes. No drawdowns were made for the periods ended June 30, 2022 and 2021.

UBP
On May 20, 2021 and June 10, 2021, the Group through MHC entered into short-term loans for ₱50.0 million and ₱40.0 million, respectively. These are payable in one (1) year, bear an interest rate of 6.50% per annum and are intended for working capital purposes. The short-term loans were renewed for another one (1) year with an interest rate of 6.5% and 6.75% per annum. Interest expense related to the UBP loan amounted to ₱3.0 million for the period ended June 30, 2022. The short-term loans with UBP were fully settled on July 29, 2022.

Chattel mortgage loans
In 2019, the Group availed two (2) chattel mortgage loans from Caterpillar Financial Services Philippines Inc. (CFSPI) for the acquisition of transportation equipment. The loans are payable within two (2) years at interest rates ranging from 5.97% to 6.31% per annum and payable in monthly installments. On July 20, 2021, the CFSPI chattel mortgage loan was fully paid.

The Group has complied with the terms of the loans as at June 30, 2022 and December 31, 2021.

15. Provision for Mine Rehabilitation and Decommissioning

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 demolition of infrastructures, removal of residual materials and remediation of disturbed areas.

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱305,414	₱328,601
Accretion interest	5,617	8,170
Effect of change in estimate	–	(31,357)
Ending balance	₱311,031	₱305,414

16. Retirement Obligation

The GFNI Group of Companies Multiemployer Retirement Plan (the Retirement Plan) is jointly established by PGMC, PCSSC, INC and the Parent Company, and other affiliate companies that may adopt the said plan. The Retirement Plan is a non-contributory defined benefit retirement plan covering all of the Group's regular employees effective January 1, 2018.

The funding of the Retirement Plan shall be determined by the actuarial advisor and payment of the benefits thereunder shall be provided through the medium of a fund held by the Trustee Bank under the Trust Agreement.

There was no plan termination, curtailment or settlement as at June 30, 2022 and December 31, 2021.

The latest actuarial valuation report of the retirement plan is as at December 31, 2021.

As at June 30, 2022, the Group's contribution to the pension fund amounted to ₱11.5 million. The Group does not currently employ any asset-liability matching.

As at June 30, 2022 and December 31, 2021, the retirement plan asset, net of retirement obligation, amounted to ₱33.7 million and ₱28.4 million, respectively. The retirement benefits costs amounted to ₱7.0 million and ₱5.3 million for the six months period ended June 30, 2022 and 2021, respectively. The interest cost on retirement obligation amounted to ₱1.8 million and ₱2.0 million for the six months period ended June 30, 2022 and 2021, respectively. The interest income on plan assets amounted to ₱2.6 million and ₱1.6 million for the six months period ended June 30, 2022 and 2021, respectively.

17. Other Noncurrent Liabilities

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Previous stockholders of Celestial Nickel Mining Exploration Corporation (CNMEC)	₱356,402	₱356,402
Brookes Nickel Ventures, Inc. (BNVI)	165,566	165,566
	₱521,968	₱521,968

18. Leases

The Group has lease contracts for various properties and equipment used in its operations and office spaces. Leases of office spaces generally have lease terms between three (3) and thirteen (13) years while the equipment has a lease term of two (2) years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets without approval of lessor.

The Group also has certain lease of office spaces and machineries and equipment with lease terms of twelve (12) months or less. The Group applies the "short-term lease" recognition exemptions for these leases.

The lease liabilities as at June 30, 2022 and December 31, 2021, discounted using incremental borrowing rate are as follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Lease liabilities	₱479,695	₱506,968
Less current portion	64,125	64,725
Noncurrent portion	₱415,570	₱442,243

The rollforward analysis of lease liabilities follows:

Amount in thousands	June 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Beginning balance	₱506,968	₱94,081
Interest expense	12,087	22,103
Payments	(39,360)	(101,551)
Additions	–	492,335
Ending balance	₱479,695	₱506,968

19. Equity

Capital Stock

The Parent Company has 11,957,161,906 authorized shares at ₱1.05 par value as at June 30, 2022 and December 31, 2021. Out of the total authorized shares of the Parent Company, 6,072,357,151 shares are issued amounting to ₱6,375,975 as at June 30, 2022 and December 31, 2021.

