COVER SHEET

AS093-8127
S. E. C. Registration Number

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

8TH FLOOR PHILCOM BUILDING
8755 PASEO DE ROXAS
MAKATI CITY
(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

20-IS
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

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO: ALL STOCKHOLDERS

Notice is hereby given that there will be an annual meeting of the stockholders of the Corporation to be held at Meeting Room 10, SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City on June 11, 2015 at 3:00 o'clock in the afternoon. The agenda for the meeting is as follows:

1. Call To Order
2. Proof of Notice of Meeting
3. Certification of Quorum
4. Approval of the Minutes of the Previous Meeting of Stockholders
5. Approval of 2014 Operating and Financial Reports
6. Ratification of All Acts and Proceedings of the Board of Directors, Executive Committee and Management
7. Election of Directors
8. Appointment of External Auditors
9. Other Matters/Adjournment

In accordance with the rules of the Philippine Stock Exchange, the close of business on April 28, 2015 has been fixed as the record date for the determination of the stockholders entitled to notice and vote at said meeting and any adjournment thereof.

All stockholders who will not, are unable to, or do not expect to attend the meeting in person may fill out, date, sign and send the proxy to the Corporation at the 8th Floor, Philcom Building, 8755 Paseo de Roxas, Makati City, Philippines. All proxies should be received by the Corporation at least three (3) days before the date of the meeting, on or before June 8, 2015. The proxies submitted shall be validated by a Committee of Inspectors at the Office of the Corporation's stock and transfer agent, Professional Stock Transfer, Inc. at 10/F Telecom Plaza Building, 316 Sen. Gil Puyat Avenue, Makati. For corporate stockholders, the proxies should be accompanied by a Secretary's Certification on the appointment of the corporation's authorized signatory.

To avoid inconvenience in registering your attendance at the meeting, you or proxy is requested to bring identification paper(s) containing a photograph and signature, e.g., passport, driver's license or credit card.

City of Makati City May 12, 2015.

EDMUNDO L. TAN
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code

1. Check the appropriate box:

____ Preliminary Information Statement

__√__ Definitive Information Statement

2. Name of Registrant as specified in its charter **APC GROUP, INC.**

3. Province, country or other jurisdiction of incorporation **Philippines**

4. SEC Identification Number **AS093-008127**

5. BIR Tax Identification Number **002-834-075**

6. Address of principal office Postal Code
8th Floor, Philcom Building, 8755 Paseo de Roxas, Makati City 1226

7. Registrant's telephone number, including area code **(632) 845-0614**

8. Date, time and place of the meeting of security holders
June 11, 2015; 3:00 PM; Meeting room 10, SMX Conventions Center, Seashell Lane, Mall of Asia Complex, Pasay City

9. Approximate date on which the Information Statement is first to be sent or given to security holders: May 21, 2015

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,504,203,997 shares (As of April 30, 2015)**

11. Are any or all of these securities listed on a stock exchange?

Yes (x) No ( )

12. If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange- Common Shares

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders.

(a) Date - June 11, 2015
Time- 3:00 PM
Place- Meeting room 10, SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City

Complete mailing address of the Registrant;
8th Floor, Philcom Building, 8755 Paseo de Roxas, Makati City

(b) The approximate date on which the Information Statement is first to be sent or given to security holders is on May 21, 2015.

Item 2. Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting on June 11, 2015 are not among the instances enumerated in Sections 81, 42, and 105 of the Corporation Code whereby the right of any stockholder to dissent and demand payment of the fair value of his shares may be exercised. The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences to any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other dispositions of all or substantially all of the corporate property and assets as provided in this Code;
3. In case of merger or consolidation;
4. In case of the investment of the corporate funds in another corporation or business or for any purpose other than its primary purpose; and
5. In a close corporation under Section 105 of the Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director or executive officer of the Registrant who has served as such since the beginning of the last fiscal year, nor any nominee for election as a director, has any substantial interest, direct or indirect, in any matter to be acted upon, other than election to office.

Neither has any director of the Registrant given any notice that he intends to oppose any action to be taken by the Registrant at the meeting.

CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a)	Number of common shares outstanding as of April 30, 2015	7,504,203,997 shares
	Filipino (Local Shares)	6,882,170,534 shares
	Foreign	622,033,463 shares
	Number of votes entitled	One (1) vote per share
(b)	The record date with respect to this Information Statement	April 28, 2015
(c)	Number of holders as of April 30, 2015	605 holders

With respect to the election of seven (7) directors, each stockholder may vote such number of shares for as many as seven (7) persons he may choose to be elected from the list of nominees, or he may cumulate said shares and give one candidate as many votes as the number of his shares multiplied by seven (7) shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by seven (7).

(d) Security Ownership of Certain Record and Beneficial Owners and Management

(1) 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 April 30, 2015:

Title of Class	**Name and address of record owner 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 2)**	Filipino/Others	2,173,796,165	28.97%

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 beneficially held by the directors and officers of the Company as of April 30, 2015:

1) Title of Class	(2) Name of Beneficial Owner	(3) Amount and nature of beneficial ownership(direct)	(4) Citizenship	(5) Percent of Class
Common Stock	Willy N. Ocier	310,001	Filipino	0-
-do-	Frederic C. DyBuncio	1	Filipino	0-
-do-	Bernardo D. Lim	1,000	Filipino	0-
-do-	Edmundo L. Tan	1	Filipino	0-
-do-	Tomas D. Santos	1	Filipino	0-
-do-	Virginia A. Yap	10,001	Filipino	0-
-do-	Laurito E. Serrano	1	Filipino	0-
-do-	Jackson T. Ongsip	0	Filipino	0-
	Total	**321,006**		

(3) Voting Trust Holders of 5% or More

There is no party holding any voting trust or any similar agreement for 5% or more of APC Group's voting securities.

(4) Changes in Control

There is no arrangement which may result in a change in control of APC.

Item 5. Directors and Executive Officers of the Registrant

All incumbent directors, elected on September 22, 2014 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	58	Chairman	Filipino
Frederic C. DyBuncio	55	President/Director	Filipino
Edmundo L. Tan	69	Director / Corporate Secretary	Filipino
Bernardo D. Lim	67	Director	Filipino
Virginia A. Yap	64	Director	Filipino
Tomas D. Santos	63	Director-independent	Filipino
Laurito E. Serrano	55	Director-independent	Filipino
Jackson T. Ongsip	41	EVP-CFO	Filipino

The Company's Board of Directors is 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 Company amended its Amended By-Laws by adding Section 13 of Article IV providing rules and regulation for the nomination and election of independent directors and which amendment was approved by the SEC on November 28, 2006.

In compliance with SEC SRC Rule 38, the Corporations' Nomination Committee of the Corporate Governance Committee has adopted the following rules governing the nomination and election of independent directors:

1. Period. The Committee shall accept nominations for independent directors before the stockholders' meeting.
2. Form and Contents. The nominations shall be in writing signed by the nominating stockholder with the acceptance and conformity of the would-be nominee. It shall be indicated whether a nominee is intended to be an independent director, and must contain the nominee's age, educational attainment, work and/or business experience or affiliations.
3. Qualifications. The nominee for independent director must meet the minimum requirements and qualifications prescribed by law.
4. Evaluation. Copies of the nomination letters from the shareholders are circulated to the members of the Committee. The Committee sets a meeting to evaluate the nominations in accordance with the qualifications of the nominees and set policies and parameters for screening.
5. List of Candidates. The Committee prepares a final list of all candidates including a summary of relevant information about them. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Directors. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

The Nomination Committee is composed of the following:

Edmundo L. Tan	-	Chairman
Tomas D. Santos	-	Member
Virginia A. Yap	-	Member

The composition of the Board of Directors and the incumbent executive officers of the Company are as follows:

Willy N. Ocier
Chairman

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.

Frederic C. DyBuncio
President and Director

Mr. Frederic C. DyBuncio is the President, Chief Executive Officer and Director of APC Group, Inc., Belle Corporation, and Premium Leisure Corp. He is the Vice Chairman and Director of Atlas Consolidated Mining and Development Corporation, Concurrently, he is the Senior Vice President of Investments Portfolio of SM Investments Corporation. He is a Director of Tagaytay Highlands International Golf Club, Inc., and Pacific Online Systems Corporation. Prior to holding the post, he was a career banker who spent over 20 years with JP Morgan Chase and its predecessor institutions. He graduated from Ateneo de Manila University with a Bachelor of Science degree in Business Management and finished a Master's degree in Business Administration program at Asian Institute of Management.

Edmundo L. Tan
Corporate Secretary and Director

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 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.

Bernardo D. Lim
Director

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.

Virginia A. Yap
Director

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 twenty-nine years. She holds a Bachelor of Science in Commerce (Major in Accounting) degree from the University of Mindanao.

Tomas D. Santos
Independent Director

Mr. 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.

Laurito E. Serrano
Independent Director

Mr. Laurito E. Serrano is a Certified Public Accountant with a Masters 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 and MJC Investments, Inc.; 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.

Jackson T. Ongsip
Chief Financial Officer

Mr. Jackson T. Ongsip is a Certified Public Accountant and concurrently holds the position of Vice President-Portfolio Investments of SM Investments Corporation, CFO in Premium Leisure Corp. and Premium Leisure and Amusement Inc. Prior to joining SM Investments Corporation, Mr. Ongsip had over 18 years of work experience with Sycip Gorres Velayo & Co. and Globe Telecom, Inc.

<u>Independent Directors</u>

Mr. Tomas D. Santos was re-elected and Mr. Laurito E. Serrano was elected as independent directors during the 22 September 2014 annual stockholders meeting to comply with the requirements set forth in Section 38 of the Securities Regulation Code.

Currently, no independent director has exceeded the five (5) year term limit per SEC Memorandum Circular No. 9, Series of 2011.

The nomination, pre-screening and election of independent directors were made in compliance with the requirements of the Code of Corporate Governance and the Securities and Exchange Commission's Guidelines on the Nomination and Election of Independent Directors which have been adopted and made part of the Corporation's By-Laws.

<u>Nominees for Independent Directors</u>

On 29 April 2015, the Nomination Committee constituted by the Company's Board of Directors, indorsed the nomination by Maritoni Z. Liwanag and Martin Israel L. Pison in favor of Mr. Tomas D. Santos and Mr. Laurito E. Serrano, respectively, for their re-election as independent directors.

The Nomination Committee, composed of Edmundo L. Tan, Tomas D. Santos and Virginia A. Yap have determined that the nominees for independent director possess all the qualifications and has none of the disqualifications for independent director as set forth in the Company's Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC). Mr. Santos took no part in the qualification of his nomination.

Family Relationships

None

Significant employee

There is no significant employee.

Involvement in Certain Legal Proceedings

As of the date of this information statement, the Company is not aware of any if 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) Any 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) Any finding 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.

Parent of Registrant and Basis of Control

Belle Corporation owns 3,500,000,000 shares of the Company's capital stock or 46.59%.

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.
Transactions with related parties are normally settled in cash.

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 to (Advances from)	Terms	Conditions
Stockholder					
Belle					
(1) Advances	**2014**	**₱–**	**(₱79,406,947)**	On demand; Noninterest-bearing	Unsecured
	2013	–	(79,406,947)		
(2) Share in expenses	**2014**	**(232,014)**	**(232,014)**	On demand; Noninterest-bearing	Unsecured
Total					
Advances from related parties	**2014**		**(₱79,629,961)**		
	2013		(79,406,947)		

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

	2014	2013	2012
Salaries and short-term employee benefits	**₱3,958,046**	₱4,808,046	₱7,400,645
Retirement costs	**216,000**	285,400	348,000
	₱4,174,046	₱5,093,446	₱7,748,645

Summary Compensation Table (Annual Compensation – In Pesos)

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

Name and Principal Position	Year	Salary	Other Variable Pay
Bernardo D. Lim[1]* (CFO)			
Frederic C. DyBuncio[1] (CEO &President)			
Jackson T. Ongsip[1] (CFO)			
CEO & Most Highly Compensated Executive Officers	Actual 2013	2,448,000	0
	Actual 2014	2,182,483	0
	Estimated 2015	1,813,000	0
All Other officers as a group unnamed	Actual 2013	0	0
	Actual 2014	0	0
	Estimated 2015	0	0

[1]CEO and Most Highly Compensated Executive Officers
*** Resigned as of March 31, 2014*

Except as provided above, there are no other officers of the Company receiving compensation.

Compensation and Remuneration Committee

Willy N. Ocier	-	Chairman
Edmundo L. Tan	-	Member
Virginia A. Yap	-	Member

Compensation of Directors

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

There is no employment contract between the Company and any of its executive officers. In addition, there are no compensatory plans or arrangements with any executive officer/director that resulted in or will result from the resignation, retirement or termination of such executive officer/director or from change-in-control in the Company.

Options Outstanding

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

No Action on Compensation Plans

No action will be taken on the Registrant's Compensation Plans.

Independent Public Accountants

Sycip Gorres Velayo & Co., the Company's external auditors for 2014-2015 will be recommended for reappointment as such for the current year.

Representatives of Sycip Gorres Velayo & Co. are expected to be present at the Annual Meeting to respond to appropriate questions and will be given an opportunity to make a statement, if they so desire.

In 2014, Christine G. Vallejo was assigned as SGV's partner-in-charge for the company. Her appointment shall not exceed five (5) years in compliance with SRC Rule 68.

The Audit Committee is composed of the following:

Tomas Santos	-	Chairman
Bernardo D. Lim	-	Member
Virginia A. Yap	-	Member

OTHER MATTERS

Action With Respect To Reports

The Registrant will seek the approval by the stockholders of the minutes of the previous stockholders' meeting during which the following were taken up: (1) call to order; (2) proof of notice of meeting; (3) certification of quorum; (4) approval of the minutes of the previous meeting of stockholders; (5) approval of 2013 operations and results and Financial Statements; (6) ratification of all acts and proceedings of the Board of Directors, Executive Committee and management; (7) amendment of Third Article of the Articles of Incorporation Pursuant to SEC Memo Circular No.6 Series of 2014 to specify the complete address of the Corporation which is 8th Floor, PhilCom Building, 8755 Paseo de Roxas, Makati City, Philippines. (8) election of directors; (9) appointment of SGV as external auditors; (9) other matters /adjournment.
The Company will also seek approval by the stockholders of the 2014 operating and financial reports contained and discussed in the annual report and made part of this Information Statement. Approval of the reports will constitute approval and ratification of the acts of management and of the Board of Directors for the past year.

