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 17Q

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

L C U

Cashier

S T A M P S

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)

30 September 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 September 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

Title of each class	Number of shares of stock outstanding
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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED

30 September 2015

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

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

		September 2015		December 31 2014
ASSETS				
Current Assets				
Cash and cash equivalents	P	137,065,108	P	157,411,732
Trade and other receivables - net		1,255,017		619,406
Available-for-sale financial assets		6,316,741		13,629,591
Other current assets		7,196,966		6,307,661
Total Current Assets		**151,833,832**		**177,968,390**
Noncurrent Assets				
Property and equipment		206,009		114,436
Investment properties		156,986,106		156,986,106
Other noncurrent assets - net		77,977,581		77,071,321
Total Noncurrent Assets		**235,169,696**		**234,171,863**
Total Assets	P	**387,003,528**	P	**412,140,253**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	28,511,677	P	32,801,044
Income tax payable		-		251,642
Advances from related parties		79,629,961		79,629,961
Total Current Liabilities		**108,141,638**		**112,682,647**
Noncurrent Liabilities				
Subscriptions payable		161,959		161,959
Accrued retirement costs		2,100,400		1,790,500
Total Noncurrent Liabilities		**2,262,359**		**1,952,459**
Total Liabilities		**110,403,997**		**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		5,468,740		12,781,590
Gain on dilution		226,304		226,304
Remeasurement loss on defined benefit obligation		(2,725,405)		(2,725,405)
Deficit		(7,690,119,054)		(7,676,711,115)
Treasury shares		(29,435,220)		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		**285,429,609**		**306,150,398**
Equity Attributable to Non-controlling Interests		(8,830,078)		(8,645,251)
Total Equity		**276,599,531**		**297,505,147**
Total Liabilities and Equity	P	**387,003,528**	P	**412,140,253**

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

		3rd Quarter 2015 (July to Sept.)		YTD 2015 (January to Sept.)		3rd Quarter 2014 (July to Sept.)		YTD 2014 (January to Sept.)
INCOME (EXPENSES)								
General and Administrative		(6,204,284)		(15,248,503)		(5,963,215)		(14,047,735)
Dividend Income		-		139,898		-		-
Interest Income		659,975		1,824,425		56,150		460,619
Other Income		15,500		15,500		-		-
Gain/loss on sale of investments						137,700,000		137,700,000
Gain/loss on foreign exchange						384		384
INCOME (LOSS) BEFORE INCOME TAX		**(5,528,809)**		**(13,268,680)**		**131,793,319**		**124,113,268**
Provision for Income tax-current		118,022		324,086		21,086		104,799
NET INCOME(LOSS)	**P**	**(5,646,831)**	**P**	**(13,592,766)**	**P**	**131,772,233**	**P**	**124,008,469**
OTHER COMPREHENSIVE INCOME (LOSS)								
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets		(1,271,800)		**(7,312,850)**		15,300,000		**15,300,000**
TOTAL COMPREHENSIVE INCOME (LOSS)		**(6,918,631)**		**(20,905,616)**		**147,072,233**		**139,308,469**
Income/(loss) attributable to:								
Equity holders of the Parent Company				(13,407,938)				124,288,941
Non-controlling interests				(184,827)				(280,472)
				(13,592,766)				**124,008,469**
Total comprehensive income/(loss) attributable to:								
Equity holders of the Parent Company				(20,720,788)				139,588,941
Non-controlling interests				(184,827)				(280,472)
				(20,905,616)				**139,308,469**
Basic/Diluted Earnings (Loss) Per common Share								
(P-13,592,766/7,504,203,997) Sept 30, 2015			**P**	**(0.0018)**				
(P124,008,469/7,504,203,997) Sept 30, 2014							**P**	**0.0166**
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. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
as of September 30, 2015 and September 30, 2014

	September 2015			September 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	6,388,072,148		6,388,072,148
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			5,468,740			15,300,000
Remeasurement loss on defined benefit obligation			(2,725,405)			(2,634,205)
Deficit						
Balance at beginning of year			(7,676,711,115)			(7,799,599,734)
Net income(loss)			(13,407,938)			124,288,941
Balance at end of year			(7,690,119,053)			(7,675,310,793)
Less cost of 7,606,000 shares held by a subsidiary			(29,435,220)			(29,435,220)
Minority interest			(8,830,078)			(5,540,720)
		P	**276,599,531**		**P**	**304,619,609**