The Parent Company has only one (1) class of common shares which do not carry any right to fixed income.

NCI

June 30, 2022

	SNPSI	**PGMC**	**Total**
Percentage of ownership	**35.97%**	**0.02%**	
Issuance of capital stock and acquisition	**356,639**	**446**	**357,085**
Retained earnings, beginning	**-**	**211**	**211**
Total comprehensive income attributable to NCI	**(16,388)**	**102**	**(16,286)**
Total	**340,251**	**759**	**341,010**

December 31, 2021

	SNPSI	PGMC	Total
Percentage of ownership	35.97%	0.02%	
Acquisition of SNPSI	356,639	-	356,639
Issuance of capital stock	-	446	446
Retained earnings, beginning	-	59	59
Total comprehensive income attributable to NCI	-	406	406
Cash dividend	-	(254)	(254)
Total	356,639	657	357,296

Treasury Stock
The Parent Company has 872,484,322 shares amounting to ₱1,946.0 million and 862,044,322 shares amounting to ₱1,912.8 million in treasury as at June 30, 2022 and December 31, 2021, respectively.

For the periods ended June 30, 2022 and 2021, the Parent Company purchased a total of 10,440,000 common shares and 126,862,000 common shares at an average price of ₱3.18 per share and ₱2.90 per share, respectively.

20. Earnings Per Share

The following reflects the income and share data used in the earnings per share computation for the six months period ended June 30:

	2022 (Unaudited)	2021
Net income attributable to equity holders of the Parent Company (amounts in thousands)	₱433,708	₱641,856
Number of shares:		
Common shares outstanding at beginning of the year	5,210,312,829	5,337,174,829
Effect of buyback during the period	(6,560,333)	(87,393,822)
Adjusted weighted average number of common shares outstanding	5,203,752,496	5,249,781,007
Basic/Diluted Earnings per Share	₱0.0833	₱0.1223

As at June 30, 2022 and 2021, there are no potentially dilutive common shares.

21. Cost of Sales

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Contract hire	₱401,373	₱514,375
Depreciation and depletion (see Note 26)	134,237	119,718
Personnel costs (see Note 25)	89,496	81,613
Fuel, oil and lubricants	43,657	20,219
Environmental protection costs	32,326	18,994
Community relations	17,700	15,753
Operation overhead	14,267	9,955
Repairs and maintenance	11,801	9,089
Manning services	10,482	10,798
Assaying and laboratory	4,989	7,413
Others	19,320	29,887
	₱779,648	₱837,814

22. Excise Taxes and Royalties

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Royalties to:		
Government	₱98,809	₱109,492
Claim-owners	102,579	100,186
Indigenous people (IP)	19,762	23,129
Excise taxes	79,047	87,594
	₱300,197	₱320,401

23. General and Administrative

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Personnel costs (see Note 25)	₱124,690	₱110,894
Depreciation and amortization (see Note 26)	62,719	38,644
Taxes and licenses	57,365	60,427
Outside services	41,019	30,954
Marketing and entertainment	28,245	24,649
Consultancy fees	25,146	21,052
Repairs and maintenance	14,920	7,173
Travel and transportation	9,551	4,327
Fuel, oil and lubricants	8,019	4,465
Membership and subscription	3,175	2,427
Office supplies	3,127	2,958
Communication	2,022	2,031
Rentals	761	780
Other charges	25,543	15,032
	₱406,302	₱325,813

24. Shipping and Distribution

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Barging charges	₱65,904	₱118,552
Stevedoring charges and shipping expenses	12,657	19,841
Government fees	7,251	12,051
Personnel costs (see Note 25)	10,358	11,845
Fuel, oil and lubricants	18,594	9,872
Supplies	1,461	1,478
Repairs and maintenance and others	346	310
	₱116,571	₱173,949

25. Personnel Costs

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Salaries and wages	₱186,252	₱174,737
Retirement benefits costs (see Note 16)	6,958	5,282
Other employee benefits	31,334	24,333
	₱224,544	₱204,352

Other employee benefits are composed of various benefits given to employees that are individually immaterial.

