

COVER SHEET

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S. E. C. Registration Number

A P C G R O U P , I N C .

(Company's Full Name)

8 TH F L O O R P H I L C O M B U I L D I N G
8 7 5 5 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)

JACKSON T. ONGSIP
Contact Person

845-0614
Company's Telephone Number

1 2 3 1
Month Day
Fiscal Year

SEC Form 17A
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Domestic Foreign

To be accomplished by SEC Personnel concerned

LCU

Cashier

STAMPS

Remarks = Pls. use black ink for scanning purposes

SEC Number **ASO93-008127-A**
File Number _____

APC GROUP, INC.
(Company's Full Name)

8th Floor PhilCom Bldg.
8755 Paseo de Roxas, Makati City
(Company's Address)

(632) 845-0614
(Telephone Numbers)

SEC Form 17-A
FOR THE FISCAL YEAR ENDED
31 DECEMBER 2016

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE REVISED SECURITIES ACT AND
SECTION 141 OF CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended: 31 December 2016
2. SEC Identification Number: AS093-08127
3. BIR Tax Identification No. 002-834-075-000
4. Exact name of registrant as specified in its charter: APC GROUP, INC.
5. Province, Country or other jurisdiction of incorporation or organization: Philippines
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: 8th Floor, PhilCom Bldg., 8755 Paseo de Roxas, Makati City
Postal Code 1226
8. Registrant's telephone number: (632) 845-0614
9. Former name, former address, and former fiscal year: N/A
10. Securities registered pursuant to Sections 4 and 8 of the RSA



Title of Each Class	Number of Shares Outstanding
Common Stock, ₱1.00 par value	7,504,203,997

11. Are any or all of these securities listed on the Philippine Stock Exchange? Yes [☒] No [☐]
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes [☒] No [☐]
 - (b) has been subject to such filing requirements for the past 90 days: Yes [☒] No [☐]
13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of 31 December 2016: **₱1.84 billion**

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

APC Group, Inc. ("APC" or "the Company") was registered with the Securities & Exchange Commission (SEC) on October 15, 1993 for the primary purpose of engaging in oil and gas exploration and development in the Philippines. The Company's shares of stock were approved for listing with the Manila Stock Exchange on February 16, 1994. The Company is 46.59% owned by Belle Corporation, another publicly-listed company.

On April 30, 1997, the Securities and Exchange Commission approved the change of the Company's primary purpose from oil and gas exploration to that of a holding company.

In 2005, the Company created new companies, namely, Aragorn Power and Energy Corporation (Aragorn Power), APC Energy Resources, Inc. (APCERI - formerly Aragorn Coal Resources, Inc.) These companies were established in line with the government's thrust in developing the country's energy sectors. The prospects in these subsidiaries are bolstered by the government's decision to open up the energy sector to foreign investors. Thus, the Company will concentrate in energy resource exploration and development. The government's thrust to encourage investments in the energy sector augurs well with the Company's investment direction.

The subsidiaries of the Company, which are all incorporated in the Philippines, are as follows:

Company	Date of Incorporation	Percentage of Ownership
Aragorn Power and Energy Corporation (Aragorn Power)	January 6, 2005	90%
APC Energy Resources, Inc. (APCERI - formerly Aragorn Coal Resources, Inc.)	January 31, 2005	100%
APC Mining Corporation (APC Mining)	March 17, 2005	85%
APC Cement Corporation (APC Cement)	November 15, 1994	100%
PRC-Magma Energy Resources Inc. (PRC - Magma)	June 10, 2009	85%

Aragorn Power and Energy Corporation (Aragorn Power)

Aragorn Power is still in the pre-operating stage. It was established to engage in energy resource exploration and development.

Kalinga Apayao Geothermal Service Contract

In 2008, Aragorn Power was granted a Geothermal Service Contract (GSC) by the Department of Energy (DOE) located in the Province of Kalinga. The GSC was granted after a Certificate Precondition from the National Commission of Indigenous People, covering a major portion of the geothermal service area, was secured. The GSC was converted into a Geothermal Renewable Energy Service Contract (GRES) in late March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. As at March 31, 2017, the consent of nine (9) out of eleven (11) ancestral domains has been secured covering 85% of the geothermal service contract area.

In November 2010, APEC and its partner Guidance Management Corporation (GMC) formed a partnership with Chevron Kalinga Ltd. (Chevron), 100% subsidiary of Chevron Geothermal Philippines Holdings, Inc. in developing the geothermal area. The parties signed a Farm-out Agreement which gives Aragorn Power and GMC the option to take an equity position of up to 40% in the geothermal project. The parties also signed a Joint Operating Agreement. Under the agreement, Chevron will be responsible



for the exploration, development and operation of the steam field and power activities. The effectivity of the two agreements hinges on the approval by the government of the application for a Financial and Technical Assistance Agreement (FTAA).

Under the RE Act of 2008, a foreign company can own majority interest in a renewable energy company provided the service contract is converted into an FTAA. The application for an FTAA has been filed with the DOE.

The project involves the development of steam fields that can generate around 100 megawatts (MW) of new capacity, providing an additional source of clean, indigenous and reliable baseload power to the Luzon grid. A 100 MW geothermal project will approximately cost more than US\$300 million. This GRESC will be the first major international investment in the country under the RE Act of 2008.

In September 2016, the Company's GRESC has expired and as at March 31, 2017, the Company's application for renewal is still pending approval by the DOE.