Ratification of All Acts, Decisions and Proceedings of the Board of Directors and Management since the Last Annual Meeting.

As a matter of corporate policy, Management seeks the approval and ratification by the stockholders of all the acts, contracts, investments and resolutions of the Board of Directors and Management since 22 September 2014, the last annual meeting. These are reflected in the minutes of the meeting of the Board of Directors in their regular reports and disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange. The following enumerates some of the resolutions passed and acted upon by the Board, Officers and Management.

1. Election of officers, appointment of Chairman and members of the Executive Committee, creation of Corporate Governance Committees consisting of the Audit Committee, Compensation and Remuneration Committee and Nomination Committee.
2. Approval of the sale of up to 90,000,000 common shares of Premium Leisure Corporation subject to market conditions.
3. Approval of the sale and transfer of Premium Leisure Corporation’s 10,000,000 shares.
4. Authority to enter into a Renewable Energy Contract (RE Contract) with the Department of Energy.
5. Approval Confirmation and Authorization for the release of the Company’s Annual Audited Financial Report for the periods ended 31 December 2013 and 31 December 2014.
6. Approval of the replacement of the lost APC Group, Inc. stock certificate for 1,730,000 shares owned by Parallax Resources, Inc. bearing certificate no. 5779.
7. Authority to receive communications from and represent the Corporation with the Mines and Geosciences Bureau including those pertaining to the cement project in Guinatilan, Cebu.
8. Approval of the company’s listing with the Philippine Stock Exchange of 3,500,000,000 shares previously acquired by Belle Corporation through private placement in 1996.
9. Approval of company’s registration with the Optical Media Board for the CD-burning of the company’s SEC Form 20-IS.
10. Approval of the record date of April 28, 2015 for the stockholder’s meeting on 11 June 2015.

Other Proposed Actions

The following are to be proposed for approval during the stockholders meeting:

1. Minutes of the Previous Meeting of Stockholders;
2. 2014 Operations and Results;
3. Ratification of All Acts and Proceedings of the Board of Directors, Executive Committee and Management;
4. Election of Directors;
5. Appointment of External Auditor;
6. Other Matters.

Voting Procedures

(a) The actions to be taken at the Annual Stockholders' Meeting shall require the vote of the stockholders representing at least a majority of the Company's outstanding capital stock.

(b) Each stockholder shall be entitled to vote in person and by proxy and, unless otherwise provided by law, he shall have one vote for each share of stock entitled to vote and recorded in his name in the books of the Company. Elections and all questions shall be decided by the plurality of vote of stockholders present in person or by proxy and entitled to vote thereat, a quorum being present, except in cases where other provision is made by statute. Unless required by law, or demanded by a stockholder present in person or by proxy, and entitled to vote thereat, the vote on any question need not be by ballot. On a vote by ballot, each ballot shall be signed by the stockholder voting or in his name by proxy if there be such proxy, and shall state the number of shares voted by him.

(c) In case of election of directors and independent directors, cumulative voting is allowed. Each stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many nominees as he shall see fit, provided that the whole number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

The top seven nominees garnering the highest number of votes will be deemed elected as members of the Board of Directors. The Chairman of the meeting shall count the votes and shall cause the Corporate Secretary to record the same in the minutes of the meeting.

(d) The Canvassing Committee, chaired by the Corporate Secretary, will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are presented by proxies in the Annual Meeting of the Stockholders.

Corporate Governance

APC has been monitoring compliance with SEC Memorandum Circular No. 2, Series of 2002 as amended by SEC Memorandum Circular No. 6, Series of 2009, as well as other relevant SEC circulars and rules on good corporate governance. On 31 July 2014, APC submitted its Revised Corporate Governance Manual in compliance with SEC directive of 26 January 2011. All directors, officers, and employees complied with all the leading practices and principles of good governance as embodied in the Company's Manual of Corporate Governance. The Company complied with the appropriate performance self-rating assessment and performance evaluation system to determine and measure compliance with the Manual of Corporate Governance.

The Company is unaware of any non-compliance with or deviation from its Manual of Corporate Governance by any of its directors, officers and employees during the previous year. The Company will continue to monitor compliance with the SEC Rules of Corporate Governance, and shall remain committed in ensuring the adoption of other systems and practices of good corporate governance to enhance its value to its shareholders.

On 28 March 2014, the Board approved the company's 2013 Corporate Governance Guidelines Disclosure Survey for submission to the Philippine Stock Exchange. In a meeting of the Board of Directors held July 23, 2014, the Board approved the creation of the Risk Management Committee. The Board likewise approved the Company's Code of Ethics, Guidelines on Acceptance of Gifts, Guidelines on Travel Sponsored by Business Partner, Guidelines on Placement of Advertisements, Insider Trading Policy, and Policy on Accountability, Integrity and Vigilance. **In the Organizational Meeting of the duly elected Board of Directors held immediately after the Stockholders' Meeting on September 22, 2014 the new members of the Executive Committee, Nomination Committee, Compensation and Remuneration Committee, Audit Committee and Risk management Committee were elected.**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This is signed in the City of Pasig this 12th day of May 2015.

APC GROUP, INC.

EDMUNDO L. TAN
Corporate Secretary

MANAGEMENT REPORT

APC GROUP, INC.

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 Parent Company created new companies, namely, Aragorn Power and Energy Corporation (APEC), APC Energy Resources, Inc. (APCERI–previously Aragorn Coal Resources, Inc.) and APC Mining Corporation (APC Mining). These companies were established in line with the government's thrust in developing the country's energy and mining sectors. The prospects in these industries are bolstered by the government's decision to open up this sector to foreign investors. Thus, APC will concentrate in energy resource exploration and development and pursue mining activities. The government's thrust to encourage investments in these sectors augurs well with the Company's investment direction.

Employees

APC Group and subsidiaries had a total of 6 employees as of December 31, 2014.

SUBSIDIARIES

Aragorn Power and Energy Corporation

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

Kalinga Apayao Geothermal Service Contract.

In 2008, the APEC 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 (CP) from the National Commission of Indigenous People (NCIP), covering a major portion of the geothermal service area, was secured. The GSC was converted into a Geothermal Renewable Energy Service Contract (GRESC) in late March 2010 to avail of the incentives provided under the Renewable Energy Act of 2008. As of April 30, 2015, the consent of 9 out of eleven 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 Geothermal Philippines Holdings, Inc. (Chevron) in developing the geothermal area in November 2010. The parties signed a Farm-out Agreement which gives APEC 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 Renewable Energy (RE) Act of 2008, a foreign company can own majority interest in an RE 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 base load power to the Luzon grid. A 100 MW geothermal project will approximately cost US$300 million. This GRESC will be the first major international investment in the country under the Renewable Energy Act of 2008.

As at December 31, 2014, APEC accomplished exploration activities that include Geological and Geochemical surveys and the Magneto Telluric Geophysical survey has been completed. Community development projects were also undertaken in the various ancestral domains.

Sub-Phase 3 (Drilling of Exploratory wells) of the exploration work program will be done in 2016. The exploration wells will take about six months to complete. If the results of the exploration wells prove positive, construction of the power plant will follow.

In September 2014, the DOE approved a one (1) year extension of the term of Geothermal Service Contract.

PRC-MAGMA Energy Resources Inc.

PRC-Magma is still in its pre-operating stage. It was registered with the SEC on June 10, 2009 to engage in the business of exploration, development, and exploitation, and processing of renewable and non-renewable energy resources, including but not limited to wind, power, solar power, hydropower, biofuels, biomass, and coal; exploration, mining and processing of metalliferous and non-metalliferous mineral and ore resources; trading and supply of energy and mineral resources; and generation of electric power using energy resources.

In March 2010, the GRESC for Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces were awarded to PRC-Magma. Remote sensing studies and re-evaluation of previous studies were conducted which highlighted potential geothermal prospect areas that warrant further investigation. Interpretations of processed Shuttle Radar Topology Mission (SRTM) Imageries are ongoing.

Mainit-Sadanga Geothermal Project. The Mainit-Sadanga Geothermal Project has a total area of 58,911 hectares. It has a power generation potential of 60-100 MW. From the initial investigations, two volcanic centers representing two separate geothermal reservoirs are possibly present in the area located in south-southwest of Kalinga.

In 2014, out of the twelve (12) ancestral domains, consensus building was initiated for six (6) communities. PRC-Magma will pursue consensus building for the remaining ancestral domains.

Buguias-Tinoc Geothermal Project. The Buguias-Tinoc Geothermal Project has a total area of 35, 424 hectares covering two municipalities of Benguet Province as well as two municipalities of Ifugao Province. It also has a power potential of 60-100MW. Previous studies involving resistivity surveys identified a clear low resistivity anomaly encompassing an approximately 7.5 sq. kilometers in Tukukan area which coincided with the occurrence of thermal manifestations. Present data suggest a highly prospective geothermal reservoir, a majority portion of which lies outside the Mt. Pulag National Park.

As at December 31, 2014, the Company is undergoing the process of consensus building with the indigenous peoples prior to the initiation of exploration activities.

APC Energy Resources, Inc. (Previously Aragorn Coal Resources, Inc.)

APCERI is still in the pre-operating stage. It was established to engage in coal resource exploration and development. It has a Coal Operating Contract (COC) with the Department of Energy (DOE) signed in January 2007 located in Isabela covering 3000 hectares.

The Isabela project was put on hold because of the anti-mining sentiment of the local government units (LGU) and the community. The COC is adjacent to the coal areas of PNOC. Partial exploration works had been conducted.

In 2013 and 2015, the DOE terminated the COC in Masbate and Isabela, respectively.

To align with the Parent Company’s plan to concentrate in energy resource exploration and development, Aragorn Coal Resources, Inc. changed its name in March 2015 to APC Energy Resources, Inc. with the primary purpose “to explore, develop and utilize renewable energy resources”.

APC Mining Corporation

The Company has dropped all applications for exploration permits.

OTHER SUBSIDIARIES

APC Cement Corporation was established to engage in the manufacture of cement. The cement plant was envisioned to manufacture 1.5 million tons of cement a year. The company has two (2) Mineral Production and Sharing Agreements (MPSA) with the DENR-MGB covering more than 1,000 hectares of land containing limestone deposits. The project is located in the Municipality of Ginatilan in Southern Cebu.

From November 2010 up to April 2011, thirteen (13) holes were drilled covering an area of approximately 29 hectares. Proven and probable reserves in the drilled area are sufficient to supply the limestone requirements of the cement plant for more than 50 years.

A Revised Feasibility Study for a 1.5 million Metric Tons Cement Project was prepared in July 2011. The study concluded that the cement project is financially viable offering an attractive rate of return. Management is currently seeking for prospective partners.

MARKET INFORMATION

The principal market where the registrant's common equity is traded is 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:

Quarter	2015		2014		2013	
	High	Low	High	Low	High	Low
First Quarter	**.73**	**.68**	.72	.59	.95	.74
Second Quarter			.82	.60	.93	.70
Third Quarter			1.05	.77	.81	.63
Fourth Quarter			.87	.70	.77	.62

The price information as of the close of the latest practicable trading date, 12 May 2015, is P0.68.

SECURITY HOLDERS

As of April 30, 2015**,** Registrant had 605 shareholders of common equity. On the said date, the following were the Top 20 registered shareholders of the common equity of the Company:

	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- *Filipino/Others*	2,173,796,165	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. – *Others*	230,000,000	3.06
6. Integrated Holdings, Inc.	180,000,000	2.40
7. Elite Holdings, Inc.	168,500,000	2.24
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 - *Others*	18,000,000	0.24
15. Tak Chang Investments Co., Ltd. - *Others*	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. Corporate Inv. Phils., Inc.	3,000,000	0.04

DIVIDENDS

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. 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.

RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

There was no recent sale of unregistered or exempt securities.

FINANCIAL AND OTHER INFORMATION

Financial Statements

The audited Consolidated Financial Statements and Supplementary Schedules for the year 2014 are filed as part of this Form 20IS.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosures

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 P560,000 for 2014 and P545,000 for 2013.

2. a. No other assurance and related services were rendered in 2014 and 2013.

   b. No tax services were rendered by the external auditor in 2014 and 2013.

   c. There were no other fees paid to the external auditor in 2014 and 2013.

   d. The audit committee approved the policies and procedures of the above services. The Board of Directors 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.

MANAGEMENT'S DISCUSSION OR PLAN OF OPERATION

FULL YEAR 2014 compared to FULL YEAR 2013

Income Statement

APC Group, Inc. closed the year 2014 with consolidated net income of P120.8 million, compared to the net loss recorded in 2013 amounting to P71.4 million. Coupled with lower costs and expenses in 2014, the significant improvement was mostly attributed to the gain on sale of available-for-sale financial assets of P144.9 million.

Total Costs and Expenses including depreciation for 2014 amounted to P34.6 million. Compared to the Costs and Expenses incurred in 2013, expenses was lower in 2014 due to following:

- Higher provision for impairment of deferred exploration costs and mining rights was recognized in 2013 following the discontinuance of all mining projects under APC Mining Corporation amounting to P46.8 million. For the year 2014, impairment of deferred exploration costs amounting to P16.3 million were recognized on exploration projects under APC Energy Resources, Inc. and PRC-Magma Energy Resources, Inc.

- Salaries and Employee Benefits in 2014 was lower by P2.8 million or 33% compared to the year 2013 mainly due to retirement and resignation of employees.

- The decline in costs and expenses was countered by an increase in the taxes and licenses and other incidental costs attributable to the sale of available-for-sale financial assets during the latter portion of 2014.

Other comprehensive income amounted to P118.5 million in 2014 compared to the comprehensive loss of P77.5 million in 2013. The variance mostly was due to the recognized net income of P120.8 million in 2014, in addition to lower unrealized mark-to-market loss on Available-for-Sale Financial Assets amounting to P2.2 million and a lower re-measurement loss on defined benefit obligation amounting to P0.1 million in 2014.

Balance Sheet

APC Group's consolidated assets stood at P412.1 million as of December 31, 2014 compared to P368.1 million as of end 2013.