The personnel costs were distributed as follows:

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Cost of sales (see Note 21)	₱89,496	₱81,613
General and administrative (see Note 23)	124,690	110,894
Shipping and distribution (see Note 24)	10,358	11,845
	₱224,544	₱204,352

26. Depreciation, Depletion and Amortization

Amount in thousands	For the six months period ended June 30 2022	2021
	(Unaudited)	
Property and equipment (see Note 8)	₱191,954	₱152,257
Mining rights (see Note 10)	2,227	3,931
Other noncurrent assets	2,775	2,174
	₱196,956	₱158,362

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

	For the six months period ended June 30	
Amount in thousands	2022	2021
	(Unaudited)	
Cost of sales (see Note 21)	₱134,237	₱119,718
General and administrative (see Note 23)	62,719	38,644
	₱196,956	₱158,362

27. Finance Costs

	For the six months period ended June 30	
Amount in thousands	2022	2021
	(Unaudited)	
Interest expense	₱47,581	₱19,739
Accretion interest on provision for mine rehabilitation and decommissioning	5,617	4,085
Bank charges	616	3,531
	₱53,814	₱27,355

28. Other Income (Charges) - net

	For the six months period ended June 30	
Amount in thousands	2022	2021
	(Unaudited)	
Foreign exchange gains (losses) - net	₱43,912	₱14,657
Despatch (demurrage) - net	15,273	(147,228)
Others	533	56,982
	₱59,718	(₱75,589)

Breakdown of net foreign exchange gains (losses) is as follows:

	For the six months period ended June 30	
Amount in thousands	2022	2021
	(Unaudited)	
Net realized foreign exchange gains (losses)	₱11,332	(₱6,906)
Unrealized foreign exchange gains (losses) on:		
Cash	41,235	18,800
Trade and other receivables	54,461	7,110
Other noncurrent assets	483	520
Loans payable	(63,705)	(4,762)
Trade and other payables	106	(105)
	₱43,912	₱14,657

The Group recognized other income amounted to ₱57.0 million for the period ended June 30, 2021 attributable to the change in income tax rate applicable for the taxable year 2020 as a result of the CREATE (30% income tax rate was used for financial reporting purposes versus 25% income tax rate effective July 1, 2020 was used for the final tax calculation and payment). This was treated as a nontaxable item for tax purposes in 2021.

29. Related Party Disclosures

Set out below are the Group's transactions with related parties for the six-month period ended June 30, 2022 and 2021, including the corresponding assets and liabilities arising from the said transactions as at June 30, 2022 (Unaudited) and December 31, 2021 (Audited):

Amount in thousands Category	Amount/Volume	Advances to related parties	Advances from related parties	Terms	Conditions
Stockholders					
June 30, 2022	(₱590,587)	₱1,276,798	₱9,070	On demand; noninterest-bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2021	₱–	₱1,867,385	₱9,070		
Affiliates with common officers, directors and stockholders					
June 30, 2022	467,004	1,272,334	266,517	On demand; noninterest-bearing; collectible or payable in cash	Secured; with guarantee
December 31, 2021	294,742	805,330	226,791		
Associate					
June 30, 2022	–	91,799	–	On demand; noninterest-bearing; collectible in cash	Secured; with guarantee
December 31, 2021	–	91,799	–		
Total		₱2,640,931	₱275,587		
Total		₱2,764,514	₱235,861		

The summary of significant transactions and account balances with related parties are as follows:

a. PIL entered into ore supply sales agreements with PGMC for the purchase of nickel ore amounting to ₱636.1 million and ₱1,549.8 million for the periods ended June 30, 2022 and 2021, respectively.

b. In the first quarter of 2022, PGMC entered into a seven-month Time Charter Agreement with PCSSC wherein the latter will render barging services to the former for a monthly charter fee amounting to ₱2.0 million per LCT, subject to renewal upon mutual agreement of the parties. The charter fee incurred amounted to ₱29.9 million and ₱32.1 million for the periods ended June 30, 2022 and 2021, respectively.

c. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group. The compensation of the key management personnel of the Group for the six months period ended June 30, 2022 and 2021 amounted to ₱41.0 million and ₱36.8 million, respectively.

