

COVER SHEET

1 0 1 [] [] [] [] [] [] [] []
S.E.C. Registration Number

L E P A N T O C O N S O L I D A T E D M I N I N G C O
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(Company's Full Name)

2 1 S T F L O O R L E P A N T O B U I L D I N G
8 7 4 7 P A S E O D E R O X A S
M A K A T I C I T Y []

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

ODETTE A. JAVIER
Contact Person

815-9447
Company Telephone Number

1 2 3 1
Month Day
Fiscal Year

1 7 - Q
FORM TYPE

3rd Monday of April
[] [] [] []
Month Day
Annual Meeting

Secondary License Type, If Applicable

[] [] []
Dept. Requiring this Doc.

Amended Articles Number/Section

Total no. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

[]
File Number

LCU

[]
Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2015**
2. Commission identification number: **101** 3. BIR Tax Identification No.: **000-160-247**
4. Exact name of issuer as specified in its charter:

LEPANTO CONSOLIDATED MINING COMPANY

5. Province, country or other jurisdiction of incorporation or organization:
Makati City, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office:

**21st Floor, Lepanto Building
8747 Paseo de Roxas, Makati City, Philippines**

8. Issuer's telephone number, including area code:

(632) – 815-9447

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

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

Title of each Class	Number of shares of common stock outstanding:
Class "A"	30,819,595,359
Class "B"	20,546,369,194

Amount of Debt Outstanding: **Please refer to the attached Balance Sheet (Annex "B")**

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

Yes [] No []

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

Philippine Stock Exchange

Classes "A" and "B"

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements:	<i>Income Statement</i>	- Annex "A"
	<i>Balance Sheet</i>	- Annex "B"
	<i>Statement of Cash Flow</i>	- Annex "C"
	<i>Stockholders' Equity</i>	- Annex "D"
	<i>Notes to Financial Statements</i>	- Annex "E"
	<i>Aging of Accounts Receivable-Trade</i>	- Annex "F"
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations		- Annex "G"
Item 3. Impact of Current Global Financial Condition		- Annex "H"
Item 4. Financial Ratios		- Annex "I"

PART II- OTHER INFORMATION (None)

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer : LEPANTO CONSOLIDATED MINING COMPANY

Signature :


RAMON T. DIOKNO

Title :

Chief Finance Officer

Date :

May 13, 2015

Signature :


ODETTE A. JAVIER

Title :

Vice President/Assistant Corporate Secretary

Date :

May 13, 2015

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015

(With Comparative Figures for 2014)
(In Thousand Pesos, Except Earnings Per Share)

	CONSOLIDATED	
	2015	2014
INCOME		
Sale of metals	P 229,264	P 494,083
Service fees and other operating income	59,874	14,090
	<u>289,138</u>	<u>508,173</u>
COSTS AND EXPENSES		
Mining, milling, roasting, smelting, refining and and other related charges; administrative expenses; depreciation, amortization and depletion; and other charges	(454,819)	(568,653)
INCOME (LOSS) FROM OPERATIONS	<u>(165,681)</u>	<u>(60,480)</u>
FINANCE COST, net	(6,366)	(7,317)
FOREIGN EXCHANGE GAINS (LOSS) - net	3,079	(2,768)
OTHER INCOME, net	2,975	189
SHARE IN NET EARNINGS (LOSSES) OF ASSOCIATES	<u>(9,646)</u>	<u>(7,224)</u>
INCOME (LOSS) BEFORE INCOME TAX	<u>(175,639)</u>	<u>(77,600)</u>
PROVISION FOR (BENEFIT FROM) INCOME TAX		
CURRENT	3,663	429
DEFERRED	(54)	(88)
	<u>3,609</u>	<u>341</u>
Net Income / (Loss)	<u>P (179,248)</u>	<u>P (77,941)</u>
Attributable to:		
Stockholders of the parent company	P (179,186)	P (77,923)
Non-controlling interest	(63)	(18)
TOTAL COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAX	<u>P (179,249)</u>	<u>P (77,941)</u>
EARNINGS (LOSS) PER SHARE		
attributable to stockholders of the parent company		
Basic and Diluted	<u>P (0.003488)</u>	<u>P (0.001793)</u>
	(-P179,187,537 / 51,365,964,553 shares)	(-P77,923,646 / 43,463,508,468 shares)

ANNEX "B"

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands)