- Consolidated cash and cash equivalents was at P157.4 million at the end of 2014, 113% higher than the P73.8 million as of end-December 2013. The increase is mainly attributable to the proceeds of sale of available-for-sale financial assets. Disbursement for general and administrative expenses (P17.2 million), payment of subscriptions payable (P75 million) and additions to deferred exploration costs (P3.1 million) offset the said increase.
- Trade and other receivables declined by 95% from P11.4 million in 2013 to P0.6 million in 2014 mainly due to the collection of receivables related to the sale of available-for-sale financial assets (P9.2 million) and liquidation of advances to officers and employees (P0.6 million).
- Total available-for-sale financial assets as of December 31, 2014 stood at P13.6 million, 52% lower compared to 2013 due to the sold financial assets in the latter part of 2014.
- Property, plant and equipment, net of accumulated depreciation, declined to P0.1 million from P0.7 million due to the annual depreciation expense and write-off of unusable assets held by subsidiaries.
- Net deferred exploration costs and mining rights declined by 17% in 2014 from the P85.2 million balance in 2013 due to the allowance for impairment on deferred exploration costs of P16.3 million, partially offset by the disbursements for the existing exploration projects.

Consolidated liabilities decreased by 39% or P74.5 million from P189.1 million as of December 31, 2013 to P114.6 million as of December 31, 2014. The decrease was mainly attributable to the payment of subscription payables amounting to P75 million and payments made to retired and resigned employees reducing accrued retirement costs by P4.6 million.

Stockholders' Equity as of December 31, 2014 and December 31, 2013 amounted to ₱297.5 million and ₱179.0 million, respectively. The 66% increase was due to ₱120.8 million net income recognized in 2014, partially offset by a P2.2 decline in unrealized mark-to-market gain.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2015.

The Company has no off-balance sheet transactions.
As of December 31, 2014, 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, 2013 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).** 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 31 December 2014	YTD 31 December 2013
Return on Assets Ratio...……………………………………..	0.29	(0.17)
Return on Equity Ratio...……………………………………..	0.41	(0.35)
Current Ratio……….……………………………………..	1.58	1.10
Debt to Equity Ratio….…………………………………...	0.39	1.06
Asset to Equity Ratio ………………………………………..	1.39	2.06

Discussion on the key performance indicators

Return on Assets Ratio
The Company's consolidated Return on Assets Ratio was higher for the period ended December 2014 compared to year-end 2013 as the Company posted a net income of P120.8 million mostly coming from the gain on sale of available-for-sale financial assets.

Return on Equity Ratio
Return on Equity Ratio increased to 0.41x due to the net income recorded in 2014 compared to the year-end of 2013 when it posted a net loss of P63.2 million.

Current Ratio
Current Ratio improved by 1.58x year-on-year due to the increase in cash and cash equivalents from the proceeds of sale of available-for-sale financial assets during 2014.

Debt to Equity Ratio
Debt to Equity Ratio decreased to 0.39x as of end-December this year 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 due to the increase in Stockholders' Equity as the Company recorded net income of ₱120.8 million for the period ending December 31, 2014.

FULL YEAR 2013 compared to FULL YEAR 2012

Income Statement

Loss before income tax for the year 2013 amounted to P63.6 million while income before income tax amounted to P5.9 million for the year 2012. The increase in loss of P69.6 million was due to the increase in provision for impairment of deferred exploration costs and mining rights (P29.7 million), increase in other expense (P18.2 million), decrease in fair value gain on investment property (P25.3 million), partially offset by the increase in gain on sale of investments in subsidiary (P3.3 million).

•Additional provision for impairment of deferred exploration costs and mining rights amounted to P46.8 million following the discontinuance of all mining projects under APC Mining Corporation.

•Other expense in 2013 amounting to P11.9 million resulted mainly from a deconsolidation of a subsidiary compared to other income in 2012 amounting to P6.3 million which resulted mainly from reversal of impairment loss on investment and advances.

•There was no increase in fair value of the property located in Cebu for the cement project in 2013 compared to an increase of P25.3 million in 2012.

•Gain on sale of available-for-sale financial assets in 2013 amounted to P9.2 while gain on sale of investments in subsidiary in 2012 amounted to P5.9 million.

Net loss in 2013 compared to net income in 2012 amounted to P71.4 million and P5.2 million, respectively.

Other comprehensive loss amounted to P6.1 million and P1.3 million in 2013 and 2012, respectively. The increase in loss of P4.9 million was due to the increase in unrealized mark-to-market loss on available for sale financial assets amounting to P2.0 million and the increase in re-measurement loss on defined benefit obligation amounting to P3.1 million.

As a result, total comprehensive loss amounted to P77.5 million in 2013 compared to total comprehensive income of P4.0 million in 2012.

Balance Sheet

Total assets amounted to P368.1 million as of December 31, 2013 compared to P518.6 million as of December 31, 2012. The decrease of P150.5 million was due to:

•The increase in Cash (P29.1 million) was due mainly to collection of receivables from the sale of APC Properties, Inc. and APC Distribution Networks, Inc. which were sold in late 2012 and the sale of Environment and General Services, Inc. (EGSI) in 2013, which generated total cash proceeds of P49.7 million, partially offset by disbursements for operating activities (P12.7 million) and deferred exploration cost (P6.3 million).

•Decrease in Receivable (P14.0 million) was mainly due to collection of receivables from sale of investment in APC Properties and APC Distribution in 2012 (P24.7 million) partially offset by the additional receivable resulting from the sale of available-for-sale financial assets (P9.2 million).

•The decrease in Other Current Assets (P1.8 million) was mainly due to the deconsolidation of a subsidiary.

•Non-Current Assets decreased by P44.2 million was due to the provision for impairment of deferred exploration costs of APC Mining Corporation (P46.8 million) and the fair value adjustment of available-for-sale financial assets (P4.0 million), partially offset by the additional deferred exploration costs (P7.3 million).

Total Liabilities amounted to P189.1 million as of December 31, 2013 compared to P262.1 million as of December 31, 2012. The decrease of P73.0 million was mainly due to the sale of a subsidiary (P78.0 million) partially offset by the increase accrued retirement costs (P2.6 million).

Stockholder's equity decreased by P77.5 million from P256.5 million as of December 31, 2012 to P179.0 million as of December 31, 2013.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2014.

The Company has no off-balance sheet transactions.

As of December 31, 2013, 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, 2012 to December 31, 2013.

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 31 December 2013	YTD 31 December 2012
Return on Assets Ratio...……………………………………..	(0.17)	0.01
Return on Equity Ratio...……………………………………..	(0.35)	0.03
Current Ratio……….……………………………………..	1.10	1.25
Debt to Equity Ratio….……………………………………...	1.06	1.02
Asset to Equity Ratio ………………………………………..	2.06	2.02

Discussion on the key performance indicators

Return on Assets Ratio
The Company posted a negative Return on Assets as of December 31, 2013 as it recognized a net loss of P63.2 million compared to the positive ROA in 2012 of 0.01x.

Return on Equity Ratio
Likewise, Return on Equity Ratio was -0.35x for 2013 due to the net loss incurred for the year compared to the prior year ROE of 0.03x.

Current Ratio
Current Ratio declined by 12% year-on-year mostly due to the disposal of a subsidiary held of sale and classified as a discontinued operation, which resulted to the removal of net current assets amounting to P41.6 million.

Debt to Equity Ratio
Debt to Equity Ratio slightly increased to 1.06x as of end-December 2013 as the Company's total equity declined by P77.5 million mostly due to the net loss recorded during the year. This was tapered by the decline in total debt due to the removal of liabilities directly associated with assets held-for-sale.

Assets to Equity Ratio
Assets to Equity Ratio increased to 2.06x due to the decline in total equity as the Company recorded net loss of P63.2 million for the period ending December 31, 2013 compared to the P6.9 million net profit recorded in 2012.

1st Quarter 2015 Management's Discussion and Analysis

Financial Statements

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

		March 2015		December 31 2014
ASSETS				
Current Assets				
Cash and cash equivalents	P	148,840,875	P	157,411,732
Trade and other receivables - net		441,545		619,406
Available-for-sale financial assets		9,369,061		13,629,591
Other current assets		6,435,010		6,307,661
Total Current Assets		**165,086,491**		**177,968,390**
Noncurrent Assets				
Property and equipment		102,930		114,436
Investment properties		156,986,106		156,986,106
Other noncurrent assets - net		77,881,521		77,071,321
Total Noncurrent Assets		**234,970,557**		**234,171,863**
Total Assets	P	**400,057,048**	P	**412,140,253**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	28,099,464	P	32,801,044
Income tax payable		251,642		251,642
Advances from related parties		79,888,682		79,629,961
Total Current Liabilities		**108,239,788**		**112,682,647**
Noncurrent Liabilities				
Subscriptions payable		161,959		161,959
Accrued retirement costs		1,893,800		1,790,500
Total Noncurrent Liabilities		**2,055,759**		**1,952,459**
Total Liabilities		**110,295,547**		**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		8,521,060		12,781,590
Gain on dilution		226,304		226,304
Remeasurement loss on defined benefit obligation		(2,725,405)		(2,725,405)
Deficit		(7,680,139,368)		(7,676,711,115)
Treasury shares		(29,435,220)		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		**298,461,615**		**306,150,398**
Equity Attributable to Non-controlling Interests		(8,700,113)		(8,645,251)
Total Equity		**289,761,502**		**297,505,147**
Total Liabilities and Equity	P	**400,057,048**	P	**412,140,253**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Income Statements
periods ended March 31, 2015 and March 31, 2014

		1st Quarter 2015 (January to March)		1st Quarter 2014 (January to March)
INCOME (EXPENSES)				
General and administrative		(3,791,601)		(4,732,166)
Interest Income		426,286		187,699
INCOME (LOSS) BEFORE INCOME TAX		**(3,365,315)**		**(4,544,467)**
Provision for Income tax-current		117,800		13,190
NET INCOME(LOSS)	**P**	**(3,483,115)**	**P**	**(4,557,657)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets		(4,260,530)		6,500,000
TOTAL COMPREHENSIVE INCOME (LOSS)		**(7,743,645)**		**1,942,343**
Income/(loss) attributable to:				
Equity holders of the Parent Company		(3,428,253)		(4,435,979)
Non-controlling interests		(54,862)		(121,678)
		(3,483,115)		**(4,557,657)**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent Company		(7,688,783)		2,064,021
Non-controlling interests		(54,862)		(121,678)
		(7,743,645)		**1,942,343**
Basic/Diluted Earnings (Loss) Per common Share				
(P-3,483,155/7,504,203,997) March 31, 2015	**P**	**-0.00046**		
(P-4,557,657/7,504,203,997) March 31, 2014			**P**	**-0.00061**
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 March 31, 2015 and March 31, 2014

	March 2015			March 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			8,521,060			21,500,000
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)			(3,428,253)			(4,435,979)
Balance at end of year			(7,680,139,368)			(7,804,035,712)
Less cost of 7,606,000 shares held by a subsidiary			(29,435,220)			(29,435,220)
Minority interest			(8,700,113)			(5,381,927)
		P	**289,761,502**		**P**	**182,193,484**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Cash Flows
periods ended March 31, 2015 and March 31, 2014

		1st Quarter 2015 (January to March)		1st Quarter 2014 (January to March)
Net cash provided by (used in) operating activities	P	(8,019,378)	P	4,354,964
Net cash provided by (used in) investing activities		(810,200)		(753,412)
Net cash provided by (used in) financing activities		258,721		1,157,538
Net increase(decrease) in cash and cash equivalents	**P**	**(8,570,857)**	**P**	**4,759,090**
Cash and cash equivalents, beginning, January 1		157,411,732		73,754,007
Cash and cash equivalents, March 31	**P**	**148,840,875**	**P**	**78,513,097**

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

Balance Sheet

(Amounts in Pesos, except percentages)	March	December	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
	2015	2014	Amount	%	**2015**	2014
ASSETS						
Cash and cash equivalents	**148,840,875**	157,411,732	(8,570,857)	-5%	37%	38%
Trade and other receivables - net	**441,545**	619,406	(177,860)	-29%	0%	0%
Available-for-sale financial assets	**9,369,061**	13,629,591	(4,260,530)	-31%	2%	3%
Other current assets	**6,435,010**	6,307,661	127,349	2%	2%	2%
Property and equipment	**102,930**	114,436	(11,506)	-10%	0%	0%
Investment properties	**156,986,106**	156,986,106	-	0%	39%	38%
Other noncurrent assets - net	**77,881,521**	77,071,321	810,200	1%	19%	19%
Total Assets	**400,057,048**	412,140,253	(12,083,204)	-3%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	**28,099,465**	32,801,044	(4,701,579)	-14%	7%	8%
Income tax payable	**251,642**	251,642	(0)	0%	0%	0%
Advances from related parties	**79,888,682**	79,629,961	258,721	0%	20%	19%
Subscriptions payable	**161,959**	161,959	(0)	0%	0%	0%
Accrued retirement costs	**1,893,800**	1,790,500	103,300	6%	0%	0%
Total Liabilities	**110,295,547**	114,635,106	(4,339,559)	-4%	28%	28%
Capital Stock	**6,388,072,148**	6,388,072,148	(0)	0%	1597%	1550%
Additional paid-in capital	**1,613,942,096**	1,613,942,096	(0)	0%	403%	392%
Unrealized mark-to-market gain on available-for-sale financial assets	**8,521,060**	12,781,590	(4,260,530)	-33%	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	**(7,680,139,368)**	(7,676,711,115)	(3,428,253)	0%	-1920%	-1863%
Treasury shares	**(29,435,220)**	(29,435,220)	-	0%	-7%	-7%
Equity Attributable to Non-controlling Interests	**(8,700,113)**	(8,645,251)	(54,862)	1%	-2%	-2%
Total Equity	**289,761,502**	297,505,147	(7,743,645)	-3%	72%	72%
Total Liabilities and Equity	**400,057,048**	412,140,253	(12,083,205)	-3%	100%	100%

APC Group's consolidated assets decreased by 3% or ₱12.1 million from ₱412.1 million as of December 31, 2014 to ₱400.1 million as of March 31, 2015.