30. Income Taxes

The components of the Group's net deferred income tax assets as at June 30, 2022 and December 31, 2021 follow:

Amount in thousands	2022 (Unaudited)	2021 Audited
Deferred tax assets:		
Provision for mine rehabilitation and decommissioning	₱77,758	₱76,354
Allowance for impairment losses on trade and other receivables	66,428	66,428
Depreciation of right-of-use asset	28,122	18,778
Retirement obligation recognized in profit or loss	5,938	6,920
Accrued taxes	2,620	2,620
Net operating loss carry-over	2,298	2,298
Allowance for impairment losses on inventories	1,883	1,883
	185,047	₱175,281

Deferred tax liabilities:		
Undepleted asset retirement obligation	(₱32,997)	(₱33,593)
Unrealized foreing exchange gains - net	(12,304)	(6,519)
Currency translation adjustment recognized directly in OCI	(38,784)	(6,370)
Lease payments	(23,781)	(15,364)
Retirement obligation recognized directly in OCI	(14,568)	(14,568)
Rental income	(3,256)	(2,614)
	(125,690)	(79,028)
Deferred tax assets - net	₱59,357	₱96,253

The current provision for income tax represents special corporate income tax (5% tax on gross income) and regular corporate income tax for the six months ended June 30, 2022 and 2021, respectively. The Group has availed of the itemized deductions method in claiming its deductions for the six months ended June 30, 2022 and 2021.

31. Financial Instruments

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

Cash and cash equivalents, Trade receivables, and Advances to contractors under "Trade and other receivables" and Trade and other payables
The carrying amounts of cash and cash equivalents, trade receivables, and advances to contractors under "Trade and other receivables" and trade and other payables approximate their fair values due to the short-term nature of these accounts.

Restricted cash under "Other noncurrent assets"
The carrying amounts approximate their fair values since these are restricted cash in banks which earn interest based on prevailing market rates repriced monthly.

Financial asset at FVOCI under "Other noncurrent assets"
The fair value of quoted equity instrument is determined by reference to the market closing quotes at the end of the reporting period.

Advances to and from related parties and Payable to previous stockholders of CNMEC and BNVI under "Other noncurrent liabilities"
Advances to and from related parties and payable to previous stockholders of CNMEC and BNVI do not have fixed repayment terms. As such, their carrying amounts approximate their fair values.

Loans Payable
The fair value of loans payable is estimated using the discounted cash flow methodology using the benchmark risk free rates for similar types of loans and borrowings, except for variable-rate borrowings which are repriced quarterly.

Lease Liabilities
The carrying amount of lease liabilities are carried at present value due to the long-term nature of the account. The fair value of lease liabilities was computed by discounting the expected cash flows within effective interest rate ranging from 2.5% to 7.3%. The computed fair value approximates its carrying amount.

<u>Fair Value Hierarchy</u>
As at June 30, 2022 and December 31, 2021, the Group's financial asset at FVOCI is classified under Level 1 and its loans payable and lease liabilities are classified under Level 3.

There were no transfers between levels of fair value measurement as at June 30, 2022 and December 31, 2021.

32. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker (the BOD) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group conducts the majority of its business activities in the following areas:

- The mining segment is engaged in the exploration, mining and exporting of nickel saprolite and limonite ore;
- The services segment is engaged in the chartering out of LCTs by PCSSC to PGMC and port services rendered by MHC to its customers; and
- The manufacturing segment includes FSC which is engaged in the manufacturing of iron steel bars and FSLC which is engaged in holding the real properties of FSC.

The Group's core business is the sale of nickel ore to external customers which accounted for 96.7% of the Group's total revenue. Accordingly, the Group's mining segment operates in two (2) geographical locations, Philippines and Hong Kong. Noncurrent assets of the Group comprising property and equipment, deposits for future acquisition, mine exploration costs, mining rights, and other noncurrent assets are located in the Philippines and Hong Kong.

The Group has revenues from external customers as follows:

	For the six months period ended June 30	
Amount in thousands	2022	2021
Country of Domicile	(Unaudited)	
China	₱2,135,215	₱2,609,981
Local	72,146	–
	₱2,207,361	₱2,609,981

The revenue information above is based on the location of the customers. The local customers include MHC's revenue from Philcement Corporation, which is an Authority of the Freeport Area of Bataan (AFAB)-registered entity.

