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**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

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Company Type Stock Corporation

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(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

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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

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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)

30 June 2015
(Quarter Ending)

SEC FORM 17-Q
(Form Type)

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 six months ended 30 June 2015
2. Commission 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 registrant's principal office:

8th Floor, Philcom Bldg., 8755 Paseo de Roxas, Makati City
Postal Code 1226

8. Registrant's telephone number, including area code: (632) 845-0614
9. Former name, former address and former fiscal year, if changed since last report: N / A
10. Securities registered pursuant to Sections in Securities Regulation Code

<u>Title of each class</u>	<u>Number of shares of stock outstanding</u>
Common Stock, ₱1.00 par value	7,504,203,997

11. Are any or all of the Securities listed on the Philippine Stock Exchange? Yes

12. Indicate 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 SRC and SRC Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).
Yes
- b) Has been subject to such filing requirements for the past 90 days.
Yes



APC GROUP INC.

APC GROUP, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE SIX MONTHS ENDED

30 June 2015



APC GROUP INC.

PART I FINANCIAL INFORMATION**Item 1. Financial Statements**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
as of June 30, 2015 and December 31, 2014

	June 2015		December 31 2014
ASSETS			
Current Assets			
Cash and cash equivalents	P 143,020,274	P	157,411,732
Trade and other receivables - net	940,074		619,406
Available-for-sale financial assets	7,588,541		13,629,591
Other current assets	6,686,075		6,307,661
Total Current Assets	158,234,963		177,968,390
Noncurrent Assets			
Property and equipment	91,425		114,436
Investment properties	156,986,106		156,986,106
Other noncurrent assets - net	77,704,081		77,071,321
Total Noncurrent Assets	234,781,611		234,171,863
Total Assets	P 393,016,575	P	412,140,253
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	P 27,709,393	P	32,801,044
Income tax payable	-		251,642
Advances from related parties	79,629,961		79,629,961
Total Current Liabilities	107,339,354		112,682,647
Noncurrent Liabilities			
Subscriptions payable	161,959		161,959
Accrued retirement costs	1,997,100		1,790,500
Total Noncurrent Liabilities	2,159,059		1,952,459
Total Liabilities	109,498,413		114,635,106
Equity Attributable to Equity Holders of the Parent Company			
Capital Stock	6,388,072,148		6,388,072,148
Additional paid-in capital	1,613,942,096		1,613,942,096
Unrealized mark-to-market gain on available-for-sale financial assets	6,740,540		12,781,590
Gain on dilution	226,304		226,304
Remeasurement loss on defined benefit obligation	(2,725,405)		(2,725,405)
Deficit	(7,684,530,301)		(7,676,711,115)
Treasury shares	(29,435,220)		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company	292,290,161		306,150,398
Equity Attributable to Non-controlling Interests	(8,771,999)		(8,645,251)
Total Equity	283,518,162		297,505,147
Total Liabilities and Equity	P 393,016,575	P	412,140,253



APC GROUP INC. AND SUBSIDIARIES
Consolidated Income Statements
comparable periods ended June 30, 2015 and June 30, 2014

	2nd Quarter 2015 (April to June)	YTD 2015 (January to June)	2nd Quarter 2014 (April to June)	YTD 2014 (January to June)
INCOME (EXPENSES)				
General and Administrative	(5,252,618)	(9,044,219)	(3,352,354)	(8,084,520)
Dividend Income	139,898	139,898	-	-
Interest Income	738,164	1,164,450	216,770	404,469
INCOME (LOSS) BEFORE INCOME TAX	(4,374,556)	(7,739,871)	(3,135,584)	(7,680,051)
Provision for Income tax-current	88,265	206,064	70,524	83,714
NET INCOME (LOSS)	P (4,462,820)	P (7,945,935)	P (3,206,107)	P (7,763,764)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(1,780,520)	(6,041,050)	111,000,000	117,500,000
TOTAL COMPREHENSIVE INCOME (LOSS)	(6,243,340)	(13,986,985)	107,793,893	109,736,236
Income/(loss) attributable to:				
Equity holders of the Parent Company		(7,819,186)		(7,563,099)
Non-controlling interests		(126,748)		(200,666)
		(7,945,935)		(7,763,764)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent Company		(13,860,236)		109,936,901
Non-controlling interests		(126,748)		(200,666)
		(13,986,985)		109,736,236
Basic/Diluted Earnings (Loss) Per common Share				
(P-7,945,935/7,504,203,997) June 30, 2015		P (0.0011)		
(P-7,763,764/7,504,203,997) June 30, 2014			P (0.0010)	
Weighted average number of common shares:				
Total common shares		7,511,809,997		7,511,809,997
Less: Treasury shares		7,606,000		(7,606,000)
Weighted average common shares		7,504,203,997		7,504,203,997



APC GROUP INC.