- Consolidated cash and cash equivalents was at ₱148.8 million at the end of the first quarter this year compared to ₱157.4 million as of end-December 2014. The 5% decline is mainly attributable to the disbursements for general and administrative expenses (₱3.8 million) and the distribution of funds related to the scholarship program of APEC (₱4.5 million) during the 1st quarter of the year.
- Available-for-Sale financial assets decreased by 31% compared the previous quarter due to the decline in market prices of stocks held by the Company.
- Non-current Assets increased by 1% or ₱0.8 million due to the increase in deferred exploration costs.

Consolidated liabilities decreased by 4% or ₱4.3 million from ₱114.6 million as of December 31, 2014 to ₱110.3 million as of March 31, 2015. The decrease was primarily due to the disbursement of funds related to the scholarship program of APEC (₱4.5 million) partially offset by the increase in accrued retirement costs.

Stockholders' Equity as of March 31, 2015 and December 31, 2014 amounted to ₱289.8 million and ₱297.5 million, respectively. The 3% decline was due to ₱3.4 million net loss recognition for the three-month ending March 31, 2015 and the ₱4.3 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)	Three Months ended March 31		Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
	2015	2014	Amount	%	**2015**	2014
Interest Income	**426,286**	187,699	238,587	*127%*	*100%*	*100%*
General and Administrative Expenses	**(3,909,401)**	(4,745,356)	835,955	*-18%*	*-917%*	*-2528%*
Net Income (Loss)	**(3,483,115)**	(4,557,657)	1,074,542	*-24%*	*-817%*	*-2428%*
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	**(4,260,530)**	6,500,000	(10,760,530)	*-166%*	*-999%*	*3463%*
Total Comprehensive income (loss) for the period	**(7,743,645)**	1,942,343	(9,685,988)	*-499%*	*-1817%*	*1035%*

APC Group posted a net loss of ₱3.5 million for the period ending March 31, 2015, 24% lower compared to the net loss of ₱4.6 million during the same period last year. The difference was mostly due to the lower general and administrative expenses in addition to higher interest income received from fixed savings deposits.

The Company recognized a comprehensive loss of ₱7.8 million due to the decline in market value of available-for-sale financial assets compared to the ₱1.9 million comprehensive income during the same period in 2014.

As of March 31, 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 March 31, 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 31 March 2015	YTD 31 December 2014	YTD 31 March 2014
Return on Assets Ratio...……………………………………..	(0.01)	0.29	(0.01)
Return on Equity Ratio...……………………………………..	(0.01)	0.41	(0.02)
Current Ratio………….……………………………………..	1.53	1.58	0.78
Debt to Equity Ratio….……………………………………...	0.38	0.39	1.04
Asset to Equity Ratio ………………………………………..	1.38	1.39	2.04

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 despite a lower net loss due to lower assets in 2014.

Return on Equity Ratio

Return on Equity Ratio was slightly higher year-on-year due to higher equity balances in 2015 as the company closed the year with a net income of ₱120.8 million in 2014.

Current Ratio
Current Ratio improved by 95% 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 3% due to expenditures for general and administrative expenses.

Debt to Equity Ratio
Debt to Equity Ratio decreased to 0.38x as at March 31, 2015 from 1.04x as at December 31, 2014 as total liabilities declined mostly due to the payment of subscription payables amounting to ₱75 million during the third quarter of 2014.

Assets to Equity Ratio
Assets to Equity Ratio decreased to 1.38x in 2015 due to the recorded net income of ₱120.8 million in 2014, thereby increasing the Company's Stockholders' Equity as of December 31, 2014 and March 31, 2015.

APC GROUP INC. AND SUBSIDIARIES
ANNEX TO THE MD&A SECTION
March 31, 2015

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 March 31, 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 March 31,2015 and December 31, 2014 are as follows:

	March 31, 2015		**December 31, 2014**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	₱148,840,875	₱148,840,875	₱157,411,732	₱157,411,732
Trade and other Receivables	441,545	441,545	619,406	73,754,007
Deposits*				
AFS financial assets	19,213	19,213	19,217	19,217
Total financial assets	**₱9,369,061**	**₱9,369,061**	**₱13,629,591**	**₱13,629,591**
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	₱28,099,465	₱28,099,465	₱32,774,061	₱32,774,061
Advances from related parties	79,888,682	79,888,682	79,629,961	79,629,961
Subscriptions payable	161,959	161,959	161,959	161,959
Total current financial liabilities	**₱108,150,106**	**₱108,150,106**	**₱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 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 March 31, 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 March 31, 2015.

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

2015 Plan of Operation

The Company will focus on the following directions in 2015:

1. Continue with the development of its geothermal resources. Pursue the exploration work program for the Kalinga project.

2. Continue to pursue the cement project in Cebu. Comply with the conditions of the two Mineral Production and Sharing Agreement (MPSA).

3. Seek other renewable energy development investment opportunities.

APPENDIX 1
APC GROUP INC. and SUBSIDIARIES
Aging of Accounts Receivables
As of March 31, 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		32,259				32,259	
Advances - Others		409,286				25,800	383,486
TOTAL		**441,545**	-	-	-	**58,059**	**383,486**

FINANCIAL STATEMENTS

The audited Financial Statements and Supplementary Schedules for the year 2014 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, 2014 and 2013	CSFP
Consolidated Statements Comprehensive Income for the years ended December 31, 2014, 2013 and 2012	CSCI
Consolidated Statements of Changes in Equity for the years ended December 31, 2014, 2013 and 2012	CSCE
Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012	CCFS
Notes to Consolidated Financial Statements	

Supplementary Schedules

Report of Independent Auditors on 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
I. Schedule of all the effective standards and interpretation	Attached
J. Reconciliation of retained earnings available for dividend declaration	Not applicable
K. Map of the relationship of the Company within the Group	Attached

CERTIFICATION

UNDERTAKING TO PROVIDE COPIES OF THE ANNUAL REPORT

UPON WRITTEN REQUEST OF ANY SHAREHOLDER OF RECORD ENTITLED TO NOTICE OF AND VOTE AT THE MEETING, THE COMPANY SHALL FURNISH SUCH SHAREHOLDER WITH A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WITHOUT CHARGE. ANY SUCH WRITTEN REQUEST SHALL BE ADDRESSED TO:

EDMUNDO L. TAN
APC GROUP, INC.
8^{th} Floor, Philcom Building
8755 Paseo de Roxas, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **LAURITO E. SERRANO,** Filipino, of legal age and a resident of 4205C Madras St., Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **APC Group, Inc. (APC)** duly elected by the Stockholders during the last Annual Stockholders' meeting held on September 22, 2014;

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service/ Affiliation Period
Philippine Veterans Bank	Director	Since June 2012
Atlas Consolidated Mining and Development Corporation	Independent Director	Since August 2012
Pacific Online Systems Corp.	Independent Director	Since May 2014
Travellers Intl. Hotel Group, Inc.	Independent Director	Since November 2013
MJC Investments Corporation	Independent Director	Since May 2014
MRT Dev. Corporation	Director	Since July 2013
Makati Parking Authority	Trustee/ Vice-President	Since May 2013

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of APC as provided for in Section 38 of the Securities and Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities and Regulations Code.

5. I shall inform the corporate secretary of APC of any changes in the abovementioned information within five days from its occurrence.

Done, this 5th day of May 2015.

LAURITO E. SERRANO
Affiant

MAKATI CITY MAY 07 2015

SUBSCRIBED AND SWORN to before me this ___ day of May 2015 at Pasig City, affiant exhibited to me his Driver's License No. N05-79-030116 valid until 3 Aug. 2016 and TIN#102-097-361.

Doc. No. 59;
Page No. 13;
Book No. VI;
Series of 2015.

ATTY. GERVACIO B. ORTIZ, JR
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512 / 01-05-2015 / MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-38/2015/ROLL NO. 40061
MCLE 0011225 JAN. 7, 2013

CERTIFICATION OF INDEPENDENT DIRECTOR

I, TOMAS D. SANTOS, of legal age, Filipino and with address at No. 8, Harding Street, San Juan City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent Director of APC Group, Inc. duly elected by the company's stockholders during the last annual stockholders meeting held on September 22, 2014;

2. I am affiliated with the following Companies:

Company/Organization	Position/ Relationship	Period of Service
Irvine Construction Corporation	President	1994 to present
Shamu Marketing	Owner	1990 to present
Filipino Chinese Youth Volunteer Fire Department, Inc.	President	2011 to present

3. I possess all the qualifications to serve as an Independent Director of APC Group, Inc. as provided in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as indepedent director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of APC Group, Inc. of any changes in the abovementioned information within five days from its occurrence.

Done this MAY 0 7 2015 day of 2015 at MAKATI CITY.

TOMAS D. SANTOS
Affiant

SUBSCRIBED AND SWORN to before me this MAY 0 7 2015 th day of 2015, at MAKATI CITY affiant exhibiting to me his Passport No. EB7359846 with expiry date on 10 February 2018 as a competent evidence of his identity.

Doc. No. 60;
Page No. 13;
Book No. I;
Series of 2015.

ATTY. GERVACIO B. ORTIZ, JR
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512 / 01-05-2015 / MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-38/2015/ROLL NO. 40061
MCLE 0011225 JAN. 7, 2013

REPUBLIC OF THE PHILIPPINES)
PASIG CITY, METRO MANILA) S.S.

SECRETARY'S CERTIFICATE

A. BAYANI K. TAN, of legal age, Filipino, with office address at 2704 East Tower, Philippine Stock Exchange Centre, Exchange Road, Ortigas Center, Pasig City, Metro Manila, being the duly elected and qualified Corporate Secretary of **BELLE CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, does hereby certify that during the meeting of the Board of Directors of the Corporation held on 27 April 2015, the following resolutions were unanimously approved:

> RESOLVED, that **BELLE CORPORATION** (the 'Corporation') designates its Vice Chairman, **Mr. Willy N. Ocier**, and/or its President and CEO, **Mr. Frederic C. DyBuncio**, as the duly authorized representatives of the Corporation for the purpose of attending the stockholders' meeting of **APC GROUP, INC.** on June 11, 2015 at Meeting Room 10, SMX Convention Center, Seashell Lane, Mall of Asia Complex, Pasay City, and to vote on any and all questions or matters to be taken up in said meeting;
>
> "RESOLVED, FURTHER, that in the event of the failure of the abovementioned representatives to attend the meeting of stockholders, the Corporation shall authorize and empower the Chairman of the Meeting, or in his absence, the Secretary of the Meeting, to exercise fully all rights as the proxy of the Corporation at such meeting;
>
> "RESOLVED, FINALLY, that **Messrs. Ocier** and/or **DyBuncio** be authorized to sign, execute, and deliver the proxy forms, instruments, and documents necessary to implement the foregoing resolutions."

IN ATTESTATION OF THE ABOVE, this Certificate was signed this MAY 07 2015 day of April 2015 at Pasig City, Metro Manila.

A. BAYANI K. TAN
Corporate Secretary

SUBSCRIBED AND SWORN to before me this MAY 07 2015 day April 2015 at Pasig City, Metro Manila, affiant having exhibited to me his Community Tax Certificate No. 12567201 issued on 01.08.15 at Manila and TIN 102-054-041.

Doc. No. 417;
Page No. 85;
Book No. II;
Series of 2015.

CARLA MAE E. BADI
Notary Public for Pasig City
Appointment No. 309 (2014-2015)
Commission Expires on December 31, 2015
2704 East Tower, PSE Centre, Exchange Road
Ortigas Center, 1605 Pasig City
PTR No. 0424153 / 01.26.2015 / Pasig City
IBP No. 0993640 / 01.26.15 / RSM Chapter
Roll of Attorneys No. 63373

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ABKT/JN/cely/060-200

ANNEX A

May 14, 2015

Securities and Exchange Commission
SEC Building, Mandaluyong City

Attention: Mr. Vicente Graciano P. Felizmenio, Jr.
Director, Markets & Securities Regulation Department

Sir:

This is to certify that none of the current APC Group, Inc.'s Board of Directors, including Independent Directors, and officers mentioned in the attached 2015 Definitive Information Statement holds any position in the Philippine Government or in any government agency.

Thank you.

Very truly yours,

Jackson T. Ongsip
EVP and CFO – APC Group, Inc.

ANNEX B

Financial Soundness Indicators (2014 vs 2013)

in Php millions

Current/Liquidity Ratio	December 2014	December 2013
Current Assets / Current Liabilities	178.0 / 112.7	91.0 / 107.5
	158%	85%
	.85:1	1.08:1

Current Ratio improved by 1.58x year-on-year due to the increase in cash and cash equivalents from the proceeds of sale of available-for-sale financial assets during 2014.

Solvency Ratio, Debt-to-equity Ratio	December 2014	December 2013
Total Liabilities / Stockholders' Equity	114.6 / 297.5	189.1 / 179.0
	39%	106%
	1.06:1	1.02:1

Debt to Equity Ratio decreased to 0.39x as of end-December this year as total liabilities declined mostly due to the payment of subscription payables amounting to P75 million during the third quarter of 2014.

Asset-to-equity Ratio	December 2014	December 2013
Total Assets / Stockholders' Equity	412.1 / 297.5	368.1 / 179.0
	139%	206%
	2.06:1	2.02:1

Assets to Equity Ratio decreased to 1.39x due to the increase in Stockholders' Equity as the Company recorded net income of P120.8 million for the period ending December 31, 2014.

Return on Assets	December 2014	December 2013
Net Income (Loss) / Total Assets	120.8 / 412.1	(63.2) / 368.1
	29.3%	-17.2%
	-.19:1	.01:1

The Company's consolidated Return on Assets Ratio was higher for the period ended December 2014 compared to year-end 2013 as the Company posted a net income of P120.8 million mostly coming from the gain on sale of available-for-sale financial assets.