Financial information on the operation of the various business segments are as follows:

	June 30, 2022 (Unaudited)				
Amount in thousands	Mining	Services	Manufacturing	Elimination	Total
External customers	₱2,135,215	₱72,146	₱–	₱–	₱2,207,361
Intersegment revenues	636,150	29,932	–	(666,082)	–
Total revenues	2,771,365	102,078	–	(666,082)	2,207,361
Cost of sales	1,300,725	112,399	–	(633,476)	779,648
Excise taxes and royalties	300,197	–	–	–	300,197
Shipping and distribution	146,503	–	–	(29,932)	116,571
Segment operating earnings	1,023,940	(10,321)	–	(2,674)	1,010,945
General and administrative	365,164	37,305	3,833	–	406,302
Finance income	4,204	36	11	–	4,251
Finance costs	(37,564)	(16,250)	–	–	(53,814)
Share in net loss of investment in associates	(34,266)	–	–	–	(34,266)
Other charges - net	57,044	–	–	2,674	59,718
Provision for (benefit from) income tax	162,903	(435)	642	–	163,110
Net income (loss) attributable to equity holders of GFNI	₱485,291	(₱63,405)	(₱4,464)	₱–	₱417,422
Segment assets	₱24,942,195	₱1,728,069	₱453,362	(₱13,024,588)	₱14,099,038
Deferred tax assets - net	99,449	5,305	(4,019)	(41,378)	59,357
Total assets	₱25,041,644	₱1,733,374	₱449,343	(₱13,065,966)	₱14,158,395
Segment liabilities	₱5,082,117	₱550,678	₱389,481	(₱1,922,092)	₱4,100,184
Capital expenditures	₱225,558	₱18,351	₱5,784	(₱2,232)	₱247,461
Depreciation and depletion	₱148,041	₱48,648	₱267	₱–	₱196,956

	June 30, 2021 (Unaudited)				
Amount in thousands	Mining	Service	Manufacturing	Elimination	Total
External customers	₱2,609,981	₱–	₱–	₱–	₱2,609,981
Intersegment revenues	1,549,792	32,132	–	(1,549,792)	–
Total revenues	4,159,773	32,132	–	(1,549,792)	2,609,981
Cost of sales	2,335,067	51,629	–	(1,548,882)	837,814
Excise taxes and royalties	320,401	–	–	–	320,401
Shipping and distribution	206,081	–	–	(32,132)	173,949
Segment operating earnings (loss)	1,298,224	(19,497)	–	(910)	1,277,817
General and administrative	(314,290)	(7,194)	(4,329)	–	(325,813)
Finance costs	(27,355)	–	–	–	(27,355)
Finance income	2,596	105	16	–	2,717
Share in net loss of investment in associates	(24,313)	–	–	–	(24,313)
Other income (charges) - net	(76,499)	–	–	910	(75,589)
Provision for income tax	185,988	–	682	–	186,670
Segment net income (loss)	672,375	(26,586)	(4,995)	–	640,794
Net income (loss) attributable to NCI	136	–	(1,198)	–	(1,062)
Net income (loss) attributable to equity holders of GFNI	₱672,239	(₱26,586)	(₱3,797)	₱–	₱641,856
Segment assets	₱23,541,711	₱325,618	₱536,821	(₱11,332,392)	₱13,071,758
Deferred tax assets - net	149,799	2,809	(2,182)	–	150,426
Total assets	₱23,691,510	₱328,427	₱534,639	(₱11,332,392)	₱13,222,184
Segment liabilities	₱4,667,283	₱3,570	₱472,529	(₱795,572)	₱4,347,810
Capital expenditures	₱93,777	₱570	₱2,836	₱–	₱97,183
Depreciation, depletion and amortization	₱140,529	₱17,577	₱256	₱–	₱..158,362

	December 31, 2021 (Audited)				
Amount in thousands	Mining	Services	Manufacturing	Elimination	Total
Segment assets	₱23,762,903	₱1,820,852	₱451,290	(₱12,233,779)	₱13,801,266
Deferred tax assets - net	103,703	4,891	(3,377)	(8,964)	96,253
Total assets	₱23,866,606	₱1,825,743	₱447,913	(₱12,242,743)	₱13,897,519
Segment liabilities	₱3,452,420	₱579,641	₱386,155	(₱1,137,861)	₱3,280,355
Capital expenditures	₱904,919	₱1,125,028	₱9,975	₱–	₱2,039,922