	MARCH 31 2015	*DECEMBER 31 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalent	P 583,633	P 385,282
Receivables, net	47,405	264,622
Inventories, net	535,799	556,789
Advances to suppliers and contractors	439,205	426,630
Other current assets	666,896	587,172
Total current assets	2,272,938	2,220,495
NON-CURRENT ASSETS		
Property, plant and equipment	7,056,968	7,138,938
Available-for-sale financial assets	188,158	188,158
Investments and advances in associates	674,276	683,665
Mine exploration cost	6,225,390	6,120,743
Deferred income tax assets	474,679	474,679
Other noncurrent assets	84,137	82,420
Total non-current assets	14,703,608	14,688,603
Total assets	P 16,976,546	P 16,909,098
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables	P 926,614	P 1,221,609
Short-term borrowings	64,310	111,610
Unclaimed dividends	26,742	26,742
Income tax payable	4,903	1,341
Total current liabilities	1,022,569	1,361,302
NON-CURRENT LIABILITIES		
Advances from Far Southeast Services Limited	5,758,172	5,712,516
Long-term borrowings	44,720	44,720
Liability for mine rehabilitation cost	54,406	53,830
Retirement benefit obligations	1,866,015	1,941,275
Deferred income tax liabilities	227,986	228,040
Stock subscriptions payable	107,784	107,784
Deposit for future stock subscriptions	69,200	69,200
Total non-current liabilities	8,128,283	8,157,365
Total liabilities	9,150,852	9,518,667
EQUITY		
Capital stock	5,134,776	4,520,255
Additional paid-in capital	4,336,231	4,336,237
Re-measurement gain(loss) on retirement plan	(595,768)	(595,768)
Cumulative changes in fair values of AFS investments	(251,516)	(251,516)
Retained earnings (Deficit)	(1,048,686)	(869,496)
	7,575,037	7,139,712
Non-controlling interests	250,657	250,719
Total equity	7,825,694	7,390,431
Total liabilities and equity	P 16,976,546	P 16,909,098

* - AUDITED

**LEPANTO CONSOLIDATED MINING COMPANY
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDING MARCH 31
(Amounts in Thousand Pesos)**

	MARCH 2015	MARCH 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/ (Loss) before tax	(175,640)	(77,602)
Adjustments for:		
Depreciation and depletion	161,589	199,989
Equity in net losses (income) of affiliated companies	9,646	7,224
Foreign exchange losses (income), net	(3,079)	2,768
Provision for retirement benefit cost	1,068	825
Loss on sale of asset	-	7,317
Interest income	(194)	-
Interest expense	6,366	-
Provision for income tax	(3,609)	(341)
Operating income before changes in working capital	(3,852)	140,180
Changes:		
Receivables and advances to suppliers	204,385	(7,556)
Inventories and PPE	85,561	(25,857)
Prepayments and other assets	(81,441)	(15,881)
Accounts payable and accrued expenses	(287,469)	27,514
Liability for mine rehabilitation cost	576	552
Deferred income tax liability, net	(54)	(88)
Cash generated from operations	(82,295)	118,865
Retirement benefits paid	(76,329)	(20,005)
Interest received	194	-
Income tax recovered (paid)	-	-
Net cash provided by operating activities	(158,432)	98,860
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments, net	(0)	323
Acquisition of property and equipment	(144,194)	(125,887)
Unrecovered exploration costs and other assets	(104,647)	(27,051)
Net cash used in investing activities	(248,841)	(152,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Borrowings	45,656	79,926
Disposal of Assets	-	721
Payments of:		
Borrowings	(47,300)	(9,700)
Interest	(7,251)	(7,251)
Capital and other reserves	614,515	-
Net cash provided by financing activities	605,620	63,697
NET INCREASE (DECREASE) IN CASH	198,348	9,942
Beginning of period	385,282	88,054
CASH AT END OF THE PERIOD	583,633	97,996

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2015 & 2014
(Amounts in thousands)

	<u>MARCH 31</u> <u>2015</u>	<u>MARCH 31</u> <u>2014</u>
Authorized - P 6.64 billion		
Share capital at par value	P 5,135,525	P 4,344,022
Subscribed capital (net of subscriptions receivable)	(750)	321
Share premium	4,336,231	3,552,937
Cumulative changes in fair values of AFS investments	(251,516)	(306,670)
Re-measurement gain(loss) on retirement plan	(595,769)	(337,097)
Retained earnings		
Beginning balance	(869,498)	(151,130)
Net income (loss) for the period	(179,186)	(77,923)
	<u>(1,048,684)</u>	<u>(229,053)</u>
EQUITY ATTRIBUTABLE TO THE STOCKHOLDERS OF THE PARENT COMPANY	7,575,037	7,024,460
NON-CONTROLLING INTERESTS	250,657	245,621
	<u><u>P 7,825,694</u></u>	<u><u>P 7,270,081</u></u>