APC GROUP INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of APC Group, Inc. and Subsidiaries ("APC Group") is responsible for the preparation and fair presentation of the consolidated financial statements for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has examined the consolidated financial statements of APC Group in accordance with the Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

WILLY N. OCIER
Chairman of the Board

FREDERIC C. DYBUNCIO
President and Chief Executive Officer

JACKSON T. ONGSIP
Executive Vice President and Chief Finance Officer

March 27, 2015

SUBSCRIBED AND SWORN to before me this APR 10 2015 at MAKATI CITY City, 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
Frederic C. DyBuncio	EC0634893	March 22, 2014	Manila
Jackson T. Ongsip	N03-90-097042	July 21, 2014	Manila

8th Floor, PhilCom Building
8755 Paseo de Roxas, Makati City
Metro Manila, Philippines
Tel.: (632) 845-0614
Fax No.: (632) 845-0259

DOC. NO. 950
PAGE NO. 21
BOOK NO. IV
SERIES OF 2015

ATTY. GERVACIO B. ORTIZ, JR.
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
PTR NO. 4748512 / 01-05-2015 / MAKATI
IBP NO. 656155 LIFETIME MEMBER
APPT. NO. M-33/2016 / ROLL NO. 40061
MCLE 0011225 JAN. 7, 2013

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S O 9 3 0 0 8 1 2 7

Company Name

APC GROUP, INC. AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

8th Floor, Philcom Building, 8755 Paseo de Roxas, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
apc_group_inc@yahoo.com	845-0614	-

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
604	Last Thursday of June	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Jackson T. Ongsip	jackson.ongsip@sminvestments.com	840-5465	-

Contact Person's Address

8th Floor Philcom Building, 8755 Paseo de Roxas, Makati City

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
APC Group, Inc.

We have audited the accompanying consolidated financial statements of APC Group, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of APC Group, Inc. and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
SEC Accreditation No. 1402-A (Group A),
March 13, 2014, valid until March 12, 2017
Tax Identification No. 206-384-906
BIR Accreditation No. 08-001988-105-2014,
March 10, 2014, valid until March 9, 2017
PTR No. 4751336, January 5, 2015, Makati City

March 27, 2015

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7, 22 and 23)	**₱157,411,732**	₱73,754,007
Trade and other receivables (Notes 8, 22 and 23)	**619,406**	11,346,682
Available-for-sale financial assets (Notes 9, 22 and 23)	**13,629,591**	84,921
Other current assets (Note 10)	**6,307,661**	5,805,854
Total Current Assets	**177,968,390**	90,991,464
Noncurrent Assets		
Available-for-sale financial assets (Notes 9, 22 and 23)	**–**	28,185,100
Property and equipment (Note 11)	**114,436**	678,112
Investment properties (Notes 12 and 23)	**156,986,106**	156,986,106
Goodwill and other noncurrent assets (Notes 13, 22 and 23)	**77,071,321**	91,229,241
Total Noncurrent Assets	**234,171,863**	277,078,559
	₱412,140,253	₱368,070,023
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 14, 22 and 23)	**₱32,801,044**	₱28,008,877
Advances from related parties (Notes 20, 22 and 23)	**79,629,961**	79,406,947
Income tax payable	**251,642**	98,016
Total Current Liabilities	**112,682,647**	107,513,840
Noncurrent Liabilities		
Subscriptions payable (Notes 9, 22 and 23)	**161,959**	75,161,959
Accrued retirement costs (Note 17)	**1,790,500**	6,422,300
Total Noncurrent Liabilities	**1,952,459**	81,584,259
Total Liabilities	**114,635,106**	189,098,099
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Notes 15 and 22)	**6,388,072,148**	6,388,012,148
Additional paid-in capital (Notes 15 and 22)	**1,613,942,096**	1,613,942,096
Unrealized mark-to-market gain on available-for-sale financial assets (Note 9)	**12,781,590**	15,000,000
Remeasurement loss on defined benefit obligation (Note 17)	**(2,725,405)**	(2,634,205)
Gain on dilution	**226,304**	226,304
Deficit	**(7,676,711,115)**	(7,799,599,734)
Treasury shares - 7,606,000 shares (Notes 15 and 21)	**(29,435,220)**	(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company	**306,150,398**	185,511,389
Non-controlling Interests	**(8,645,251)**	(6,539,465)
Total Equity	**297,505,147**	178,971,924
	₱412,140,253	₱368,070,023

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2014	2013	2012
CONTINUING OPERATIONS			
Income (Expenses)			
Provision for impairment of deferred exploration costs and mining rights (Note 13)	**(₱16,270,018)**	(₱46,788,151)	(₱17,132,891)
General and administrative expenses (Note 16)	**(17,608,577)**	(15,543,292)	(16,120,814)
Gain on sale of investments in a subsidiary and available-for-sale financial assets - net (Notes 4 and 9)	**144,924,050**	9,223,172	5,921,637
Write-off on available-for-sale financial assets (Note 9)	**(1,185,100)**	–	–
Interest income (Note 7)	**960,530**	1,384,487	1,085,670
Foreign exchange gain (loss) - net	**160**	2,127	(2,106)
Interest expense	**–**	(25,851)	(62,041)
Fair value gain on investment property	**–**	–	25,280,872
Dividend income	**–**	–	679,973
Equity in net losses of associates	**–**	–	(18,218)
Other income (expense) - net (Note 18)	**10,444,352**	(11,870,757)	6,309,918
Income (Loss) before Income Tax from Continuing Operations	**121,265,397**	(63,618,265)	5,942,000
Provision for Income Tax (Note 19)	**482,564**	374,929	764,916
Net Income (Loss) from Continuing Operations	**120,782,833**	(63,993,194)	5,177,084
Net Income (Loss) after Tax from Discontinued Operations (Note 5)	**–**	(7,380,128)	46,988
NET INCOME (LOSS)	**120,782,833**	(71,373,322)	5,224,072
OTHER COMPREHENSIVE INCOME (LOSS) (Note 9)			
Items to be reclassified to profit or loss in subsequent periods:			
Unrealized mark-to-market gain (loss) on available-for-sale financial assets (Note 9)	**122,152,320**	(4,000,000)	(2,000,600)
Realized gain on available-for-sale financial assets (Note 9)	**(124,370,730)**	(300)	(196,139)
	(2,218,410)	(4,000,300)	(2,196,739)
Items not to be reclassified to profit or loss in subsequent periods -			
Remeasurement gain (loss) on defined benefit obligation (Note 17)	**(91,200)**	(2,139,900)	933,500
	(2,309,610)	(6,140,200)	(1,263,239)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱118,473,223**	(₱77,513,522)	₱3,960,833

	Years Ended December 31		
	2014	2013	2012
Net Income (Loss) Attributable to:			
Equity holders of the Parent Company (Note 21)			
Income (loss) from continuing operations	**₱122,888,619**	(₱55,798,072)	₱6,840,052
Income (loss) from discontinued operations	**–**	(7,380,128)	46,988
	122,888,619	(63,178,200)	6,887,040
Non-controlling interests	**(2,105,786)**	(8,195,122)	(1,662,968)
	₱120,782,833	(₱71,373,322)	₱5,224,072
Total Comprehensive Income (Loss) Attributable to:			
Equity holders of the Parent Company	**₱120,579,009**	(₱69,318,400)	₱5,623,801
Non-controlling interests	**(2,105,786)**	(8,195,122)	(1,662,968)
	₱118,473,223	(₱77,513,522)	₱3,960,833
Basic/Diluted Earnings (Loss) Per Common Share for Continuing Operations (Note 21)	**₱0.016376**	(₱0.007436)	₱0.000911
Basic/Diluted Earnings (Loss) Per Common Share for Discontinued Operations (Note 21)	**₱–**	(₱0.000983)	₱0.000006

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Equity Attributable to Equity Holders of the Parent Company										
	Capital Stock (Notes 15 and 22)	Additional Paid-in Capital (Notes 15 and 22)	Unrealized Mark-to-Market Gain (Loss) on Available-for-Sale Financial Assets (Note 9)	Remeasurement Gain (Loss) on Defined Benefit Obligation (Note 17)	Gain on Dilution	Deficit	Treasury Shares (Notes 15 and 21)	Total	Non-controlling Interests	Total
Balances at January 1, 2014	₱6,388,012,148	₱1,613,942,096	₱15,000,000	(₱2,634,205)	₱226,304	(₱7,799,599,734)	(₱29,435,220)	₱185,511,389	(₱6,539,465)	₱178,971,924
Net income during the year	–	–	–	–	–	122,888,619	–	122,888,619	(2,105,786)	120,782,833
Other comprehensive loss	–	–	(2,218,410)	(91,200)	–	–	–	(2,309,610)	–	(2,309,610)
Total comprehensive income	–	–	(2,218,410)	(91,200)	–	122,888,619	–	120,579,009	(2,105,786)	118,473,223
Movements in other equity accounts:										
Collection of subscription receivable	60,000	–	–	–	–	–	–	60,000	–	60,000
Balances at December 31, 2014	₱6,388,072,148	₱1,613,942,096	₱12,781,590	(₱2,725,405)	₱226,304	(₱7,676,711,115)	(₱29,435,220)	₱306,150,398	(8,645,251)	₱297,505,147
Balances at January 1, 2013	₱6,388,012,148	₱1,613,942,096	₱19,000,300	(₱494,305)	₱226,304	(₱7,736,421,534)	(₱29,435,220)	₱254,829,789	₱1,655,657	₱256,485,446
Net loss during the year	–	–		–	–	(63,178,200)	–	(63,178,200)	(8,195,122)	(71,373,322)
Other comprehensive loss	–	–	(4,000,300)	(2,139,900)	–	–	–	(6,140,200)	–	(6,140,200)
Total comprehensive loss	–	–	(4,000,300)	(2,139,900)	–	(63,178,200)	–	(69,318,400)	(8,195,122)	(77,513,522)
Balances at December 31, 2013	₱6,388,012,148	₱1,613,942,096	₱15,000,000	(₱2,634,205)	₱226,304	(₱7,799,599,734)	(₱29,435,220)	₱185,511,389	(₱6,539,465)	₱178,971,924
Balances at January 1, 2012	₱6,387,989,648	₱1,613,942,096	₱21,197,039	(₱1,427,805)	₱226,304	(₱7,738,055,064)	(₱29,435,220)	₱254,436,998	₱6,467,140	₱260,904,138
Net income during the year	–	–	–	–	–	6,887,040	–	6,887,040	(1,662,968)	5,224,072
Other comprehensive income (loss)	–	–	(2,196,739)	933,500	–	–	–	(1,263,239)	–	(1,263,239)
Total comprehensive income	–	–	(2,196,739)	933,500	–	6,887,040	–	5,623,801	(1,662,968)	3,960,833
Movements in other equity accounts:										
Collection of subscription receivable	22,500	–	–	–	–	–	–	22,500	–	22,500
Arising from business combination (Note 4)	–	–	–	–	–	–	–	–	3,665,222	3,665,222
Disposal of a subsidiary (Note 4)	–	–	–	–	–	(5,253,510)	–	(5,253,510)	(6,813,737)	(12,067,247)
	22,500	–	–	–	–	(5,253,510)	–	(5,231,010)	(3,148,515)	(8,379,525)
Balances at December 31, 2012	₱6,388,012,148	₱1,613,942,096	₱19,000,300	(₱494,305)	₱226,304	(₱7,736,421,534)	(₱29,435,220)	₱254,829,789	₱1,655,657	₱256,485,446

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax:			
Continuing operations	**₱121,265,397**	(₱63,618,265)	₱5,942,000
Discontinued operations	**–**	(7,380,128)	274,274
	₱121,265,397	(70,998,393)	6,216,274
Adjustments for:			
Gain on sale of investments in a subsidiary and available-for-sale financial assets (Notes 4 and 9)	**(144,924,050)**	(1,843,344)	(5,921,637)
Provision for impairment of deferred exploration costs and mining rights (Note 13)	**16,270,018**	46,788,151	17,132,891
Loss on write off of property and equipment	**144,017**	–	–
Interest income (Note 7)	**(960,530)**	(1,384,487)	(1,085,670)
Depreciation and amortization (Note 16)	**463,296**	661,932	680,823
Retirement costs (Note 17)	**635,200**	503,700	588,600
Loss on write-off of available-for-sale financial asset (Note 9)	**1,185,100**	–	–
Interest expense	**–**	25,851	62,041
Fair value gain on investment property	**–**	–	(25,280,872)
Dividend income	**–**	–	(679,973)
Equity in net losses of associates	**–**	–	18,218
Operating loss before working capital changes	**(5,921,552)**	(26,246,590)	(8,269,305)
Decrease (increase) in:			
Trade and other receivables	**10,727,276**	23,195,674	118,144,269
Other current assets	**(501,807)**	1,840,597	(2,954,124)
Increase in trade and other payables	**4,792,167**	2,326,521	8,220,663
Cash generated from operations	**9,096,084**	1,116,202	115,141,503
Interest received	**960,530**	1,384,487	1,074,356
Income taxes paid	**(328,938)**	(277,774)	(244,761)
Benefits paid (Note 17)	**(5,358,200)**	–	(350,400)
Dividend received	**–**	–	679,973
Net cash provided by operating activities	**4,369,476**	2,222,915	116,300,671
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of:			
Available-for-sale financial assets (Notes 9 and 23)	**156,160,970**	9,232,772	269,558
Investments in subsidiary (Note 4)	**–**	25,000,000	17,600,498
Payment of subscriptions payable (Note 9)	**(75,000,000)**	–	–
Acquisitions of:			
Property and equipment (Note 11)	**(34,822)**	–	(160,188)
Investment properties (Note 12)	**–**	(33,106)	(3,063,559)
Increase in other noncurrent assets	**(2,120,913)**	(7,272,206)	(48,678,968)
Net cash provided by (used in) investing activities	**79,005,235**	26,927,460	(34,032,659)

(Forward)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from collection of subscription receivable	**₱60,000**	₱–	₱22,500
Increase (decrease) in:			
Advances from related parties	**223,014**	–	(53,577,939)
Other noncurrent liabilities	**–**	–	(779,342)
Interest paid	**–**	(25,851)	(62,041)
Net cash provided by (used in) financing activities	**283,014**	(25,851)	(54,396,822)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**83,657,725**	29,124,524	27,871,190
NET CASH FLOWS FROM DISCONTINUED OPERATIONS (Note 5)	–	–	(2,870,341)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**73,754,007**	44,629,483	19,628,634
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱157,411,732**	₱73,754,007	₱44,629,483

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **General Information**

   Corporate Information
   APC Group, Inc. (the Parent Company or APC) and subsidiaries (collectively referred to as the Company) were all incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated in the Philippines on October 15, 1993 and was originally organized to engage in the oil and gas exploration and development in the Philippines. On April 30, 1997, the Philippine SEC approved the change in the primary purpose of the Parent Company to that of a holding company. The Parent Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

   The registered office address of the Parent Company is 8th Floor, PhilCom Building, 8755 Paseo de Roxas, Makati City.