In terms of the project's Work Program, geochemical and geophysical surveys have been completed covering Sub-phases 1 and 2. As at March 31, 2017, Aragorn Power is already in the preliminary stage of Sub-Phase 3. In line with this, Aragorn Power has already secured a Certificate of Non-Coverage for the access roads construction, improvement of existing roads and drilling of well-pads from the Department of Environment and Natural Resources (DENR). The surveys for the detailed engineering design of these roads and well pads have been completed. Accordingly, activities such as right-of-way negotiations, supplier bidding and contract preparations related to the road construction and drilling will follow.

Employees

APC Group Inc. had a total of 6 employees as of December 31, 2016.

Item 2. Properties

Description of Property

Company/Owner	Location	Description
APC Group, Inc.	Ginatilan, Cebu City	Various lots with a total estimated area of 100,510 square meters

Item 3. Legal Proceedings

The Company or any of its subsidiaries has no legal proceedings that could have an adverse effect on the Company or its result of operations.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the annual meeting of stockholders, there was no other matter submitted to a vote of security holders during the period covered by this report.



PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Market Information

The Company's common equity is traded in the Philippine Stock Exchange.

The high and low sales prices for each quarter within the last two fiscal years of registrant's common shares as quoted on the Philippine Stock Exchange are as follows:

Share Prices	2016		2015	
	High	Low	High	Low
First Quarter	₱ 0.61	₱ 0.36	₱ 0.73	₱ 0.68
Second Quarter	0.83	0.62	0.83	0.62
Third Quarter	0.65	0.50	0.65	0.50
Fourth Quarter	0.62	0.45	0.62	0.45

The price information as of the close of the latest practicable trading date, 29 March 2017, is ₱0.51.

Holders

The number of shareholders of record as of December 31, 2016 was 599. Common shares outstanding as of December 31, 2016 was 7,504,203,997.

The top 20 registered shareholders of the common equity of the Company are as follows:

Name	No. of Common Shares Held	Percentage (%) owned out of Total outstanding common shares
1. Belle Corporation	3,500,000,000	46.64
2. PCD Nominee Corporation	2,176,203,165	28.97
3. Dominion Equities, Inc.	340,000,000	4.53
4. Compact Holdings, Inc.	281,000,000	3.74
5. Eastern Sec. Dev. Corp. – Non Filipino	230,000,000	3.06
6. Integrated Holdings, Inc.	180,000,000	2.40
7. Elite Holdings, Inc.	168,500,000	2.25
8. Parallax Resources, Inc.	165,722,334	2.21
9. Equinox International Resources Corp.	100,000,000	1.33
10. Richold Investor Corporation	100,000,000	1.33
11. Gilt-Edged Properties, Inc.	68,616,665	0.91
12. Headland Holdings Corporation	55,500,000	0.74
13. Eastern Sec. Dev. Corp.	23,869,114	0.32
14. Lim Siew Kim	18,000,000	0.24
15. Tak Chang Investments Co., Ltd.	18,000,000	0.24
16. Coscolluela, William V.	10,000,000	0.13
17. Reyes, Vicente O. ITF: Peter Paul Phil. Cor	8,332,000	0.11
18. Dharmala Sec. (Phils), Inc.	5,050,000	0.07
19. Singson, Evelyn R. ITF: Gilt-Edged Prop.	3,933,333	0.05
20. Singson, Evelyn R. ITF: Jaime F. Singson	3,000,000	0.04

*At par value of P1.00 per share

Dividends

The ability to pay dividends depends on the availability of retained earnings. The Company has not declared any dividends on common stock since the time it was incorporated. The Company is not in a position to declare cash dividends because of its huge deficit.

Dividends shall be declared only from the surplus profit and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Corporation.

Recent Sale of Unregistered or Exempt Securities, including recent issuance of securities constituting an exempt transaction

There were no recent sale of unregistered or exempt securities.

Minimum Public Ownership

APC GROUP, INC.		
Computation of Public Ownership as of December 31, 2016		
		Number of Shares
Number of Issued and Outstanding Shares		7,511,809,997
Less: Number of Treasury Shares (if any)		7,606,000
Number of Outstanding Shares		7,504,203,997
Less:		
	% to total	
	Outstanding Shares	Common
Directors and Officers		
Sub-Total	0.0327%	2,452,706
Principal Stockholders		
Sub-Total	46.6405%	3,500,000,000
Affiliates		
Sub-total	2.2084%	165,722,334
TOTAL	48.8816%	3,668,175,040
Total Number Of Shares Owned by the Public		3,836,028,957



PUBLIC OWNERSHIP PERCENTAGE
Total Number of Shares Owned by the Public
as of December 31, 2016

3,836,028,957 shares 51.1184%
7,504,203,997 shares

Number of Issued Shares	=	5,998,149,059
Number of Outstanding Shares	=	7,504,203,997
Number of Treasury Shares	=	7,606,000
Number of Listed Shares	=	2,726,641,700
Total Number of Non-Public Share	=	3,668,175,040
Number of Foreign Owned Shares	=	733,080,463
Foreign Ownership Level (%)	=	9.77%
Foreign Ownership Limit (%)	=	40%

Item 6. Management's Discussion and Analysis or Plan of Operation

For The Financial Year Ended 2016 compared to Year Ended 2015

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2016	2015
	2016	2015	Amount	%		
Interest Income	1,668,837	2,350,520	(781,683)	-33%	92%	94%
Dividend Income	136,719	139,898	(3,179)	-2%	8%	6%
Total Revenue	1,705,556	2,490,418	(784,862)	-32%	100%	100%
General and Administrative Expenses	(21,848,917)	(20,103,133)	(1,745,784)	9%	1281%	807%
Write-off and Provisions	(13,326,313)	(1,416,139)	(11,910,174)	841%	781%	57%
Total Costs and Expenses	(35,175,230)	(21,519,272)	(13,655,958)	63%	2062%	864%
Loss on Sale of Investment Property	(18,689,020)	-	(18,689,020)	100%	1096%	0%
Loss on Impairment of Goodwill	(5,992,907)	-	(5,992,907)	100%	351%	0%
Gain (Loss) on Fair Value Change in Investment Property	7,515,020	(27,438,106)	34,953,126	-127%	-441%	1102%
Other Income	3,571,832	16,960	3,554,872	20960%	209%	-1%
Other Income (Expenses)	(13,595,075)	(27,421,146)	13,826,071	-50%	797%	1101%
Net Income (Loss)	(47,064,749)	(46,450,000)	(614,749)	1%	-2759%	-1865%

APC and its subsidiaries' (the Group) consolidated net loss increased by 1% from ₱46.5 million in 2015 to ₱47.1 million in 2016.