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

		3rd Quarter 2015 (July to Sept.)	YTD 2015 (January to Sept.)		3rd Quarter 2014 (July to Sept.)	YTD 2014 (January to Sept.)
Net cash provided by (used in) operating activities	P	(5,557,075)	(19,315,774)	P	(3,379,274)	(6,767,155)
Net cash provided by (used in) investing activities		(398,090)	(1,030,850)		(493,538)	(1,635,647)
Net cash provided by (used in) financing activities		-	-		(75,019,791)	(61,371,133)
Net increase(decrease) in cash and cash equivalents	**P**	**(5,955,165)**	(20,346,624)	**P**	**(78,892,604)**	(69,773,936)
Cash and cash equivalents, beginning, January 1			157,411,732			73,754,007
Cash and cash equivalents, Sept. 30			**137,065,108**		**P**	**3,980,071**

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

Balance Sheet

(Amounts in Pesos, except percentages)	September 2015	December 2014	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2015	2014
ASSETS						
Cash and cash equivalents	**137,065,108**	157,411,732	(20,346,624)	*-13%*	*35%*	*38%*
Trade and other receivables - net	**1,255,017**	619,406	635,611	*103%*	*0%*	*0%*
Available-for-sale financial assets	**6,316,741**	13,629,591	(7,312,850)	*-54%*	*2%*	*3%*
Other current assets	**7,196,966**	6,307,661	889,305	*14%*	*2%*	*2%*
Property and equipment	**206,009**	114,436	91,573	*80%*	*0%*	*0%*
Investment properties	**156,986,106**	156,986,106	0	*0%*	*41%*	*38%*
Other noncurrent assets - net	**77,977,581**	77,071,321	906,260	*1%*	*20%*	*19%*
Total Assets	**387,003,528**	412,140,253	(25,136,725)	*-6%*	*100%*	*100%*
LIABILITIES AND EQUITY						
Trade and other payables	**28,511,677**	32,801,044	(4,289,367)	*-13%*	*7%*	*8%*
Income tax payable	**-**	251,642	(251,642)	*-100%*	*0%*	*0%*
Advances from related parties	**79,629,961**	79,629,961	-	*0%*	*21%*	*19%*
Subscriptions payable	**161,959**	161,959	-	*0%*	*0%*	*0%*
Accrued retirement costs	**2,100,400**	1,790,500	309,900	*17%*	*1%*	*0%*
Total Liabilities	**110,403,997**	114,635,106	(4,231,109)	*-4%*	*29%*	*28%*
Capital Stock	**6,388,072,148**	6,388,072,148	-	*0%*	*1651%*	*1550%*
Additional paid-in capital	**1,613,942,096**	1,613,942,096	-	*0%*	*417%*	*392%*
Unrealized mark-to-market gain on available-for-sale financial assets	**5,468,740**	12,781,590	(7,312,850)	*-57%*	*1%*	*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	**(7,690,119,054)**	(7,676,711,115)	(13,407,939)	*0%*	*-1987%*	*-1863%*
Treasury shares	**(29,435,220)**	(29,435,220)	-	*0%*	*-8%*	*-7%*
Equity Attributable to Non-controlling Interests	**(8,830,078)**	(8,645,251)	(184,827)	*2%*	*-2%*	*-2%*
Total Equity	**276,599,531**	297,505,147	(20,905,616)	*-7%*	*71%*	*72%*
Total Liabilities and Equity	**387,003,528**	412,140,253	(25,136,725)	*-6%*	*100%*	*100%*

APC Group ended its nine-month period for 2015 with consolidated assets of ₱387.0 million, ₱25.1 million or 6% lower compared to the December 31, 2014 balance of ₱412.1 million.

- Consolidated cash and cash equivalents stood at ₱137.1 million as of September 30, 2015 compared to ₱157.4 million as of end-December 2014. The 13% decline is mainly attributable to the disbursements for general and administrative expenses (₱15.2 million) and the distribution of funds related to the scholarship program of Aragorn Power as part of the Company's community projects (₱4.5 million) during the 1st quarter of the year.
- Trade and other receivables increased by 103% from ₱0.6 million to ₱1.3 million as of September 30 of this year due to the increase in advances to employees for project expenditures.
- Available-for-Sale financial assets decreased by 54% 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 ₱0.9 million due to the increase in deferred exploration costs.