   The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 27, 2015.

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

   As at December 31, 2014, the following are the status of operations of the Company's subsidiaries:

   a. APEC

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

      In 2008, APEC 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 (CP) 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 (RESC) in late March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. As at March 27, 2015, 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 Geothermal Philippines Holdings, Inc. (Chevron) in developing the geothermal area. The parties signed a Farm-out Agreement which gives APEC 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 an 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 RESC will be the first major international investment in the country under the RE Act of 2008.

In 2013, APEC accomplished exploration activities that include Geological and Geochemical surveys and the Magneto-telluric Geophysical survey has been completed. Community development projects were also undertaken in the various ancestral domains.

Sub-Phase 3 (Drilling of Exploratory wells) of the exploration work program will be done in 2016. The exploration wells will take about six months to complete. If the results of the exploration wells prove positive, construction of the power plant will follow.

In September 2014, the DOE approved a one (1) year extension of the term of Geothermal Service Contract.

b. Aragorn Coal

Aragorn Coal is still in the pre-operating stage. It was established to engage in coal resource exploration and development. It has a Coal Operating Contract (COC) with the DOE signed in January 2007 located in Isabela covering 3,000 hectares.

The Isabela project has been put on hold because of the anti-mining sentiment of the local government units (LGU) and the community. The COC is adjacent to the coal areas of PNOC. Partial exploration works had been conducted.

In 2013, the DOE terminated the COC in Isabela.

c. APC Mining

All mining projects were discontinued so that the Company can devote its resources to its energy and cement projects.

d. APC Cement Corporation (APC Cement)

APC Cement was established to engage in the manufacture of cement. The cement plant was envisioned to manufacture 1.5 million tons of cement a year. APC Cement has two (2) Mineral Production and Sharing Agreements (MPSA) with the Department of Energy and Natural Resources (DENR) covering more than 1,000 hectares of land containing limestone deposits. The project is located in the Municipality of Ginatilan in Southern Cebu.

From November 2010 up to April 2011, thirteen holes were drilled covering an area of approximately 29 hectares. Proven and probable reserves in the drilled area are sufficient to supply the limestone requirements of the cement plant for more than 50 years.

A revised feasibility study for a 1.5 million metric tons cement project was prepared in July 2011. The study concluded that the cement project is financially viable offering an attractive rate of return. As at December 31, 2014, management is currently seeking prospective partners.

e. PRC-Magma Energy Resources, Inc. (PRC Magma)

PRC-Magma is still in its pre-operating stage. It was registered with the SEC on June 10, 2009 to engage in the business of exploration, development, and processing of renewable and non-renewable energy resources, including but not limited to wind power, solar power, hydropower, biofuels, biomass, and coal; exploration, mining and processing of metalliferous and non-metalliferous mineral and ore resources; trading and supply of energy and mineral resources; and generation of electric power using energy resources. In September 2012, the Declaration of Trust between the Company on one hand and Kalinga Apayao Geothermal Resource, Inc. and Apayao 888 on the other hand were revoked resulting to the increase to 85.0% ownership in PRC-Magma.

In March 2010, the Geothermal RESC for Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces were awarded to PRC-Magma. Remote sensing studies and re-evaluation of previous studies were conducted which highlighted potential geothermal prospect areas that warrant further investigation. Interpretations of processed Shuttle Radar Topology Mission Imageries are ongoing.

The Mainit-Sadanga Geothermal Project has a total area of 58,911 hectares. It has a power generation potential of 60-100 MW. From the initial investigations, two volcanic centers representing two separate geothermal reservoirs are possibly present in the area located in south-southwest of Kalinga.

As of March 27, 2015, out of the twelve (12) ancestral domains, consensus building was initiated for six (6) communities. PRC-Magma will pursue consensus building for the remaining ancestral domains.

The Buguias-Tinoc Geothermal Project has a total area of 35,424 hectares covering two municipalities of Benguet Province as well as two municipalities of Ifugao Province. It has also a power potential of 60-100MW. Previous studies involving resistivity surveys identified a clear low resistivity anomaly encompassing an approximately 7.5 sq. kilometers in Tukukan area which coincided with the occurrence of thermal manifestations. Present data suggest a highly prospective geothermal reservoir, a majority portion of which lies outside the Mt. Pulag National Park.

As at December 31, 2014, the Company is undergoing the process of consensus building with the indigenous peoples prior to the initiation of exploration activities.

f. Environmental and General Services, Inc. (EGSI)

EGSI, which is engaged in manpower services, was sold in early 2013 (see Note 5).

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying consolidated financial statements have been prepared on a historical cost basis, except for quoted available-for-sale (AFS) financial assets and investment properties which are measured at fair value. The consolidated financial statements are presented in Philippine peso, which is the Parent Company's functional and presentation currency under Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance
The consolidated financial statements, which are prepared for submission to the SEC, have been prepared in compliance with PFRS. PFRS includes standards named PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council (FRSC).

Basis of Consolidation
The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at December 31:

		Percentage of Effective Ownership		
Subsidiaries	Nature of Business	**2014**	2013	2012
APC Cement (1)	Manufacturing	**100.0**	100.0	100.00
Aragorn Coal (1)	Mining	**100.0**	100.0	100.00
APEC (1)	Energy	**90.0**	90.0	90.00
PRC - Magma (2)	Energy	**85.0**	85.0	85.00
APC Mining (1)	Mining	**83.0**	83.0	83.00
EGSI	General services	**–**	–	100.00
Primary Data Net, Inc. (Primary Data) (3)	Holding company	**–**	–	100.00

(1) Still in the pre-operating stage
(2) Owned by APEC. Still in the pre-operating stage.
(3) Ceased operation

All of the subsidiaries were incorporated in the Philippines.

Subsidiaries are consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. The acquisition method of accounting is used for acquired businesses. Companies acquired or disposed of during the year are included in the consolidated financial statements from the date of acquisition to the date of disposal.

The financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies. All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions are eliminated in full.

Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and the net assets not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.

Changes in Accounting Policies and Disclosures
The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. The nature and impact of each new standards and amendments are described below:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*). These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Company, since none of the entities within the Company qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments), clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Company, since none of the entities in the Company has any offsetting arrangements.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments), remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments), provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact as the Company has not novated its derivatives during the current or prior periods.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21), clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Company as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRS (2010-2012 cycle)
- In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Company.

Annual Improvements to PFRS (2011-2013 cycle)

- In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Company as it is not a first time PFRS adopter.

Future Changes in Accounting Policies

The Company did not early adopt the following standards and interpretations that have been approved but are not yet effective. The Company will adopt these standards and interpretations on their effective dates.

- 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 PFRS (2011–2013 cycle)
The annual improvements (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).

Future Standards Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments), clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture – Bearer Plants* (Amendments), change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require the produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company as the Company does not have any bearer plants.

- PAS 27, *Separate Financial Statements – Equity Method in Separate Financial Statements* (Amendments), will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements,* and PAS 28, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after January 1, 2016.

- PFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations* (Amendments), require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact on the Company.

- PFRS 14, *Regulatory Deferral Accounts*, is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRS (2012-2014 cycle)
The annual improvements (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Company. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal* (Amendments), is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures – Servicing Contracts,* requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements* (Amendments), is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits – Regional Market Issue Regarding Discount Rate.* This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting – Disclosure Of Information 'Elsewhere In The Interim Financial Report*, is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Future Standards Effective January 1, 2018

- PFRS 9, *Financial Instruments – Hedge Accounting* and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014 or final version). In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Company's financial liabilities. The Company is currently assessing the impact of adopting this standard.

New Standard Issued by the IASB not yet Adopted by the FRSC

- IFRS 15 *Revenue from Contracts with Customers*, was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

<u>Determination of Fair Value</u>
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

a) In the principal market for the asset or liability, or
b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The policies and procedures for both recurring fair value measurement, such as investment properties.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. At each reporting date, the movements in the value of assets and liabilities which are required to be re-measured or re-assessed as per accounting policies are analyzed. For the analysis, the major inputs applied in the latest valuation are verified by agreeing the information in the valuation computation to contracts and other relevant documents.

In conjunction with the external valuers, the changes in the fair value of each asset and liability are compared with relevant external sources to determine whether the change is reasonable. This includes a discussion of the major assumptions used in the valuations. For the purpose of fair value disclosures, classes of assets and liabilities are determined on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Determination of Amortized Cost. Amortized cost is computed using the effective interest method, less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are integral part of the effective interest.

'Day 1' Difference. Where the transaction price in a non-active market is different from the fair value based on other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a 'Day 1' difference) in the consolidated statement of comprehensive income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of comprehensive income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Instruments - Initial Recognition and Subsequent Measurement

Date of Recognition. The Company recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Initial Recognition. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except financial assets at fair value through profit or loss (FVPL), includes transaction costs.

Classification of Financial Instruments. Subsequent to initial recognition, the Company classifies its financial instruments in the following categories: financial assets and financial liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities. The category depends on the purpose for which the instruments are acquired and whether they are quoted in an active market. Management determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates such classification at each financial year-end.

The Company has no financial assets and liabilities at FVPL and HTM investments as at December 31, 2014 and 2013.

Loans and Receivables. Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current account if maturity is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets.

Classified as loans and receivables are the Company's cash and cash equivalents, trade and other account receivables and deposits (included in "Goodwill and other noncurrent assets" account) as at December 31, 2014 and 2013 (see Note 22).

AFS Financial Assets. AFS financial assets are nonderivative financial assets that are either designated in this category or not classified in any of the other categories. Financial assets may be designated at initial recognition as AFS financial assets if they are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. AFS financial assets are carried at fair value in the consolidated statement of financial position. Unrealized gains and losses are recognized in other comprehensive income as “Unrealized mark-to-market gain or loss on AFS financial assets” until the financial asset is derecognized or until the financial asset is determined to be impaired at which time the cumulative unrealized mark-to-market gain or loss previously reported as other comprehensive income is recognized as part of profit or loss in the consolidated statement of comprehensive income. AFS financial assets are classified as current assets if expected realization is within 12 months from the reporting date. Otherwise, these are classified as noncurrent assets. When the investment is disposed of, the cumulative gains or losses previously recorded in other comprehensive income is recognized in the consolidated statement of comprehensive income as part of profit or loss. Interest earned or paid on the investments is reported as interest income using the effective interest method. Dividends earned on equity investments are recognized in the consolidated statement of comprehensive income when the right of payment has been established.

AFS financial assets include unquoted equity instruments, which are carried at cost, less any accumulated impairment in value. The fair value of these instruments is not reasonably determinable due to the unpredictable nature of future cash flows and the lack of other suitable methods for arriving at a fair value.

Classified as AFS financial assets are the Company’s investments in equity instruments as at December 31, 2014 and 2013 (see Notes 9 and 22).

Other Financial Liabilities. This category pertains to financial liabilities that are not held for trading nor designated as at FVPL upon the inception of the liability and contain contractual obligations to deliver cash or another financial asset to the holder or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through the amortization process.

Classified under this category are the Company’s trade and other payables, advances from related parties and subscriptions payable (see Note 22).

Impairment of Financial Assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost. The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment based on historical loss experience. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset shall be reduced either directly or through use of an allowance account and the amount of the loss shall be recognized in the consolidated statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans, together with associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company.

If, in a subsequent period, the amount of the impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognized in the consolidated statement of comprehensive income. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

Assets Carried at Cost. If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets. In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss, which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized as other comprehensive income, is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss in the consolidated statement of comprehensive income; increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments, is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of comprehensive income. Future interest income is based on the reduced carrying amount of the asset and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of "Interest income" account in the consolidated statement of comprehensive income. If, in subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of comprehensive income, the impairment loss is reversed through profit or loss in the consolidated statement of comprehensive income.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

a. the rights to receive cash flows from the asset have expired; or
b. the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
c. the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Classification of Financial Instruments between Debt and Equity
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement.

A financial instrument is classified as debt if it provides for a contractual obligation to:

a. deliver cash or another financial asset to another entity; or
b. exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
c. satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously

Cash and Cash Equivalents
Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from date of acquisition and are subject to an insignificant risk of change in value.

Assets Classified as Held-for-Sale and Discontinued Operations
Assets classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses associated with assets held for sale are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Company retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the consolidated statement of comprehensive income.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is:

a. A component of the Group that is a CGU or a group of CGUs
b. Classified as held for sale or distribution or already disposed in such a way, or
c. A major line of business or major geographical area.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Property and Equipment

Property and equipment, except land, are stated at cost excluding the cost of day-to-day servicing, less accumulated depreciation and amortization and accumulated impairment losses. Land is stated at cost less any impairment in value. The initial cost of property and equipment consists of its purchase price, including import duties and any directly attributable costs, including borrowing cost, in bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred if the recognition criteria are met. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the period such costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

Mining equipment	1–2 years
Office and other equipment	1–5 years
Leasehold improvements	5 years or term of the lease, whichever is shorter

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are credited or charged to current operations.

The property and equipment’s residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

Investment Properties

Investment properties are measured initially at cost, including related transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date and have been determined based on the latest valuations performed by an independent firm or appraisers. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of comprehensive income in the year in which the gains or losses arise.

Investment property is derecognized when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investment property at the date of change in use.

Mining Rights
Mining rights are carried at cost less any impairment in value.

Expenditures for mine exploration work prior to drilling are charged to operations. Expenditures for the acquisition of property rights and expenditures subsequent to drilling and development costs are deferred. When exploration work and project development results are positive, these costs and subsequent mine development costs are capitalized as “Mining rights,” which are included as part of “Goodwill and other noncurrent assets” account in the consolidated statement of financial position, until the start of commercial operations when such costs are transferred to property and equipment. When the results are determined to be negative or not commercially viable, the accumulated costs are written off.

Deferred Exploration Costs
Expenditures for exploration works on mining properties (i.e., acquisition of rights to explore, topographical, geological, geochemical and geophysical studies, exploratory drilling, trenching, sampling, and activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource) are deferred as incurred and included as part of “Goodwill and other noncurrent assets” account in the consolidated statement of financial position. If and when recoverable reserves are determined to be present in commercially producible quantities, the deferred exploration expenditures and subsequent mine development costs are capitalized as part of the “Mining equipment” account classified under “Property and equipment” account in the consolidated statement of financial position.