Revenue

The Group recorded consolidated revenues of ₱1.7 million in the year ended 2016, declined by 32% primarily due to lower interest income earned during the year.

Costs and Expenses

The Group recorded consolidated costs and expenses of ₱35.2 million in 2016, an increase of 63% from ₱21.5 million in 2015, as a result of the following:

- Higher taxes and licenses paid during the year due to the capital gains taxes paid on the investment properties sold during the year;
- Write-off of deferred exploration costs related to discontinued projects;
- Rental fees paid for the office lease increased by 31%;
- Offset by 42% lower professional fees and outside services due to lower expenditures on project-related contracted services.

Other Income (Expenses)

Other expenses (net) decreased by 50% to ₱13.6 million in 2016 from ₱27.4 million in 2015. The decrease is due to recorded gains on fair value change in investment property and other income amounting to ₱11.1 million to offset the recorded loss on sale of investment property and impairment of goodwill.



APC GROUP INC.

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2016	2015
	2016	2015	Amount	%		
Net Income (Loss)	(47,064,749)	(46,450,000)	(614,749)	1%	-2759%	-1865%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	3,370,270	(9,474,910)	12,845,180	-136%	198%	-380%
Remeasurement gain/(loss) on defined benefit obligation	-	(138,200)	138,200	-100%	0%	-6%
Total Comprehensive income (loss) for the period	(43,694,479)	(56,063,110)	12,368,631	-22%	-2562%	-2251%

Comprehensive Income (Loss)

The Group's comprehensive net loss decreased by 22% from ₱56.1 million in 2015 to ₱43.7 million, in 2016, which resulted from an operating net loss of ₱47.1 million tempered by a mark-to-market gain on available-for-sale financial assets of ₱3.4 million.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	December 31	December	Horizontal Analysis		Vertical Analysis	
	2016	2015	Increase (Decrease)		2016	2015
			Amount	%		
ASSETS						
Cash and cash equivalents	138,624,426	133,801,121	4,823,305	4%	44%	38%
Trade and other receivables - net	81,769,879	650,242	81,119,637	12475%	26%	0%
Available-for-sale financial assets	7,524,951	4,154,681	3,370,270	81%	2%	1%
Other current assets	7,533,539	7,308,995	224,544	3%	2%	2%
Property and equipment	125,585	196,003	(70,418)	-36%	0%	0%
Investment properties	22,374,000	129,548,000	(107,174,000)	-83%	7%	37%
Other noncurrent assets - net	59,203,236	77,488,181	(18,284,945)	-24%	19%	22%
Total Assets	317,155,616	353,147,223	(35,991,607)	-10%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	36,595,555	29,406,279	7,189,276	24%	12%	8%
Income tax payable	71,437	342	71,095	20788%	0%	0%
Advances from related parties	79,772,006	79,772,006	-	0%	25%	23%
Subscriptions payable	161,959	161,959	-	0%	0%	0%
Accrued retirement costs	2,800,500	2,364,600	435,900	18%	1%	1%
Total Liabilities	119,401,457	111,705,186	7,696,271	7%	38%	32%
Capital Stock	6,388,078,749	6,388,072,148	6,601	0%	2014%	1809%
Additional paid-in capital	1,613,942,096	1,613,942,096	-	0%	509%	457%
Unrealized mark-to-market gain on available-for-sale financial assets	6,676,950	3,306,680	3,370,270	102%	2%	1%
Gain on dilution	226,304	226,304	-	0%	0%	0%
Remeasurement loss on defined benefit obligation	(2,863,605)	(2,863,605)	-	0%	-1%	-1%
Deficit	(7,768,808,557)	(7,722,678,819)	(46,129,738)	1%	-2450%	-2187%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-9%	-8%
Equity Attributable to Non-controlling Interests	(10,062,558)	(9,127,547)	(935,011)	10%	-3%	-3%
Total Equity	197,754,159	241,442,037	(43,687,878)	-18%	62%	68%
Total Liabilities and Equity	317,155,616	353,147,223	(35,991,607)	-10%	100%	100%



Assets

The Group recorded consolidated assets of ₱317.2 million as at December 31, 2016, a decrease of 10% from ₱353.1 million in 2015, primarily due to the following:

- Cash and cash equivalents increased by 4% from ₱133.8 million in 2015 to ₱138.6 million in 2016, mainly due to partial collection on the sale of investment property amounting to ₱20.0 million and receipt of funds related to the scholarship program of Aragorn Power amounting to ₱4.3 million, which was offset by disbursements for general and administrative expenses amounting to ₱ 21.0 million.
- Trade and other receivables increased by ₱81.0 million from prior year mainly due to the receivables from a third party arising from the sale of investment property.
- Available-for-sale financial assets increased by 81% from ₱4.2 million in 2015 to ₱7.5 million in 2016, mainly due to the improvement in market price of stocks held by the Company in 2016.
- Investment properties, which is measured at fair value, declined by 83% and stood at ₱22.4 million as of December 31, 2016. The decline was due to sale of properties amounting ₱114.7 million and partially offset by a ₱7.5 million increase in fair market value of the remaining properties.
- Other noncurrent assets decreased by 24% from ₱77.5 million in 2015 to ₱59.2 million in 2016 due to the write-off of deferred exploration costs and goodwill.