LEPANTO CONSOLIDATED MINING COMPANY

NOTES TO FINANCIAL STATEMENTS
AS OF MARCH 31, 2015 and DECEMBER 31, 2014

Note 1 - General information

Lepanto Consolidated Mining Company (parent company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 8, 1936 primarily to engage in the exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas and coal and their related by-products. On January 29, 1985, the SEC approved the extension of the parent company's corporate term for another fifty (50) years after the expiration of its original term on September 8, 1986.

The parent company's shares are listed and traded in the Philippine Stock Exchange. In January 1999, the parent company and the Bank of New York, as depository, formed a depository receipt facility to facilitate secondary market trading in the international capital markets of the parent company's class "B" common shares.

On January 14, 1997, the parent company was registered with the Board of Investments (BOI) under Executive Order No. 226 as a new export producer of gold bullion on a preferred non-pioneer status. This registration entitles the parent company to a four (4) year income tax holiday (ITH), which can be further extended for another three (3) years subject to compliance with certain conditions, and lower tariff rates on acquisition of capital equipment. The parent company is required to maintain a base equity of at least 25% as one of the conditions of the registration.

On April 1, 1997, the parent company started the commercial operations of its Victoria Project gold mine. Consequently, in October 1997, the parent company temporarily ceased operating its copper concentrate roasting plant facilities in Isabel, Leyte for an indefinite period. The Roasting plant facility was also registered with the Philippine Economic Zone Authority (PEZA) on December 17, 1985 pursuant to the provisions of Presidential Decree No. 66, as amended, and Executive Order No. 567 as a zone export enterprise to operate a roasting plant for the manufacture of copper calcine at the Isabel Special Export Economic Processing Zone.

On March 30, 2000, the parent company registered its copper flotation with the BOI as a new producer of copper concentrates on a preferred non-pioneer status. This registration entitles the parent company to a four (4) year ITH, subject to compliance with certain conditions, simplified customs procedures, additional deduction for labor expense, and unrestricted use of consigned equipment for a period of ten (10) years. It is required to maintain a base equity of at least 25% as one of the conditions of the registration. The Copper Flotation project has been suspended at the end of 2001; BOI registration was cancelled on July 11, 2006.

On April 10, 2001, the BOI approved the parent company's request for ITH bonus year for a period of one year from April 2001 to March 2002 for its gold bullion project. On June 21 and September 21, 2005, the parent company obtained necessary approval for the ITH bonus years of April 2002 to March 2003 and April 2003 to March 2004, respectively.

On January 5, 2004, the parent company was registered with the BOI under Executive Order No. 226 as new export producer of gold bullion on a non-pioneer status, for its Victoria II (renamed Teresa) Project, located also in Mankayan, Benguet, Philippines. This registration entitles the parent company to ITH with the same incentives that were granted on their registration with the BOI on January 14, 1997. The Teresa Project commenced its commercial operations in April 2004.

On November 21, 2006, the parent company was registered with the BOI under Executive Order No. 226 as new export producer of copper-gold concentrate on a non-pioneer status for its copper-gold flotation project located also in Mankayan, Benguet, Philippines. This registration entitles the Company to ITH for four (4) years, which can be further extended for another three (3) years subject to compliance with certain conditions, and duty-free importation of equipment, spare parts and accessories for five (5) years.

The registrations mentioned above enable the parent company and its subsidiaries to avail of the rights, privileges, and incentives granted to all registered enterprises.

The parent company has its principal office at the 21st Floor, 8747 Lepanto Building, Paseo de Roxas, Makati City.

Note 2 – Compliance with Generally Accepted Accounting Principles

The consolidated financial statements of the Group have been prepared in accordance with the accounting principles generally accepted in the Philippines. The Group prepared its consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) except for the exemption from the fair value requirement of the Philippine Accounting Standards (PAS) 39, Financial Instruments: Recognition and Measurement, on long term commodity hedging contracts entered into by the parent company and outstanding as of January 1, 2005, which was permitted by the SEC.

The accounting policies adopted in the preparation of the financial statements are consistent with the most recent annual financial statements.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents increased from P385.3 million to P583.6 million as a result of subscriptions receivable collections. The account is composed of Cash in banks and on hand.