A valuation allowance is provided for unrecoverable mining rights and deferred exploration costs based on the Company’s assessment of the future prospects of the exploration project. Full provision is made for the impairment unless it is probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale. If the project does not prove to be viable, all revocable cost associated with the project and the related impairment provisions are written off. When a project is abandoned, the related deferred exploration costs are also written off.

Business Combination
Business combinations are accounted for using the acquisition method. Applying the acquisition method requires the (a) determination whether the Company will be identified as the acquirer, (b) determination of the acquisition-date, (c) recognition and measurement of the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree and (d) recognition and measurement of goodwill or a gain from a bargain purchase. The cost of an acquisition is measured as the aggregate of the (a) consideration transferred by the Company, measured at acquisition-date fair value, (b) amount of any non-controlling interest in the acquiree and (c) acquisition-date fair value of the Company’s previously held equity interest in the acquiree in a business combination achieved in stages. Acquisition costs incurred are expensed and included in “General and administrative expenses” account in the consolidated statement of comprehensive income.

Business Combination Achieved in Stages. In a business combination achieved in stages, the Company remeasures its previously held equity interests in the acquiree at its acquisition-date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Goodwill

Initial Measurement of Goodwill or Gain on a Bargain Purchase. Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on a bargain purchase. Before recognizing a gain on a bargain purchase, the Company determines whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognize any additional assets or liabilities that are identified in that review.

Subsequent Measurement of Goodwill. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Impairment Testing of Goodwill. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition-date, allocated to each of the Company's CGU, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Company at which the goodwill is monitored for internal management purposes; and
- is not larger than an operating segment as defined in PFRS 8, *Operating Segments*, before aggregation.

Impairment of Nonfinancial Assets

The Company assesses at each reporting date whether there is an indication that an asset (property and equipment, investment properties and other noncurrent assets) may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators. Impairment losses, if any, are recognized in the consolidated statement of comprehensive income in the expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization are adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Capital Stock and Additional Paid-in Capital
Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

Treasury Shares
Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration is recognized as additional paid-in capital.

Deficit
The amount included in deficit includes profit (loss) attributable to the Company's equity holders and reduced by dividends on capital stock. Dividends on capital stock are recognized as a liability and deducted from equity when they are approved by the Company's stockholders. Dividends for the year that are approved after the financial reporting date are dealt with as an event after the reporting date.

Revenue
Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Service Fees from Discontinued Operation. Revenue from janitorial services is generally recognized when services are rendered and acknowledged by the customer.

Rental Income. Revenue (included as part of "Others" account in the consolidated statement of comprehensive income) arising from investment properties is recorded as income on a straight-line basis over the lease term.

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield on the assets.

Dividend Income. Revenue is recognized when the Company's right to receive the payment is established.

Costs and Expenses
Cost of services and general and administrative expenses are recognized as incurred.

Employee Benefits

Retirement Costs. The Company has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its employees.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding interest on defined benefit obligation and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognizes restructuring-related costs.

Interest is calculated by applying the discount rate to the net defined benefit liability. The Company recognizes the following changes in the net defined benefit obligation under "general and administrative expenses" in consolidated statement of comprehensive income:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Interest expense on defined benefit obligation.

Other Employee Benefits. Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a. there is a change in contractual terms, other than a renewal or extension of the agreement;
b. a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c. there is a change in the determination of whether the fulfillment is dependent on a specified asset; or
d. there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios a, c or d and the date of renewal or extension period for scenario b.

Company as a Lessee. Leases where the lessor retains substantially all the risks and benefits of ownership of the assets are classified as operating leases. Operating lease payments are recognized as expense in the consolidated statement of comprehensive income on a straight-line basis over the lease term.

Company as a Lessor. Leases where the Company does not transfer substantially all the risks and reward of ownership of the asset are classified as operating leases. Lease payments received are recognized as income in the consolidated statement of comprehensive income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased assets and recognized over the lease term on the same basis as rental income.

<u>Taxes</u>

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, including asset revaluations. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from the excess of MCIT over RCIT and unused NOLCO can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic subsidiaries and associates.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax to assets be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-Added Tax (VAT). Revenues, expenses and assets are recognized, net of the amount of VAT, except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable, to the taxation authority is included as part of "Other current assets" or "Trade and other payables" accounts in the consolidated statements of financial position.

Foreign Currency-Denominated Transactions
Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated using the closing exchange rate at the reporting date. All differences are taken to the consolidated statement of comprehensive income.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense. Where the Company expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the receipt of the reimbursement is virtually certain.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

Segment Reporting
The Company is organized and managed separately according to the nature of business. The three major operating businesses of the Company are general services, mining and exploration and unallocated corporate balances and other operations. These operating businesses are the basis upon which the Company reports its primary segment information presented in Note 6 to the consolidated financial statements.

Events after the Reporting Period
Post year-end events that provide additional information about the Company's financial position at the reporting period (adjusting events), if any, are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings (Loss) per Common Share
Earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares issued and outstanding during each year after giving retroactive effect

to stock dividends declared during the year and after deducting the treasury shares, if any. The Company has no dilutive potential common shares outstanding.

3. Significant 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 at 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.

The Company believes that the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

<u>Judgments</u>
In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Asset Held-for-Sale and Discontinued Operations. On December 19, 2012, BOD authorized the sale of EGSI. Consequently, as at December 31, 2012, EGSI was classified as a disposal group held-for-sale and discontinued operations. EGSI met the criteria of an asset to be classified as held-for-sale as at December 31, 2012 for the following reasons:

- EGSI is available for immediate sale and can be sold to a potential buyer in its current condition;
- the BOD had a plan to EGSI and had entered into preliminary negotiations with a potential buyer. Should negotiations with the party not lead to a sale, a number of other potential buyers have been identified; and,
- the negotiations were finalized and the sale was completed in 2013.

Operating Lease Commitments - Company as Lessee. The Company has entered into lease agreements with Philippine Global Communication, Inc. (PhilCom) for use of certain office spaces. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it has not retained any significant risks and rewards of ownership of these properties because the lease agreements do not transfer to the Company the ownership over the assets at the end of the lease term and do not provide a bargain purchase option over the leased assets and accounts for these arrangements as operating leases.

Rental expense recognized by the Company amounted to ₱0.6 million in 2014 and 2013 and ₱0.7 million in 2012 (see Note 16).

Impairment of AFS Financial Assets. The Company treats AFS financial assets as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment. The Company treats “significant” generally as 20% or more and “prolonged” as period longer than six months for quoted equity securities.

AFS financial assets amounting to ₱1.2 million, which was deemed to be unrecoverable was written off in 2014. No impairment loss was recognized in 2013 and 2012. AFS financial assets amounted to ₱13.6 million and ₱28.3 million as at December 31, 2014 and 2013, respectively (see Note 9).

Classification of AFS Financial Assets. The Company holds various AFS financial assets. The Company expects that portion of these AFS financial assets are to be realized within 12 months from the reporting date to respond to the liquidity requirement of the Company. Consequently, these are classified as part of current assets in the consolidated statements of financial position.

AFS financial assets classified as current assets amounted to ₱13.6 million and ₱0.1 million as at December 31, 2014 and 2013, respectively (see Note 9).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating Allowance for Doubtful Accounts. The Company maintains allowance for doubtful accounts based on the result of the specific and collective assessment. Under the specific assessment, the Company is required to obtain the present value of estimated cash flows using the receivable’s original effective interest rate. Impairment loss is determined as the difference between the receivable’s carrying amount and the computed present value. Impairment loss is then determined based on loss experience of the receivables grouped per credit risk profile. Loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the specific and collective assessments are based on management’s judgments and estimates. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year.

No provisions were recognized in 2014, 2013 and 2012. Trade and other receivables amounted to ₱0.6 million and ₱11.3 million as at December 31, 2014 and 2013, respectively (see Note 8).

Estimating Useful Lives of Property and Equipment. The useful life of each of the Company’s item of property and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of similar businesses, internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction in the estimated useful life of any item of property and equipment would increase the recorded depreciation expense and decrease the carrying value of property and equipment.

There was no change in the estimated useful lives of property and equipment in 2014 and 2013. The carrying values of property and equipment amounted to ₱0.1 million and ₱0.7 million as at December 31, 2014 and 2013, respectively (see Note 11).

Fair Value of Investment Property. The Company engaged an independent valuation specialist to determine the fair value of investment property in 2013. The appraiser used a valuation technique based on Market Data Approach. In this approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on the factors of location, size and shape of the lot and time element.

In 2014, the Company did not obtain an updated appraisal valuation report as management believes that there were no significant fair value changes from previous years. No changes in fair value of investment properties were recognized in 2014 and 2013.

Fair value gain on investment properties amounted to nil in 2014 and 2013, and ₱25.3 million in 2012. Total fair value of investment properties amounted to ₱157.0 million as at December 31, 2014 and 2013 (see Note 12).

Impairment of Goodwill. The Company determines whether goodwill with indefinite useful life is impaired at least on an annual basis or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value in use of the CGU to which the goodwill is allocated. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

No impairment loss was recognized in 2014, 2013 and 2012. The carrying amount of goodwill amounted to ₱6.0 million as at December 31, 2014 and 2013 (see Note 13).

Impairment of Nonfinancial Assets. Property and equipment and mining rights, except land, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists and where the carrying amount of an asset exceeds its recoverable amount, the asset or CGUs is written down to its recoverable amount. The estimated recoverable amount is the higher of an asset's CGU's fair value less cost to sell and value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the asset is tested as part of a large CGU. The fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction less the costs of disposal while value-in-use is the present value, using a pre-tax discount rate, of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment losses are recognized in the consolidated statement of comprehensive income. Recovery of impairment losses recognized in prior periods is recorded when there is an indication that the impairment losses recognized for the asset no longer exist or have decreased. The recovery is recorded in the consolidated statement of comprehensive income. However, the increased carrying amount of an asset due to recovery of an impairment loss is recognized to the extent it does not exceed the carrying amount that would have been determined (net of depletion, depreciation and amortization) had no impairment loss been recognized for that asset in prior periods.

Deferred Exploration Costs. An impairment review is performed, either individually or at the CGU level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the reporting period in which this is determined.

Exploration assets are reassessed on a regular basis and these costs are carried forward provided that at least one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or planned for the future.

The carrying values of the Company's nonfinancial assets that are subject to impairment testing when certain impairment indicators are present are as follows:

	2014	2013
Property and equipment (see Note 11)	**₱114,436**	₱678,112
Other noncurrent assets* (see Note 13)	**71,059,197**	85,217,117

**Excluding deposits and goodwill*

Impairment loss recognized on deferred exploration costs and mining rights under "Provision for impairment of deferred exploration costs and mining rights" account in the consolidated statements of comprehensive income amounted to ₱16.3 million, ₱46.8 million and ₱17.1 million in 2014, 2013 and 2012, respectively (see Note 13).

Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized. The Company's assessment on recognition of deferred tax assets on deductible temporary differences and carryforward benefits of MCIT and NOLCO is based on the forecasted taxable income. This forecast is based on the Company's past results and future expectations on revenue and expenses.

There were no recognized deferred tax assets as at December 31, 2014 and 2013. Unrecognized deferred tax assets amounted to ₱61.4 million and ₱59.3 million as at December 31, 2014 and 2013, respectively (see Note 19).

Fair Value of Assets and Liabilities. Certain 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, 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.

The fair values of the Company's assets and liabilities are disclosed in Note 23.

Retirement Costs. The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Retirement costs amounted to ₱0.6 million, ₱0.5 million and ₱0.6 million in 2014, 2013 and 2012, respectively (see Note 17). Accrued retirement costs amounted to ₱1.8 million and ₱6.4 million as at December 31, 2014 and 2013, respectively (see Note 17).

Contingencies. The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Company's defense in these matters and is based upon an analysis of potential results. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that, after making certain provisions in prior years, the eventual liabilities under these lawsuits or claims, if any, will no longer have a material effect on the Company's consolidated financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the consolidated statements of comprehensive income in 2014, 2013 and 2012.

4. Disposal of a Subsidiary

The Company's interest in APC Properties, Inc. consists of 60% of total shares to the latter. In 2012, management decided to sell its interest in APC Properties, Inc. to Sigma Cee Mining Corporation for ₱13.8 million. The difference between the selling price for the 60% interest in APC properties, Inc. and the carrying value of investments amounting to ₱7.5 million was recorded under "Gain on sale of investments in a subsidiary and available for sale financial assets - net" account in the 2012 consolidated statement of comprehensive income. Consequently, the assets, liabilities and equity pertaining to APC Properties, Inc. were excluded in the consolidated balances. Also, retained earnings of APC Properties, Inc. amounting to 5.3 million were deconsolidated in 2012.

5. Discontinued Operations

On December 19, 2012 the BOD decided to sell EGSI. EGSI will be sold to a third party pursuant to management's decision to start disposing its noncore businesses.

As at December 31, 2012, EGSI was classified as a disposal group held for sale and as a discontinued operation.

In 2013, the sale of 100% equity interest in EGSI for a consideration of ₱25.0 million resulted to a loss of ₱7.4 million.

The results of EGSI, net of intercompany transactions, classified as discontinued operations for the years ended December 31, 2013 and 2012 are as follows:

	2013	2012
Service fees	₱–	₱368,950,897
Cost of services	–	(339,871,364)
Gross income	–	29,079,533
General and administrative	–	(28,392,456)
Interest income	–	10,118
Interest expense	–	(545,163)
Other income - net	–	122,242
	–	(28,805,259)
Loss on sale of investments	(7,380,128)	–
Income (loss) before income tax	(7,380,128)	274,274
Provision for income tax:		
Current	–	804,706
Deferred	–	(577,420)
	–	227,286
Net income (loss) from discontinued operations	(₱7,380,128)	₱46,988
Basic/diluted profit (loss) per share from discontinued operations (Note 21)	(₱0.000983)	₱0.000006

The major classes of assets and liabilities of EGSI classified as held-for-sale as at December 31, 2012 are as follows:

Assets:	
Cash and cash equivalents	₱2,163,582
Trade and other receivables - net	65,591,441
Other current assets	37,088,533
Property and equipment	3,942,306
Deferred tax assets	9,860,009
Other noncurrent assets	1,002,494
Assets classified as held-for-sale	119,648,365
Liabilities:	
Loans payable	4,525,000
Trade and other payables	53,062,368
Advances from related parties	14,152
Accrued retirement costs	20,432,586
Liabilities directly associated with assets classified as held-for-sale	78,034,106
Net assets directly associated with disposal group	₱41,614,259

The net cash flows used in the Company's discontinued operations are as follows:

	2013	2012
Net cash used in:		
Operating activities	₱–	₱4,952,556
Investing activities	25,000,000	(4,025,661)
Financing activities	–	(3,797,236)
Net increase (decrease) in cash	₱25,000,000	(₱2,870,341)

6. **Segment Information**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. These segments are regularly reviewed by the Management Committee to make decisions about how resources are to be allocated to each of the segments and to assess their performances, and for which discrete financial information is available.