Liabilities

Consolidated liabilities increased by 7% from ₱111.7 million in 2015 to ₱119.4 million in 2016 due to the funds to be disbursed for the scholarship program of Aragorn Power, unliquidated funds from a third party and increase in accrued retirement costs.

Equity

Stockholders' equity decreased by 18% from ₱241.4 million in 2015 to ₱197.8 million in 2016 due to comprehensive net loss recognized in 2016 amounting to ₱47.1 million.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2017.

There were no off-balance sheet transactions.

As of December 31, 2016, except for what have been mentioned in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditure;
- Known trends, events or uncertainties that are expected to have a material impact on revenues from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations aside from those mentioned in this report;
- Seasonal aspects that had a material impact on the Company's results of operations; and



- Material changes in the financial statements of the Company from the year ended December 31, 2016 to December 31, 2015.

KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Group. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

1. **Return on Assets Ratio (ROA).** ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's annual earnings by its total assets.
2. **Return on Equity Ratio (ROE).** ROE measures how much profit is generated with the money shareholders have invested in the Company. It is expressed as a percentage and calculated by dividing net income by total Stockholders' Equity.
3. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
5. **Asset-to-Equity Ratio (AER).** AER is computed using total assets divided by the total stockholders' equity. This ratio shows the relationship of the total assets of the firm owned by shareholders and an indicator of the leverage used to finance the Company.

The table below shows the comparative figures of the key performance indicators for the period in review.

Financial Ratios	YTD 31 December 2016	YTD 31 December 2015
Return on Assets Ratio	(0.15)	(0.13)
Return on Equity Ratio	(0.24)	(0.19)
Current Ratio	2.02	1.34
Debt to Equity Ratio	0.60	0.46
Asset to Equity Ratio	1.60	1.46

Discussion on the key performance indicators

Return on Assets Ratio

The Company posted negative consolidated ROA for the period ended December 31, 2016 as the Company reported a consolidated net loss of ₱47.1 million.

Return on Equity Ratio

The Company posted negative consolidated ROE due to the net loss reported in 2016.



Current Ratio

Current Ratio improved by 51% as the Company reported a ₱4.8 million increase in cash and cash equivalents and ₱81.1 million increase in trade and other receivables.

Debt to Equity Ratio

DER increased to 0.60x as of end-December 2016 as total liabilities increased by 7% and stockholders' equity decreased by 18% due to the reported net loss in 2016.

Assets to Equity Ratio

AER increased to 1.60x due to the 18% decline in stockholders' equity.



For The Financial Year Ended 2015 compared to Year Ended 2014

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2015	2014
	2015	2014	Amount	%		
Interest Income	2,350,520	960,530	1,389,990	145%	94%	1%
Dividend Income	139,898	-	139,898	100%	6%	0%
Gain on sale of available-for-sale financial assets	-	144,924,050	(144,924,050)	-100%	0%	93%
Other Income	16,960	10,444,512	(10,427,552)	-100%	1%	7%
Total Revenue	2,507,378	156,329,092	(153,821,714)	-98%	100%	100%
General and Administrative Expenses	(20,103,133)	(17,608,577)	(2,494,556)	14%	802%	11%
Loss on Decline of Fair Value of Investments	(27,438,106)	-	(27,438,106)	100%	1094%	0%
Provisions and Other Expenses	(1,416,139)	(17,937,682)	16,521,543	-92%	56%	11%
Total Costs and Expenses	(48,957,378)	(35,546,259)	(13,411,119)	38%	1953%	23%
Net Income (Loss)	(46,450,000)	120,782,833	(167,232,833)	-138%	-1853%	77%

The Company ended the year ending December 31, 2015 with a consolidated net loss of ₱46.5 million compared to a normalized net loss in 2014 of ₱24.1 million, which excludes a one-time gain on sale of available-for-sale financial assets in 2014.

Total costs and expenses for 2015 amounted to ₱49.0 million, 38% higher compared to the prior year mainly due to the following:

- Recognition of loss on the decline of fair market value of investments held amounting to ₱27.4 million.
- Higher general and administrative expenses due to professional fees incurred related to on-going projects.
- This was offset by lower provision for impairment losses in 2015 on deferred exploration costs.

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2015	2014
	2015	2014	Amount	%		
Net Income (Loss)	(46,450,000)	120,782,833	(167,232,833)	-138%	-1853%	77%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(9,474,910)	122,152,320	(131,627,230)	-108%	-378%	78%
Realized gain on available-for-sale financial assets	-	(124,370,730)	124,370,730	-100%	0%	-80%
Remeasurement gain/(loss) on defined benefit obligation	(138,200)	(91,200)	(47,000)	52%	-6%	0%
Total Comprehensive income (loss) for the period	(56,063,110)	118,473,223	(174,536,333)	-147%	-2236%	76%