Note 4 – Receivables

Receivables decreased by P217.2 million due to collections made. This is composed of Trade, Non-trade and other receivables, and Advances to officers and employees.

Note 5 – Inventories

Inventories which is composed of materials and supplies for operations decreased by P21.0 million on account of withdrawals of stocks for operations.

Note 6 – Advances to suppliers and contractors

The increase of P12.6 million during the period represents additional advances for purchase orders as required by certain suppliers. Advances are derecognized upon consummation of transactions and receipt of all related documents.

Note 7 – Other Current Assets

The increase of P79.7 million for the period is due mainly to the increase in Deferred charges, value-added-tax paid on importations, and materials and supplies in-transit.

Note 8 – Trade and Other Payables

Composed of Trade, Due to related parties, Accrued expenses and other liabilities, Trust receipts, Employee related expenses Unclaimed Dividends, and Payables to regulatory authorities. The 24.15% or P295.0 million decrease of Trade and other payables represents payments made in the first quarter of 2015.

Note 9 – Short-term Borrowings

Short-term borrowings include US\$-denominated loans and Peso-denominated loans obtained from local banks. The decrease by 42.38% or P47.3 million pertains to loan amortizations and settlement of maturing loans.

Note 10 – Retained Earnings (Deficit)

The increase in Deficit by P179.2 million came primarily from the net loss incurred by the parent company for the period.

Note 11 - Business Segments

Lepanto Consolidated Mining Company Group (LCMC Group) derives revenue from the following main operating business segments:

Mining activities – This segment engages in exploration and mining of gold, silver, copper, lead, zinc and all kinds of ores, metals, minerals, oil, gas, and coal and related by-products.

Investment activities – This segment derives its income as a general agent, broker or factor of any insurance company or as a commercial broker, agent or factor of any person, partnership, corporation or association engaged in any lawful business, industry or enterprise. Income is derived from commissions, which represent income on non-life insurance policies underwritten by a subsidiary for certain principals.

Hauling activities – This segment engages in handling all kinds of material, products and supplies in bulk and maintaining and operating terminal facilities such pier and warehouses. Income is derived mainly from hauling fees, sale of lumber, sawmill services and warehouse rentals.

Insurance activities – This segment derives its revenues from premiums from short duration insurance contracts, which are recognized over a period of the contracts using the 24th month method.

Drilling activities – This segment derives its income from drilling services to its related and outside parties.

Manufacturing and Trading – This segment derives its revenue from manufacturing, distributing, selling and buying machinery and equipment, general merchandise and articles related to diamond core drilling industry.

The assets, liabilities and results of the business segments of the LCMC Group for the 1st quarter of the year 2015 and 2014 are as follow:

Mining activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	2,239,444	1,737,453
NON-CURRENT ASSET	14,448,304	14,079,441
CURRENT LIABILITES	1,103,639	1,320,657
NON-CURRENT LIABILITIES	7,876,443	7,401,098
GROSS INCOME	229,264	495,002
NET INCOME / (LOSS)	(177,372)	(68,641)

Investment activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	5,287	5,266
NON-CURRENT ASSET	141,487	116,797
CURRENT LIABILITES	88,680	63,075
NON-CURRENT LIABILITIES	0	0
GROSS INCOME	0	0
NET INCOME / (LOSS)	(65)	(64)

Hauling Activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	67,380	65,518
NON-CURRENT ASSET	455,617	455,460
CURRENT LIABILITES	5,647	6,066
NON-CURRENT LIABILITIES	140,543	137,638
GROSS INCOME	7,765	7,883
NET INCOME / (LOSS)	222	(379)

Insurance Activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	546,258	551,492
NON-CURRENT ASSET	222,412	192,433
CURRENT LIABILITES	521,515	508,185
GROSS UNDERWRITING INCOME	104,702	37,567
UNDERWRITING INCOME / (LOSS)	(2,036)	(16,994)
NET INCOME / (LOSS)	(61,029)	(49,724)

Drilling Activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	327,497	254,466
NON-CURRENT ASSET	48,933	42,882
CURRENT LIABILITES	277,258	218,169
NON-CURRENT LIABILITIES	35,197	22,889
GROSS INCOME	55,002	29,717
NET INCOME / (LOSS)	8,198	1,000

Manufacturing and Trading Activities

	2015 (in thousands)	2014 (in thousands)
CURRENT ASSET	31,350	21,956
NON-CURRENT ASSET	4,752	5,608
CURRENT LIABILITES	24,317	13,754
NON-CURRENT LIABILITIES	6,900	7,910
GROSS INCOME	7,463	3,325
NET INCOME / (LOSS)	363	(263)

Note 12 – Seasonality

There is no seasonality or cyclical factors in the company's operations. The company has put its copper concentrate production on hold for the time being.