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
as of June 30, 2015 and June 30, 2014

	June 2015		June 2014	
	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK				
P 1 par value				
Authorized				
Preferred shares	6,000,000,000 P	6,000,000,000	6,000,000,000 P	6,000,000,000
Common shares	14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000
Issued				
Common				
Balance at end of quarter	5,998,149,059	5,998,149,059	2,498,069,059	2,498,069,059
Subscribed (net of subscription receivable)				
Common				
Balance at end of quarter	389,923,089	389,923,089	3,889,943,089	3,889,943,089
Capital Stock				
Common				
Balance at end of quarter	6,388,072,148	6,388,072,148	6,388,012,148	6,388,012,148
Additional Paid-in Capital		1,613,942,096		1,613,942,096
Gain on dilution		226,304		226,304
Unrealized Mark-to-Market Gain /Loss on Available for Sale Financial Assets		6,740,540		132,500,000
Remeasurement loss on defined benefit obligation		(2,725,405)		(2,634,205)
Deficit				
Balance at beginning of year		(7,676,711,115)		(7,799,599,733)
Net income(loss)		(7,819,186)		(7,563,099)
Balance at end of year		(7,684,530,301)		(7,807,162,832)
Less cost of 7,606,000 shares held by a subsidiary		(29,435,220)		(29,435,220)
Minority interest		(8,771,999)		(5,460,930)
	P	283,518,162	P	289,987,361



APC GROUP INC.

APC GROUP INC. AND SUBSIDIARIES
Consolidated Cash Flows
Comparable periods ended June 30, 2015 and June 30, 2014

		2nd Quarter 2015 (April to June)	YTD 2015 (January to June)		2nd Quarter 2014 (April to June)	YTD 2014 (January to June)
Net cash provided by (used in) operating activities	P	(5,739,321)	(13,758,698)	P	(7,742,845)	(3,387,881)
Net cash provided by (used in) investing activities		177,440	(632,760)		(388,697)	(1,142,109)
Net cash provided by (used in) financing activities		<u>(258,720)</u>	<u>0</u>		<u>12,491,120</u>	<u>13,648,658</u>
Net increase(decrease) in cash and cash equivalents	P	<u>(5,820,601)</u>	(14,391,458)	P	<u>4,359,578</u>	9,118,668
Cash and cash equivalents, beginning, January 1			<u>157,411,732</u>			<u>73,754,007</u>
Cash and cash equivalents, June 30			<u>143,020,274</u>			<u>82,872,675</u>