Total comprehensive net loss for 2015 amounted to ₱56.1 million resulting from operating net loss of ₱46.5 million and a ₱9.5 million decline in market value of available-for-sale financial assets.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	December 31	December	Horizontal Analysis		Vertical Analysis	
	2015	2014	Increase (Decrease)		2015	2014
			Amount	%		
ASSETS						
Cash and cash equivalents	133,801,121	157,411,732	(23,610,611)	-15%	38%	38%
Trade and other receivables - net	650,242	619,406	30,836	5%	0%	0%
Available-for-sale financial assets	4,154,681	13,629,591	(9,474,910)	-70%	1%	3%
Other current assets	7,308,995	6,307,661	1,001,334	16%	2%	2%
Property and equipment	196,003	114,436	81,567	71%	0%	0%
Investment properties	129,548,000	156,986,106	(27,438,106)	-17%	37%	38%
Other noncurrent assets - net	77,488,181	77,071,321	416,860	1%	22%	19%
Total Assets	353,147,223	412,140,253	(58,993,030)	-14%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	29,406,279	32,801,044	(3,394,765)	-10%	8%	8%
Income tax payable	342	251,642	(251,300)	-100%	0%	0%
Advances from related parties	79,772,006	79,629,961	142,045	0%	23%	19%
Subscriptions payable	161,959	161,959	-	0%	0%	0%
Accrued retirement costs	2,364,600	1,790,500	574,100	32%	1%	0%
Total Liabilities	111,705,186	114,635,106	(2,929,920)	-3%	32%	28%
Capital Stock	6,388,072,148	6,388,072,148	-	0%	1809%	1550%
Additional paid-in capital	1,613,942,096	1,613,942,096	-	0%	457%	392%
Unrealized mark-to-market gain on available-for-sale financial assets	3,306,680	12,781,590	(9,474,910)	-74%	1%	3%
Gain on dilution	226,304	226,304	-	0%	0%	0%
Remeasurement loss on defined benefit obligation	(2,863,605)	(2,725,405)	(138,200)	5%	-1%	-1%
Deficit	(7,722,678,819)	(7,676,711,115)	(45,967,704)	1%	-2187%	-1863%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-8%	-7%
Equity Attributable to Non-controlling Interests	(9,127,547)	(8,645,251)	(482,296)	6%	-3%	-2%
Total Equity	241,442,037	297,505,147	(56,063,110)	-19%	68%	72%
Total Liabilities and Equity	353,147,223	412,140,253	(58,993,030)	-14%	100%	100%

APC Group's consolidated assets stood at ₱353.1 million as of December 31, 2015 compared to ₱412.1 million as of end 2014.

- Consolidated cash and cash equivalents amounted to ₱133.8 million at the end of 2015, 15% lower than the ₱157.4 million as of end-December 2014. The decline is mostly due to the disbursements for general and administrative expenses (₱20.1 million).
- Available-for-sale financial assets was at ₱4.2 million as of December 31, 2015, 70% lower compared to the ₱13.6 million in 2014 due to the decline in market price of stocks held by the Company.
- Investments properties, which is measured at fair value, stood at ₱129.5 million, ₱27.4 million lower year-on-year as the appraised value of the properties was lower compared to reported value in prior years.
- Other non-current assets increased by ₱0.4 million due to disbursements for the existing exploration projects booked under deferred exploration costs.

Consolidated liabilities decreased by 3% or ₱2.9 million from ₱114.6 million as of December 31, 2014 to ₱111.7 million as of December 31, 2015. The decrease was mainly attributable to the payment of income tax due for year 2014 and the disbursement of funds related to the scholarship program of Aragorn Power (₱4.5 million), which was partially offset by the increase in accrued retirement costs. Stockholders' equity as of December 31, 2015 and December 31, 2014 amounted to ₱241.4 million and ₱297.5 million, respectively. The 19% decline was due to ₱56.1 million comprehensive net loss recognized in 2015.



The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2016.

There were no off-balance sheet transactions.

As of December 31, 2015, except for what have been mentioned in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the company;
- Material commitments for capital expenditure;
- Known trends, events or uncertainties that are expected to have a material impact on revenues from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations aside from those mentioned in this report;
- Seasonal aspects that had a material impact on the company's results of operations; and
- Material changes in the financial statements of the Company from the year ended December 31, 2015 to December 31, 2014.

KEY PERFORMANCE INDICATORS

Management uses the following key performance indicators to evaluate the performance of the Company and its subsidiaries. Except for Net Income, these key performance indicators are not measurements in accordance with Philippine Financial Reporting Standards (PFRS) and should not be considered as an alternative to net income or any other measure of performance which are in accordance with PFRS.

1. **Return on Assets Ratio (ROA).** ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's annual earnings by its total assets.
2. **Return on Equity Ratio (ROE).** ROE measures how much profit is generated with the money shareholders have invested in the Company. It is expressed as a percentage and calculated by dividing net income by total Stockholders' Equity.
3. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
5. **Asset-to-Equity Ratio (AER).** Asset-to-Equity Ratio is computed using total assets divided by the total stockholders' equity. This ratio shows the relationship of the total assets of the firm owned by shareholders and an indicator of the leverage used to finance the Company.



The table below shows the comparative figures of the key performance indicators for the period in review.

Financial Ratios	YTD 31 December 2015	YTD 31 December 2014
Return on Assets Ratio	(0.13)	0.29
Return on Equity Ratio	(0.19)	0.41
Current Ratio	1.34	1.58
Debt to Equity Ratio	0.46	0.39
Asset to Equity Ratio	1.46	1.39

Discussion on the key performance indicators

Return on Assets Ratio

The Company posted negative consolidated Return on Assets Ratio for the period ended December 2015 compared to year-end 2014 due to the reported net loss in 2015 amounting to ₱52.4 million.

Return on Equity Ratio

Return on Equity Ratio was at -0.19x due to the net loss of 2015 compared to the net income reported in 2014 amounting to ₱120.8 million.

Current Ratio

Current Ratio declined by 15% year-on-year due to the reported lower cash and cash equivalents and available for sale financial assets.

Debt to Equity Ratio

Debt to Equity Ratio increased to 0.46x as of end-December 2015 as total Stockholders' Equity declined on the incurred net loss for the year.