LEPANTO CONSOLIDATED MINING CO.

AGING OF ACCOUNTS RECEIVABLE - TRADE

AS OF MARCH 31, 2015

<i>CUSTOMERS</i>	<i>CURRENT</i>	<i>OVER 30 DAYS</i>	<i>OVER 60 DAYS</i>	<i>TOTAL</i>
HERAEUS LTD.	16,032,074	-	-	16,032,074
	16,032,074	-	-	16,032,074

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULT OF OPERATIONS**

As of March 31, 2015

2015

Consolidated revenues for the first quarter of 2015 amounted to P289.1 million compared with P508.2 million in 2014. Net loss amounted to P179.2 million versus P77.9 million in the previous year.

Mining Operations

Gold production dropped to 4,081 ounces from 8,241 ounces last year due to the decrease in tonnage while silver production also dipped to 9,954 ounces from 13,636 ounces last year. Average gold grade however improved to 2.86 g/t compared with 1.83 g/t while silver grade also increased to 18.63 g/t from 10.58 g/t last year.

Metal sales dropped to P229.3 million from P494.1 million due largely to the 50% decline in gold production. The decline in gold and silver production combined with the lower selling prices as well as the stronger peso vis-à-vis the US\$ resulted in a net loss of P177.2 million compared with last year's net loss of P68.6 million. Gold price averaged US\$1,219.61/oz. versus US\$1,298.03/oz. while silver price averaged US\$16.83/oz. versus US\$20.45/oz. the preceding year. The ₱/US\$ exchange rate averaged P44.43/US\$1 from P44.88/US\$1 last year.

Total Cost and Expenses decreased by 26% to P407.0 million from P553.6 million last year due to the decreases in almost all cost items. Total mining cost declined to P84.6 million from P116.2 million mainly as a result of the lower tonnes mined, 46,183 tonnes versus 160,831 tonnes. For the same reason, total milling cost dipped to P44.7 million from P95.8 million and Depletion fell by P39.6 million. Smelting, refining and other charges went down from P5.5 million to P2.4 million on account of the lower gold production. Depreciation decreased from P55.7 million to P53.8 million attributable to the full depreciation of some equipment as of the end of 2014. Production Tax dropped by P5.3 million due to the drop in metal sales.

Finance cost decreased by P1.0 million as some short-term loans were repaid. Dollar-denominated transactions, i.e., export advances and final settlements, resulted in a foreign exchange gain of P3.0 million compared with a loss of P2.8 million last year. Other income increased principally on account of additional rental income.

BALANCE SHEET MOVEMENTS

Cash and cash equivalents increased by 51.48% or P198.3 million representing proceeds from the company's 1:5.5 stock rights offering. Receivables dropped by 82.09% or 217.2 million mainly due to payments made to a subsidiary. Other noncurrent

assets increased by 13.58% or P79.7 million on account of deferred charges, value-added-tax paid on importations, and materials and supplies in-transit.

On Liabilities, Trade and other payables decreased by 24.15% or P295.0 million on account of settlements made. Short-term borrowings decreased by 42.38% or P47.3 as maturing loans were repaid. Income tax payable increased by 265.62% or P3.7 million as a result of the recognition of income tax liabilities of subsidiaries.

Capital stock increased by 13.59% or P614.5 million representing the proceeds of the 1:5.5 stock rights offering.

CAPITAL EXPENDITURES

Capital expenditures for the quarter totaled P143.9 million, P43.3 million of which went to mine development, P66.4 million to exploration projects, P31.4 million to machinery and equipment while P2.8 million was incurred for the Tailings Dam.

OUTLOOK FOR THE YEAR

The Company expects to mill 443,000 metric tonnes of ore, producing 38,400 ounces of gold and 72,800 ounces of silver.

SUBSIDIARIES

The key performance indicator used for the subsidiaries is Net Income.

Lepanto Investment and Development Corp. reported a net loss of P65 thousand compared with last year's net loss of P64 thousand. Shipline, Incorporated registered a net income of P222 thousand against last year's net loss of P379 thousand. Diamond Drilling Corporation of the Philippines reported a net income of P8.2 million compared with P1.0 million in the previous year on account of new drilling projects. Diamant Manufacturing and Trading Corporation recorded an income of P363 thousand versus last year's loss of P263 thousand.