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

Balance Sheet

(Amounts in Pesos, except percentages)						
	June	December	Horizontal Analysis		Vertical Analysis	
	2015	2014	Increase (Decrease)		2015	2014
			Amount	%		
ASSETS						
Cash and cash equivalents	143,020,274	157,411,732	(14,391,458)	-9%	36%	38%
Trade and other receivables - net	940,074	619,406	320,668	52%	0%	0%
Available-for-sale financial assets	7,588,541	13,629,591	(6,041,050)	-44%	2%	3%
Other current assets	6,686,075	6,307,661	378,414	6%	2%	2%
Property and equipment	91,425	114,436	(23,011)	-20%	0%	0%
Investment properties	156,986,106	156,986,106	0	0%	40%	38%
Other noncurrent assets - net	77,704,081	77,071,321	632,760	1%	20%	19%
Total Assets	393,016,576	412,140,253	(19,123,677)	-5%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	27,709,393	32,801,044	(5,091,651)	-16%	7%	8%
Income tax payable	-	251,642	(251,642)	-100%	0%	0%
Advances from related parties	79,629,961	79,629,961	-	0%	20%	19%
Subscriptions payable	161,959	161,959	-	0%	0%	0%
Accrued retirement costs	1,997,100	1,790,500	206,600	12%	1%	0%
Total Liabilities	109,498,413	114,635,106	(5,136,693)	-4%	28%	28%
Capital Stock	6,388,072,148	6,388,072,148	-	0%	1625%	1550%
Additional paid-in capital	1,613,942,096	1,613,942,096	-	0%	411%	392%
Unrealized mark-to-market gain on available-for-sale financial assets	6,740,540	12,781,590	(6,041,050)	-47%	2%	3%
Gain on dilution	226,304	226,304	-	0%	0%	0%
Remeasurement loss on defined benefit obligation	(2,725,405)	(2,725,405)	-	0%	-1%	-1%
Deficit	(7,684,530,301)	(7,676,711,115)	(7,819,186)	0%	-1955%	-1863%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-7%	-7%
Equity Attributable to Non-controlling Interests	(8,771,999)	(8,645,251)	(126,748)	1%	-2%	-2%
Total Equity	283,518,163	297,505,147	(13,986,984)	-5%	72%	72%
Total Liabilities and Equity	393,016,576	412,140,253	(19,123,677)	-5%	100%	100%

APC Group closed the six-month period ending June 30, 2015 with consolidated assets of ₱393.0 million, 5% lower compared to the December 31, 2014 balance of ₱412.1 million.

- Consolidated cash and cash equivalents was at ₱143.0 million at the end of the second quarter this year compared to ₱157.4 million as of end-December 2014. The 9% decline is mainly attributable to the disbursements for general and administrative expenses (₱9.0 million) and the distribution of funds related to the scholarship program of Aragon Power as part of the Company's community projects (₱4.5 million) during the 1st quarter of the year.
- Available-for-Sale financial assets decreased by 44% compared to year-end 2014 due to the decline in market prices of stocks held by the Company.
- Non-current Assets increased by 1% or ₱0.6 million due to the increase in deferred exploration costs.

Consolidated liabilities decreased by 4% or ₱5.1 million from ₱114.6 million as of December 31, 2014 to ₱109.5 million as of June 30, 2015. The decrease was primarily due to the payment of income tax



APC GROUP INC.

due for year 2014 and the disbursement of funds related to the scholarship program of Aragorn Power (P4.5 million), which was partially offset by the increase in accrued retirement costs.

Stockholders' Equity as of June 30, 2015 and December 31, 2014 amounted to P283.5 million and P297.5 million, respectively. The 5% decline was due to P7.9 million net loss recognition for the six months ending June 30, 2015 and the P6.0 million unrealized mark-to-market loss on Available-for-Sale financial assets.

There were no off-balance sheet transactions.

Income Statement

(Amounts in Pesos, except percentages)	Six Months ended June		Horizontal Analysis		Vertical Analysis	
	2015	2014	Increase (Decrease)		2015	2014
			Amount	%		
Interest Income	1,164,460	404,469	759,991	188%	89%	100%
Dividend Income	139,898	-	139,898	-	11%	0%
Total Revenue	1,304,348	404,469	899,879	222%	100%	100%
General and Administrative Expenses	(9,260,283)	(8,168,234)	(1,092,049)	13%	-709%	-2019%
Net Income (Loss)	(7,945,935)	(7,763,764)	(182,170)	2%	-609%	-1919%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(6,041,050)	117,500,000	(123,541,050)	-105%	-463%	29050%
Total Comprehensive income (loss) for the period	(13,986,985)	109,736,236	(123,723,220)	-113%	-1072%	27131%

For the six-month period ending June 30, 2015 APC Group recognized interest income and dividend income totaling P1.3 million, offset by general and administrative expenses amounting to P9.2 million, which resulted to a P7.9 million consolidated net loss. Compared to the same period last year, this year's net loss was slightly higher by only 2%. In addition, due to the decline in market value of financial assets held-for-sale, total comprehensive loss amounted to P14.0 million.

As of June 30, 2015, except for what has been noted 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 expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;



APC GROUP INC.

- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended December 31, 2014 and June 30, 2015 except those mentioned above.