Assets to Equity Ratio

Assets to Equity Ratio increased to 1.46x due to the decline in Stockholders' Equity as the Company recorded net loss of ₱46.5 million for the period ending December 31, 2015 compared to the net income of 2014 amounting to ₱120.8 million.

Item 7. Financial Statements

The audited Financial Statements and Supplementary Schedules for the year 2016 are filed as part of this Form 17A.

APC GROUP AND SUBSIDIARIES INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES FORM 17-A, Item 7

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements	Report
Report of Independent Auditors	
Consolidated Statement of Financial Position as of December 31, 2016 and 2015	CSFP
Consolidated Statements Comprehensive Income for the years ended December 31, 2016, 2015 and 2014	CSCI
Consolidated Statements of Changes in Equity for the years ended December 31, 2016, 2015 and 2014	CSCE
Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014	CCFS
Notes to Consolidated Financial Statements	NTFS

Supplementary Schedules

A. Financial Assets	Attached
B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Affiliates)	Attached
C. Amount Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	Attached
D. Intangible Assets and Other Assets	Attached
E. Long-term Debt	Not Applicable
F. Indebtedness to Related Parties (Long-term Loans from Related Companies)	Not Applicable
G. Guarantees of Securities of Other Issuers	Not Applicable
H. Capital Stock	Attached

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Independent Public Accountants

SyCip, Gorres Velayo & Co., the Company's external auditors was reappointed as such for the current year during the annual stockholder's meeting last June 30, 2016.

In 2016, Sherwin V. Yason was assigned as SGV's partner-in-charge for the company. His appointment shall not exceed five (5) years in compliance with SEC Rule 68.

The Audit Committee is composed of the following:

Laurito E. Serrano	Chairman
Virginia A. Yap	Member
Bernardo D. Lim	Member

No principal accountant or independent accountants of the registrant has resigned, was dismissed or has ceased to perform services during the two (2) most recent fiscal years or any subsequent interim period.

There have been no disagreements with any accountant or any matter of accounting principles or practices, financial statement disclosure or auditing scope of procedure.

External Audit Fees and Services

1. Audit fees for the audit of the Company's annual financial statements amounted to ₱455,000 in 2016 and 2015.
2. a. No other assurance and related services were rendered in 2016 and 2015.
b. No tax services were rendered by the external auditor in 2016 and 2015.
c. There were no other fees paid to the external auditor in 2016 and 2015.
d. The audit committee approved the policies and procedures of the above services. The Board of Director has established an audit committee to provide oversight of the external audit function and review of the internal audit function of the company.

Among the policies and procedures of the audit committees are:

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations.
- b. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities.
- c. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- d. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources, and budget necessary to implement it;
- e. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts.
- f. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal;



- g. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security, to ensure the integrity of the financial reports and protection of assets of the Company for the benefit of all shareholders and other stakeholders.
- h. Review the reports submitted by the internal and external auditors.
- i. Review the quarterly, half-year, and annual financial statements before their submission to the Board, with particular focus on the following matters:
 - i. Any change/s in accounting policies and practices
 - ii. Major judgmental areas
 - iii. Significant adjustments resulting from the audit
 - iv. Going concern assumptions
 - v. Compliance with accounting standards
 - vi. Compliance with tax, legal, and regulatory requirements.
- j. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- k. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the corporation's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the corporation's annual report;
- l. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

All incumbent directors, elected on June 30, 2016 are to serve for a term of one (1) year until their successors shall have been duly elected and qualified. The names and ages of Directors and the executive officers of the Registrant are:

Name	Age/yrs.	Position	Nationality
Willy N. Ocier	60	Chairman	Filipino
Jackson T. Ongsip	43	President/Director	Filipino
Edmundo L. Tan	71	Director / Corporate Secretary	Filipino
Bernardo D. Lim	69	Director	Filipino
Virginia A. Yap	66	Director	Filipino
Tomas D. Santos	65	Director-independent	Filipino
Laurito E. Serrano	57	Director-independent	Filipino
Ian Jason R. Aguirre	42	EVP-CFO	Filipino

The Company's Board of Directors are vested by the by-laws of the Company over-all responsibility for the management of the Company's business. The Board of Directors elects the executive officers of the Company. The composition of the Board of Directors and the incumbent executive officers of the Company are as follows:

Mr. Willy N. Ocier is Chairman of the Board of APC Group and has been a Director of the Company since 1999. He is also the Chairman, Chief Executive Officer and President of Philippine Global Communications, Inc. and likewise the Chairman and President of Pacific Online Systems Corporation. He is the Co-Vice Chairman of Belle Corporation, Highlands Prime, Inc. and Tagaytay Highlands International Golf Club, Inc. He is the Chairman of Premium Leisure Corp., Premium Leisure and Amusement, Inc., Tagaytay Midlands Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc. and The Spa and Lodge Inc. He sits as Director of Leisure and Resorts World Corporation, IVantage Equities, and Toyota Corporation Batangas. He was the former President and Chief Operating Officer of Eastern Securities Development Corporation. He graduated from Ateneo de Manila University with a Bachelor of Arts Degree in Economics.

Mr. Jackson T. Ongsip was appointed as a Director, the President and CEO of the Company effective August 13, 2015. He is a Certified Public Accountant with an extensive audit and finance background accumulated from 5 years in external audit with Sycip, Gorres, Velayo & Co. (SGV) and 11 years with Globe Telecom. He concurrently holds the position of Vice President for Portfolio Investments of SM Investments Corporation, CFO of Belle Corporation, CFO in Premium Leisure Corp. and Premium Leisure and Amusement Inc. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy.