Consolidated liabilities stood at ₱110.4 million as of September 30, 2015, 4% lower compared to ₱114.6 million during the same period last year. The decrease was primarily due 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 September 30, 2015 and December 31, 2014 amounted to ₱276.6 million and ₱297.5 million, respectively. The decline amounting to ₱20.9 million was due to the nine months operating loss of ₱13.4 million and the ₱7.3 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)	Nine Months ended September		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
	2015	2014	Amount	%	**2015**	2014
Interest Income	**1,824,425**	460,619	1,363,806	*296%*	*92%*	*100%*
Other Income	**15,500**	-	15,500	-	*1%*	*0%*
Dividend Income	**139,898**	-	139,898	-	*7%*	*0%*
Total Revenue	**1,979,823**	460,619	1,519,204	*330%*	*100%*	*100%*
General and Administrative Expenses	**(15,572,589)**	(13,942,936)	(1,629,653)	*12%*	*-787%*	*-3027%*
Net Income (Loss)	**(13,592,766)**	(13,482,317)	(110,449)	*1%*	*-687%*	*-2927%*
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	**(7,312,850)**	15,300,000	(22,612,850)	*-148%*	*-369%*	*3322%*
Total Comprehensive income (loss) for the period	**(20,905,616)**	1,817,683	(22,723,299)	*-1250%*	*-1056%*	*395%*

As of September 30, 2015, APC Group recognized income of ₱2.0 million, offset by general and administrative expenses amounting to ₱15.6 million, which resulted to a ₱13.6 million consolidated net loss. Compared to the same period last year, this year's net loss was slightly higher by only 1%. In addition, due to the decline in market value of financial assets held-for-sale, total comprehensive loss amounted to ₱20.9 million.

As of September 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;
- 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 September 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 Sept 2015	YTD 31 Dec 2014	YTD 30 Sept 2014
Return on Assets Ratio...……………………………………..	(0.01)	0.29	0.29
Return on Equity Ratio...……………………………………..	(0.02)	0.41	0.41
Current Ratio………….……………………………………..	1.40	1.58	1.47
Debt to Equity Ratio….……………………………………....	0.40	0.39	0.39
Asset to Equity Ratio ………………………………………..	1.40	1.39	1.39

Discussion on the key performance indicators

Return on Assets Ratio
The Company's consolidated Return on Assets Ratio as of September 30, 2015 was lower compared its ROA Ratio as of December 31 and September 30, 2014 due to the recognized net income last year coming from the realized gain on sale of Available-for-Sale Investments in the third quarter of the year.

Return on Equity Ratio
Likewise, Return on Equity Ratio was lower compared to the same period last year and year-end of 2014 mostly due to the net income recorded as of end-September 2014.

Current Ratio
Current Ratio declined by 11% compared to year-end 2014 due to expenditures for general and administrative expenses and disbursements for the scholarship program of Aragorn Power as part of the Company's community projects.

Debt to Equity Ratio
Debt to Equity Ratio increased by 3% versus year-end as the company posted lower consolidated stockholders' equity due to the recognition of net loss as of September 30, 2015.

Assets to Equity Ratio
Assets to Equity Ratio increased by 1% versus year-end due to lower consolidated stockholders' equity from the recognition of ₱13.6 million net loss.

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.

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 September 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 September 30,2015 and December 31, 2014 are as follows:

	September 30, 2015		**December 31, 2014**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱137,065,108	₱137,065,108	₱157,411,732	₱157,411,732
Trade and other Receivables	1,255,017	1,255,017	619,406	619,406
Deposits*	19,213	19,213	19,217	19,217
AFS financial assets	6,316,741	6,316,741	13,629,591	13,629,591
Total financial assets	**₱144,656,079**	**₱144,656,079**	**₱171,679,946**	**₱171,679,946**
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	₱28,250,052	₱28,250,052	₱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	**₱108,041,972**	**₱108,041,972**	**₱112,565,981**	**₱112,565,981**

** 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 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 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 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 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 September 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 September 30, 2015.

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

APC GROUP INC.

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:

JACKSON T. ONGSIP
President/ CEO

November 9, 2015

IAN JASON R. AGUIRRE
Executive Vice President/ CFO

November 9, 2015

APPENDIX 1
APC GROUP INC. and SUBSIDIARIES
Aging of Accounts Receivables
As of September 30, 2015

COMPANY		TOTAL	1 Month	2 - 3 Months	4 - 6 Months	7 Months to 1 Year	more than 1 year
Type of Accounts Receivables							
Non - Trade Receivables	P	25,511,756					25,511,756
Less: Allowance for Doubtful Accounts		25,511,756					25,511,756
Net Non - Trade Receivables	**P**	-					-
Advances to Officers and Employees		423,816	115,417			308,399	
Advances - Others		831,201	368,544	67,100	-	-	397,394
APC		*564,416*	*214,242*				*350,174*
APCERI		*150,770*	*150,770*				
Cement		*16,950*					*16,950*
APEC		*97,370*		*67,100*			*30,270.00*
PRCMagma		*1,695*	*3,532*				
		-					
TOTAL		**1,255,017**	**483,960**	**67,100**	**-**	**308,399**	**397,394**