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).** Return on Assets 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).** Return on Equity 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.

	YTD 30 June 2015	YTD 31 December 2014	YTD 30 June 2014
Return on Assets Ratio.....	(0.02)	0.29	(0.02)
Return on Equity Ratio.....	(0.03)	0.41	(0.03)
Current Ratio.....	1.47	1.58	0.77
Debt to Equity Ratio.....	0.39	0.39	0.67
Asset to Equity Ratio.....	1.39	1.39	1.67

Discussion on the key performance indicators

Return on Assets Ratio

The Company's consolidated Return on Assets Ratio was at the same level compared to the same period last year as net loss was only slightly higher for the current year.

Return on Equity Ratio

Return on Equity Ratio was also at the same level year-on-year as net loss was only 2% higher for the current year.

Current Ratio

Current Ratio improved by 93% year-on-year due to higher cash and cash equivalents mostly from the proceeds of sale of Available-for-Sale financial assets, but declined by 7% compared to year-end 2014 due to expenditures for general and administrative expenses and disbursements for the scholarship program of APEC.

Debt to Equity Ratio

Debt to Equity Ratio decreased to 0.39x as at June 30, 2015 from 0.67x as at June 30, 2014 as total liabilities declined mostly due to the payment of subscription payables amounting to P75 million during the third quarter of 2014.

Assets to Equity Ratio

Assets to Equity Ratio decreased to 1.39x in 2015 from 1.67 due to the recognized impairment of deferred exploration costs during the end of 2014.

PART II OTHER INFORMATION

Other than what has been reported, no event has since occurred.

ANNEX TO THE MD&A SECTION

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as the "Company"):

	Percentage of Ownership
APC Cement Corporation (ACC)	100.00 (1)
APC Energy Resources, Inc. (APCERI) – Previously Aragorn Coal Resources, Inc.)	100.00 (1)
Aragorn Power & Energy Corporation (APEC)	90.00 (1)
APC Mining Corporation	83.00 (1)

(1) Still in the pre-operating stage

2. RISK EXPOSURES

Financial Risk Management

The Company's principal financial instruments comprise advances from related parties and loans payable. The main purpose of these financial liabilities is to finance the Company's operations. The Company has cash and cash equivalents, trade and other receivables, deposits and trade and other payables that arise directly from its operations. The Company also holds AFS financial assets.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and equity price risk. The BOD reviews and approves policies of managing each of the risks and they are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss.

Exposure to credit risk is monitored on an ongoing basis, credit checks are performed on all clients requesting credit over certain amounts. Credit granted is subject to regular review, to ensure it remains consistent with the customers' current credit worthiness and appropriate to the anticipated volume of business. The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and cash equivalents exposes the Company to credit risk, if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The credit terms are short, with deposits and advance payments requirement before rendering the service, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of debtors are not tolerated and additional penalties are imposed by the Company.



APC GROUP INC.

There are no significant concentrations of credit risk within the Company. Since the Company trades only with recognized third parties, there is no requirement for collateral. The carrying values of the Company's financial assets represent the maximum exposure to credit risk as at the reporting date.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments. The Company's objective is to maintain continuity of funding. The Company's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level.

The Company monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

There is no material change in the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks on its June 30, 2015 interim financial statements compared to the December 31, 2014 audited consolidated financial statements of APC Group Inc.

3. FINANCIAL INSTRUMENTS

Fair value of financial Instruments

A comparison by category of the carrying values and estimated fair values of the Company's financial instruments that are carried in the consolidated financial statements as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015		December 31, 2014	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱143,020,274	₱143,020,274	₱157,411,732	₱157,411,732
Trade and other Receivables	940,074	940,074	619,406	73,754,007
Deposits*	19,213	19,213	19,217	19,217
AFS financial assets	7,588,541	7,588,541	13,629,591	13,629,591
Total financial assets	₱151,568,101	₱151,568,101	₱113,389,927	₱113,389,927
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	₱27,638,071	27,638,071	₱32,774,061	₱32,774,061
Advances from related parties	79,629,961	79,629,961	79,629,961	79,629,961
Subscriptions payable	161,959	161,959	161,959	161,959
Total current financial liabilities	₱107,429,991	₱107,429,991	₱194,144,314	₱194,144,314

* Included in "Other noncurrent assets" account

**Excluding statutory liabilities.



Cash and Cash Equivalents, Trade and Other Receivables, Trade and Other Payables, Loans Payable and Advances from Related Parties

Due to the short-term nature of the transactions, the carrying values approximate the fair values at reporting dates.