*** - KEY PERFORMANCE INDICATORS-LCMC**

Tonnes Milled which indicate the amount of ore taken for processing, **Milled Head** is the amount of gold per ton milled and **Gold production** which is the final product of the operations. **Metal sales, Cost and Expenses** and **Net Income** round up the review process on how the company is performing vis-à-vis the performance of the same period last year. **Average Gold price** for the period adds another parameter that needs watching notwithstanding that the company has no direct influence on its movement.

Lepanto Consolidated Mining Company Impact of Current Global Financial Condition

Credit Risk

There is no significant exposure to credit risk. Existing contracts for gold and silver exports allow for the payment of 98% of the value of payable metals (determined on the day of shipment) within two banking days from shipment. Full settlement is normally received within three (3) working days.

Market Risk

The value of financial instruments may change as a result of changes in interest rates, foreign currency exchanges, equity prices and other market changes as discussed below.

Foreign Exchange Risk

All gold and silver bullion sales are denominated in US dollars. The sales proceeds are used to settle dollar-denominated obligations; the rest are converted to Philippine Peso based at prevailing exchange rates to settle Peso-denominated obligations.

Foreign currency-denominated liabilities of parent company totaled US\$8.83 million at the end of the quarter. US\$4.36 million was revalued at the start of the year based on an exchange rate of P44.72/US\$ and US\$4.47 million of the total was valued during the quarter at average foreign exchange of P44.19/US\$. Foreign exchange gain or losses due to the movement of the peso vis a vis the US\$ are recognized at year-end on outstanding US\$ denominated assets and liabilities. The gain/(loss) on Peso appreciation/(depreciation) against the dollar as a result of settlement of liabilities is reflected as foreign exchange gain/(loss) in the Financial Statements.

As of the end of the quarter, Far Southeast Gold Resources, Inc., a 60%-owned subsidiary, had total foreign currency-denominated liabilities of US\$139.45 million. Said foreign currency liabilities are converted to peso terms at the time of their incurrence. No revaluation of said liabilities is done on account of the appreciation/depreciation of the peso; hence, no foreign exchange gain/loss is recognized. Settlement of these obligations will be at their recorded value based on the agreement with the creditor/investor.

Interest Rate Risk

The company's exposure to the risk of changes in interest rates relates primarily to its borrowings with floating interest rates. The Company regularly monitors its interest rate exposure and correspondingly plans ahead to meet its interest obligations.

Liquidity Risk

The company maintains a balance between continuity of funding and flexibility through the use of bank drafts, bank loans and suppliers credits.

As part of liquidity risk management, the company regularly projects its cash requirement and ensures availability of funding through an adequate amount of credit facilities with financial institutions.

Fair Values

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

Cash, Receivables, Trade Payables and Accrued Expenses

Cash, receivables, trade payables and accrued expenses are all subject to normal trade credit terms and are short-term in nature. The carrying amounts of approximate their fair values.

AFS Investments

Fair values of investments are estimated by reference to their quoted market values made during the balance sheet date as of the end of the previous year. Unquoted equity securities are carried at cost net of impairment in value. The Group has no investment in foreign securities.

Loans Payable and Borrowings

Carrying value of the loans payable and borrowings as at end of the quarter approximate their fair values. Borrowings from local banks are all clean loans with interest rates ranging from 5.0% to 7.0%.

LEPANTO CONSOLIDATED MINING COMPANY AND SUBSIDIARIES
FINANCIAL RATIOS
PURSUANT TO SRC RULE 68, AS AMENDED
MARCH 31, 2015
(With Comparative Annual Figures for 2014)

	1ST QUARTER MARCH 2015	YEAR ENDED DECEMBER 2014
Profitability Ratios:		
Return on assets	-1.06%	-4.22%
Return on equity	-2.29%	-9.65%
Gross profit margin	-40.16%	-28.49%
Net profit margin	-61.99%	-48.12%
Liquidity and Solvency Ratios:		
Current ratio	2.22:1	1.63:1
Quick ratio	0.62:1	0.48:1
Solvency ratio	0.00:1	0.00:1
Financial Leverage Ratios:		
Asset to equity ratio	2.17:1	2.29:1
Debt to equity ratio	1.17:1	1.29:1
Interest coverage ratio	-26.59:1	-7.02:1