Atty. Edmundo L. Tan is a Director and Corporate Secretary of APC Group, Inc. from 2000 up to the present. He serves as Director of Philippine Global Communications, Inc. from 2000 up to the present and as Corporate Secretary from 2000 until 2010. He is a director of Aragorn Power and Energy Corporation from 2005 up to the present and as Corporate Secretary from 2005 up to 2012. He is currently a Director of PRC MAGMA Resources, Inc. (2010 up to the present). He is a director of OCP Holdings, Inc. from July 2012 up to the present. He is a Trustee of Philippine Dispute Resolution Center, Inc. (PDRCI) from 2011 up to the present. He serves as Corporate Secretary of BDO Unibank, Inc. from July 2007 up to the present and BDO Private Bank from February 2012 up to the present. He was formerly a Director of BDO Leasing & Finance, Inc. and now serves as Adviser of the Board.

Atty. Tan is the Managing Partner of Tan, Acut Lopez & Pison Law Offices (1993 up to present). He was formerly Senior Partner in Ponce Enrile Cayetano Reyes & Manalastas Law Offices, a Partner in



Angara Abello Concepcion, Regala & Cruz Law Offices, and an Associate in Cruz Villarin Ongkiko Academia & Durian Law Offices.

Mr. Bernardo D. Lim, before he joined APC Group, was the General Manager for Finance of P.T. Bakrie Sumatra Plantations in Indonesia. He also assumed various positions in the firms he joined earlier: Vice President for Finance and Administration of Westinghouse Asia Controls Corporation and Cellophil Resources Corporation; Vice President and Treasurer of Atlantic Gulf & Pacific Company of Manila and AG&P Industrial Corporation; Vice President for Finance of Trans-Philippines Investment Corporation; Treasurer of Fluor Daniel/AG&P, Inc., Technoserve International Corporation, and Wire Rope Corporation of the Philippines; Director of Philippine Global Communications. D. Mr. Lim was also Controller of Philippine Iron Mines. He was previously the President of Aragorn Power and Energy Corp., Aragorn Coal and APC Mining.

Mr. Lim holds a Bachelor of Science in Business Administration degree from the University of the Philippines. He is a Certified Public Accountant.

Mr. Lim has been a Director since 2001. He retired from APC Group on March 31, 2014.

Ms. Virginia A. Yap, Filipino, is also a director of Belle Corporation and Sinophil Corporation. She holds key positions in the SM Group of Companies including being Treasurer of SM Development Corporation (SMDC), and Vice President-Office of the Chairman of the Board of Directors of SM Investments Corporation, SM Land, Inc. (formerly Shoemart, Inc.) and SM Retail, Inc. She is also Treasurer of SMDC and Highlands Prime Inc. She has been connected with the SM Group of Companies for the last thirty years. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao.

Mr. Tomas D. Santos, a Filipino, is also the President of Irvine Construction Corporation from 1994 to present. He is the owner of Shamu Marketing and the President of Filipino Chinese Youth Volunteer Fire Department, Inc. from 2011 to present.

Mr. Santos holds a Bachelor of Science in Business Administration degree from the University of the East.

Atty. Maritoni Z. Liwanag, no relation to the nominee, nominated Mr. Santos.

Mr. Laurito E. Serrano is a Certified Public Accountant with a Master in Business Administration degree from the Harvard Graduate School of Business. His area of specialization is Financial Advisory and Corporate Finance. Mr. Serrano currently serves as independent director and Chairman of the Audit and Risk Management Committee of Atlas Consolidated Mining Development Corporation. He also serves as a director at Philippine Veterans Bank and a member of its Credit, Corporate Governance, and Audit Committees; an independent director of Travellers International Hotel Group, Pacific Online Systems Corp., and MJC Investments Corp.; and a director of MRT Development Corporation, among others. Mr. Serrano is also a former partner of the Corporate Finance Consulting Group of SGV & Co.

Atty. Israel L. Pison, no relation to the nominee, nominated Mr. Laurito E. Serrano.

Mr. Ian Jason R. Aguirre was appointed as the Executive Vice President of the Company effective August 13, 2015. Mr. Aguirre is concurrently a Vice President of SM Investments Corporation ("SMIC"). He has worked in various management positions over a 16-year career that included local and international experience in strategic planning, operations and business development. His last stint prior to joining SMIC was as a Director for CEMEX Asia Pte. Ltd. Mr. Aguirre holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines and a Master's degree in Business Management from the Asian Institute of Management.

Family Relationships

All directors and officers are not related either by consanguinity or affinity.

Involvement in Certain Legal Proceedings

The Company is not aware of any of the following events wherein any of its directors, nominees for election as director, executive officers, underwriter or control person were involved during the past five (5) years:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding;
- (c) being subject to order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any of the above persons in any type of business, securities, commodities or banking activities; and
- (d) being found by a domestic or foreign court of competent jurisdiction (in civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended or vacated.

Item 10. Executive Compensation

(1) General

All Compensation Covered

Except for executive officers included under the compensation table below, all other executive officers and directors do not receive salaries.

(2) Summary Compensation Table

The aggregate compensation paid or incurred during the last two fiscal years and estimated to be paid in the ensuing fiscal year to the Chief Executive Officer and Chief Finance Officer of the Company are as follows:

<u>Name and Principal Position</u>	
1.	Jackson T. Ongsip ¹ CEO & President
2.	Ian Jason Aguirre ¹ CFO & Executive Vice-President



<u>Summary of Compensation Table</u>	<u>Year</u>	<u>Salary/Per Diem Allowance</u>	<u>Other Annual Compensation</u>
CEO & Most Highly Compensated Executive Officers	2015 (actual)	₱1,888,000	₱194,000
	2016 (actual)	1,404,000	1,066,000
	2017 (estimate)	1,404,000	1,066,000
All Other officers as a group unnamed	2015 (actual)	—	—
	2016 (actual)	—	—
	2017 (estimate)	—	—

¹CEO and Most Highly Compensated Executive Officers

(3) Compensation of Directors

Standard Arrangements

Each director is entitled to a per diem of ₱5,000 per board meeting attended to cover transportation expenses.