AFS Financial Assets

The fair values of quoted equity securities were determined by reference to market bid quotes as of reporting dates. The unquoted equity securities were valued at cost.

Deposits and Other Noncurrent Liabilities

Estimated fair value of deposits is based on the discounted value of future cash flows using the prevailing interest rates that are specific to the tenor of the instruments' cash flows as of reporting dates.

The company has no investments in foreign securities.

4. FAIR VALUE HIERARCHY

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

5. MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

Judgments, estimates and assumptions are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair Value of Financial Assets and Liabilities. Certain financial assets and liabilities are required to be carried at fair value, which requires the use of accounting estimates and judgment. While



APC GROUP INC.

significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect profit or loss and equity.

6. FUTURE CHANGES IN ACCOUNTING POLICIES

Standards and Interpretations Issued but not yet Effective

The Company did not early adopt the following standards and Philippine Interpretations that have been approved but are not yet effective. Unless otherwise indicated, the Company does not expect these changes to have a significant impact on its consolidated financial statements.

- *PFRS 9, Financial Instruments – Classification and Measurement (2010 version)*, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the FRSC. Such adoption, however, is still for approval by the Board of Accountancy (BOA).

- *PAS 19, Employee Benefits – Defined Benefit Plans: Employee Contributions (Amendments)*, requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not



APC GROUP INC.

expected that this amendment would be relevant to the Company, since the Company does not have a defined benefit plan with contributions from employees or third parties.

Annual Improvements to PFRS (2010–2012 cycle)

The annual improvements are effective on or after January 1, 2015:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - A performance condition must contain a service condition
 - A performance target must be met while the counterparty is rendering service
 - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
 - A performance condition may be a market or non-market condition
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment does not apply to the Company as it has no share-based payments.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Company shall consider this amendment for future business combinations.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets* (Amendments), are applied retrospectively and clarify that:
 - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
 - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*, is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment has no impact on the Company's financial position or performance.
- PAS 24, *Related Party Disclosures - Key Management Personnel*, is applied retrospectively and clarifies that a management entity, which is an entity that provides key management



APC GROUP INC.

personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

Annual Improvements to PFRSs (2011–2013 cycle). The Annual Improvements to PFRSs (2011–2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Company.

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*, is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- PFRS 13, *Fair Value Measurement – Portfolio Exception*, is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PFRS 9.
- PAS 40, *Investment Property*, is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

7. OTHER REQUIRED DISCLOSURES

A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial Statements for the period ended December 31, 2014.

Standards that have been adopted by the Company are described below:

PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (OCI)* (Amendments). The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendment affected the presentation in the statement of comprehensive income and had no impact on the Company's financial position or performance.

PAS 19, *Employee Benefits* (Revised) - For defined benefit plans, the Revised PAS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested



APC GROUP INC.

past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.

D.) Except as disclosed in the MD&A, there were no other issuance, repurchase and repayments of debt and equity securities.

E.) There were no material events that occurred subsequent to June 30, 2015 and up to the date of this report that need disclosure herein.

F.) There were no changes in the composition of the Company during the interim period such as business combinations, acquisition or disposals of subsidiaries and long-term investments, restructuring and discontinued operations.

G.) There were no changes in contingent liabilities or contingent assets as at June 30, 2015.

H.) There exist no material contingencies and other material events or transactions affecting the current interim period.



SIGNATURES

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

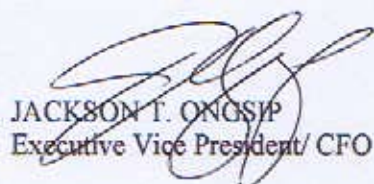
Registrant: **APC Group, Inc.**

By:



FREDERIC C. DYBUNCIO
President/CEO

August 7, 2015



JACKSON T. ONGSIIP
Executive Vice President/ CFO

August 7, 2015