Other Arrangements

Eligibility for grant of options under the Registrant's Stock Option Plan.

(4) Employment Contracts and Termination of Employment and Change-in Control Arrangements.

None.

(5) Warrants and Options Outstanding: Repricing

None. All outstanding options of all executive officers and directors and other stock options expired in 1999.



Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following persons or group are directly or indirectly the record or beneficial owners of more than 5% of the Company's voting shares (common) as of December 31, 2016:

Title of Class	Name and address of record and relationship with issuer	Name of beneficial owner and relationship with record holder	Citizenship	No. of shares held	Percent of class
Common	Belle Corporation 28th F, East Tower PSE Centre, Ortigas Pasig City (Parent)	(Note 1)	Filipino	3,500,000,000	46.64%
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (Stockholder)	(Note 1)	Filipino	1,709,222,702	22.77%
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (Stockholder)	(Note 2)	Non-Filipino	466,980,463	6.22%

Notes

- 1.) Belle Corporation is a publicly-listed corporation. Mr. Willy N. Ocier will vote for the shares of Belle Corporation.
- 2.) PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares. Instead, the participants have the power to decide how the PCD shares in APC Group are to be voted. No PCD participant who holds shares in their own behalf or in behalf of clients owns more than 5% of the Corporation's voting shares.

(2) Security Ownership of Management

The following table shows the shareholdings of the following directors and officers as of December 31, 2016.

Title of Class	Name of Beneficial Owner	Amount and nature of beneficial ownership (direct)	Citizenship	Percent of Class
Common Stock	Willy N. Ocier	310,001	Filipino	—
-do-	Bernardo D. Lim	1,000	Filipino	—
-do-	Edmundo L. Tan	1	Filipino	—
-do-	Tomas D. Santos	1	Filipino	—
-do-	Virginia A. Yap	10,001	Filipino	—
-do-	Laurito E. Serrano	1	Filipino	—
-do-	Jackson T. Ongsip	1	Filipino	—
-do-	Ian Jason R. Aguirre	0	Filipino	—
	Total	321,006		

(3) Voting Trust Holders of 10% or More

There are no party holding voting trust for 10% or more of APC's voting securities.

(4) Changes in Control

There are no arrangements which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals owning, directly or indirectly through one or more intermediaries; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company, key management personnel, including directors and officers of the Company and close members of the family of any such individual and; (d) affiliate, which is a party that, directly or indirectly through one or more intermediaries, control, is controlled by, or is under common control with the Company.

No director or executive officer or any member of their immediate family has, during the last two years, had a direct or indirect, material interest in a transaction or proposed transaction to which the Company was a party.

Related party transactions pertain to the availment of noninterest-bearing advances from a stockholder and other related parties. The details of advances from related parties are as follows:

Category	Year	Amount/ Volume of Transactions	Advances from	Terms	Conditions
Stockholder					
Belle				On demand;	Unsecured
(1) Advances	2016	P—	(P79,406,947)	Noninterest-bearing	
	2015	—	(79,406,947)		
(2) Share in expenses	2016	—	(365,059)	On demand;	Unsecured
	2015	(142,045)	(365,059)	Noninterest-bearing	
Total					
Advances from related parties	2016	(P—)	(P79,772,006)		
	2015	(142,045)	(79,772,006)		

Compensation and benefits of key management personnel of the Company for the year ended December 31, 2016 and 2015 consists of the following:

	2016	2015
Salaries	P3,640,000	P3,360,000
Retirement costs	198,800	198,800
	P3,838,800	P3,558,800

PART IV - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying Index to Exhibits in the following pages

(b) Reports on SEC Form 17-C

The Company regularly files various reports on SEC Form 17-C relative to various company disclosures. Of these, the more significant ones are as follows:

Date	Title
January 6, 2016	Advisement letter-attendance to board meetings for the year 2015
May 3, 2016	Postponement of the Annual Stockholders' Meeting
June 30, 2016	Results of the Annual Stockholders' Meeting
July 1, 2016	Certification of Qualification of Independent Directors
September 16, 2016	Compliance with SEC Memorandum 20, Series of 2013



APC GROUP INC.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on March 31, 2017.

By:

1.

Willy N. Ocier
Chairman of the Board

Date: 31 March 2017

2.

Jackson T. Ongsip
President and Chief Executive Officer

Date: 31 March 2017

3.

Ian Jason R. Aguirre
Vice President and Chief Financial Officer

Date: 31 March 2017

MAKATI CITY
SUBSCRIBED AND SWORN to before me this APR 04 2017 day of 2017, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Issue	Place of Issue
Willy N. Ocier	EB6130282	August 14, 2012	Manila
Jackson T. Ongsip	N03-90-097042	July 21, 2014	Manila
Ian Jason R. Aguirre	EB7204576	January 21, 2013	Manila

Doc. No. 240Page No. 49Book No. Y2017

ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31/2018
PTR NO. 5908514 / 01-03-2017/MAKATI
IBP NO 655155 LIFETIME MEMBER
APPT. NO. M-104/2017/ROLL NO. 40091
MCLE COMPLIANCE NO. V-0006934
UNIT 102 PENINSULA COURT BLDG.
8735 MAKATI AVE., MAKATI CITY