As discussed in Note 1, the Company is engaged in general services and mining and exploration activities, among others.

Following are the segments of the Company:

a. Mining and Exploration - pertain to the mining, coal and power and energy business of the Company.

b. Unallocated Corporate Balances and Other Operations - contain the operations of the holding companies and the real estate business.

c. General Services - pertain to the operations of EGSI, a subsidiary involved in establishing, managing, operating and carrying on the business of cleaning buildings and other premises, as well as rendering general and janitorial services. This subsidiary was already classified as a disposal group held for sale and as a discontinued operation in 2012 and actually sold in 2013 (see Note 5).

Segment revenue, segment expenses and segment results include transfers among business segments. Those transfers are eliminated in the consolidation.

Information with regard to the significant business segments of the Company are shown below:

	Mining and Exploration	Unallocated Corporate Balances and Other Operations	Combined	Eliminations	Total	Discontinued Operation - General Services	Total Operations
Year Ended December 31, 2014							
Segment expenses	(₱1,523,176)	(₱16,085,401)	(₱17,608,577)	₱–	(₱17,608,577)	₱–	(₱17,608,577)
Interest income	46,530	914,000	960,530	–	960,530	–	960,530
Provision for impairment of deferred exploration costs and mining rights	(16,270,018)	–	(16,270,018)	–	(16,270,018)	–	(16,270,018)
Gain on sale of investments in subsidiary and AFS financial assets – net	–	144,924,050	144,924,050	–	144,924,050	–	144,924,050
Loss on write off on AFS	–	(1,185,100)	(1,185,100)	–	(1,185,100)	–	(1,185,100)
Foreign exchange gain on investment property	–	160	160	–	160	–	160
Other income	–	10,444,352	10,444,352	–	10,444,352	–	10,444,352
Provision for income tax	(9,825)	(472,739)	(482,564)	–	(482,564)	–	(482,564)
Net income (loss)	(₱17,756,489)	₱138,539,322	₱120,782,833	₱–	₱120,782,833	₱–	₱120,782,833
As at December 31, 2014							
Other information:							
Segment assets	₱96,360,181	₱544,339,449	₱640,699,630	(₱228,559,377)	₱412,140,253	–	₱412,140,253
Segment liabilities	115,697,303	132,157,575	247,854,878	(133,219,772)	114,635,106	–	114,635,106
Depreciation and amortization	413,971	49,325	463,296	–	463,296	–	463,296

	Mining and Exploration	Unallocated Corporate Balances and Other Operations	Combined	Eliminations	Total	Discontinued Operation - General Services	Total Operations
Year Ended December 31, 2013							
Segment expenses	(₱2,150,109)	(₱11,133,446)	(₱13,283,555)	(₱2,259,737)	(₱15,543,292)	–	(15,543,292)
Interest expense	(25,851)	–	(25,851)	–	(25,851)	–	(25,851)
Interest income	144,232	1,240,255	1,384,487	–	1,384,487	–	1,384,487
Provision for impairment of deferred exploration costs and mining rights	(46,788,151)	–	(46,788,151)	–	(46,788,151)	–	(46,788,151)
Gain (loss) on sale of investments in subsidiary and AFS financial assets - net	–	71,389,068	71,389,068	(62,165,896)	9,223,172	(7,380,128)	1,843,044
Foreign exchange gain on investment property	–	2,127	2,127	–	2,127	–	2,127
Other income	–	4,898,677	4,898,677	(16,769,434)	(11,870,757)	–	(11,870,757)
Provision for income tax	(28,886)	(346,043)	(374,929)	–	(374,929)	–	(374,929)
Net income (loss)	(₱48,848,765)	₱66,050,638	₱17,201,873	(₱81,195,067)	(₱63,993,194)	(₱7,380,128)	(₱71,373,322)
As at December 31, 2013							
Other information:							
Segment assets	₱110,591,201	₱483,176,490	₱593,767,691	(₱225,697,668)	₱368,070,023	–	₱368,070,023
Segment liabilities	111,055,910	208,400,252	319,456,162	(130,358,063)	189,098,099	–	189,098,099
Depreciation and amortization	487,706	174,226	661,932	–	661,932	–	661,932

	Continuing Operations						
	Mining and Exploration	Unallocated Corporate Balances and Other Operations	Combined	Eliminations	Total	Discontinued Operation - General Services	Total Operations
Year Ended December 31, 2012							
Segment revenue	₱–	₱–	₱–	₱–	₱–	₱368,950,897	₱368,950,897
Segment expenses	(3,025,659)	(13,097,261)	(16,122,920)	–	(16,122,920)	(368,263,820)	(384,386,740)
Segment results	(3,025,659)	(13,097,261)	(16,122,920)	–	(16,122,920)	687,077	(15,435,843)
Interest expense	(62,041)	–	(62,041)	–	(62,041)	(545,163)	(607,204)
Interest income	620,573	465,097	1,085,670	–	1,085,670	10,118	1,095,788
Provision for impairment of deferred exploration costs and mining rights	(17,132,891)	–	(17,132,891)	–	(17,132,891)	–	(17,132,891)
Gain (loss) on sale of investments in subsidiary and AFS financial assets - net	–	5,921,637	5,921,637	–	5,921,637	–	5,921,637
Fair value gain on investment properties	–	25,280,872	25,280,872	–	25,280,872	–	25,280,872
Equity in net loss of associates	–	(18,218)	(18,218)	–	(18,218)	–	(18,218)
Other income	–	6,623,011	6,623,011	(313,093)	6,309,918	122,242	6,432,160
Dividend income	–	38,900,261	38,900,261	(38,220,288)	679,973	–	679,973
Provision for income tax	(124,240)	(640,676)	(764,916)	–	(764,916)	(227,286)	(992,202)
Net income (loss)	(₱19,724,258)	₱63,434,723	₱43,710,465	(₱38,533,381)	₱5,177,084	₱46,988	₱5,224,072
As at December 31, 2012							
Other information:							
Segment assets	₱152,503,993	₱599,730,529	₱752,234,522	(₱353,332,512)	₱398,902,010	₱119,648,365	₱518,550,375
Segment liabilities	103,260,650	297,752,148	401,012,798	(216,981,975)	184,030,823	78,034,106	262,064,929
Deferred tax liabilities	–	7,975,500	7,975,500	(7,975,500)	–	–	–
Depreciation and amortization	567,130	113,693	680,823	–	680,823	1,883,295	2,564,118

7. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand and in banks	**₱6,299,487**	₱1,712,000
Short-term investments	**151,112,245**	72,042,007
	₱157,411,732	₱73,754,007

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱1.0 million, ₱1.4 million and ₱1.1 million in 2014, 2013 and 2012, respectively.

8. Trade and Other Receivables

This account consists of:

	2014	2013
Trade	**₱71,749**	₱893,999
Advances to officers and employees	**43,177**	634,524
Receivable from sale of AFS financial assets (see Note 9)	–	9,223,172
Others	**504,480**	594,987
	₱619,406	₱11,346,682

The terms and conditions of the above receivables are as follows:

Trade receivables are noninterest-bearing and generally have 30-day term.

Advances to officers and employees are noninterest-bearing and are normally settled within a 30-day term.

Receivable from sale of investments pertains to sale of AFS financial assets to third party.

Other receivables consist of advances to contractors and suppliers.

9. Available-for-Sale Financial Assets

This account consists of:

	2014	2013
Premium Leisure Corp. (formerly "Sinophil Corporation")	**₱13,544,670**	₱27,000,000
Others	**84,921**	1,270,021
	13,629,591	28,270,021
Noncurrent portion	**–**	28,185,100
Current portion	**₱13,629,591**	₱84,921

AFS financial assets are carried at fair value with cumulative changes in fair values presented under "Unrealized mark-to-market gain on available-for-sale financial assets" account in the consolidated statements of changes in equity. The fair values of these shares are based on the quoted market price as of reporting date. In 2012, the Company sold some of its investments in equity securities with a total acquisition cost of ₱0.1 million for a consideration amounting to ₱0.3 million, resulting to a realized gain of ₱0.2 million recognized in the 2012 consolidated statement of comprehensive income.

In 2013, the Company sold investments in equity securities with a total acquisition cost of ₱9.2 million and for the same amounts of consideration. These were fully impaired, thus the amount of consideration was recorded as "Gain on sale of investments in a subsidiary and available-for-sale financial assets – net" in the 2013 consolidated statement of comprehensive income. In 2014, the Company sold investments in equity securities with a total acquisition cost of ₱11.3 million for a gross consideration of ₱156.2 million resulting to a gain of ₱144.9 million.

Movements of AFS financial assets as at December 31 are as follows:

	2014	2013
Balance at beginning of year	**₱28,270,021**	₱32,270,021
Fair value changes	**122,152,320**	(4,000,000)
Disposals	**(135,607,650)**	–
Write off	**(1,185,100)**	–
Balance at end of year	**₱13,629,591**	₱28,270,021

In 2014, AFS financial asset amounting to ₱1.2 million was written off.

Movements of the unrealized mark-to-market gain on AFS financial assets attributable to the shareholders of the Parent Company (presented in the equity section of the consolidated statements of financial position) follow:

	2014	2013
Balance at beginning of year	**₱15,000,000**	₱19,000,300
Unrealized mark-to-market gain (loss)	**122,152,320**	(4,000,000)
Realized mark-to-market gain	**(124,370,730)**	(300)
Balance at end of year	**₱12,781,590**	₱15,000,000

As at December 31, 2014 and 2013, subscriptions payable related to the AFS financial assets amounted to ₱0.2 million and ₱75.2 million.

10. Other Current Assets

This account consists of:

	2014	2013
Input VAT	**₱6,305,876**	₱5,804,069
Prepayments and others	**1,785**	1,785
	₱6,307,661	₱5,805,854

11. Property and Equipment

This account consists of:

	2014				
	Land	**Mining Equipment**	**Office and Other Equipment**	**Leasehold Improvements**	**Total**
Cost					
Balance at beginning of year	**₱64,000**	**₱596,866**	**₱5,323,407**	**₱3,344,949**	**₱9,329,222**
Additions	**–**	**–**	**34,822**	**–**	**34,822**
Disposals/Write-offs	**(64,000)**	**(596,866)**	**(3,736,052)**	**(11,973)**	**(4,408,891)**
Balance at end of year	**–**	**–**	**1,622,177**	**3,332,976**	**4,955,153**
Accumulated Depreciation and Amortization					
Balance at beginning of year	**–**	**159,436**	**5,269,045**	**3,222,629**	**8,651,110**
Depreciation and amortization (see Note 16)		**369,386**	**51,433**	**33,662**	**454,481**
Disposals/Write-offs	**–**	**(528,822)**	**(3,736,052)**	**–**	**(4,264,874)**
Balance at end of year	**–**	**–**	**1,584,426**	**3,256,291**	**4,840,717**
Net Book Value	**₱–**	**₱–**	**₱37,751**	**₱76,685**	**₱114,436**

	2013				
	Land	Mining Equipment	Office and Other Equipment	Leasehold Improvements	Total
Cost	₱64,000	₱596,866	₱5,323,407	₱3,344,949	₱9,329,222
Accumulated Depreciation and Amortization					
Balance at beginning of year	–	159,436	4,784,421	3,092,348	8,036,205
Depreciation and amortization	–	–	484,624	130,281	614,905
Balance at end of year	–	159,436	5,269,045	3,222,629	8,651,110
Net Book Value	₱64,000	₱437,430	₱54,362	₱122,320	₱678,112

The costs of fully depreciated assets still in use amounted to ₱1.1 million as at December 31, 2014 and 2013. There were no idle assets as at December 31, 2014 and 2013.

12. Investment Properties

The movement of this account follows:

	2014	2013
Balance at beginning of year	**₱156,986,106**	₱156,953,000
Additions	**–**	33,106
Balance at end of year	**₱156,986,106**	₱156,986,106

Investment properties consist of parcels of land which are being held by the Company for capital appreciation.

The fair value of the investment property is determined based on the valuation performed by Asian Appraisal Company, Inc., an independent appraiser annually. The appraiser is an industry specialist in valuing these types of investment property. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of investment properties are determined using the market data approach by gathering available market evidences.

The Company has no limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, police power and taxation.

Fair value hierarchy disclosures for investment property has been provided in Note 23.

Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

<u>Highest and Best Use</u>
Based on analysis of prevailing land usage in the neighborhood and the property itself, *diversified agro-industrial land development* would represent the highest and best use of the property. *Highest and Best Use* is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

Market Data Approach
The value of the land was arrived at using the *Market Data Approach*. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as bases of comparison are situated within the immediate vicinity of the subject property. The comparison was premised on the factors of locations, size and shape of the lot, time element and others.

In 2014, management did not obtain an updated appraisal valuation report as management believes that there were no significant fair value changes from that determined in previous years. No changes in fair value of investment properties were recognized in 2014 and 2013.

13. Goodwill and Other Noncurrent Assets

This account consists of:

	2014	2013
Goodwill	**₱5,992,907**	₱5,992,907
Deferred exploration costs – net	**71,059,197**	85,208,302
Mining rights – net	–	–
Software (net of accumulated amortization amounting to ₱235,130 and ₱226,315 as at December 31, 2014 and 2013, respectively)	–	8,815
Deposits (see Note 22)	**19,217**	19,217
	71,078,414	85,236,334
	₱77,071,321	₱91,229,241

Goodwill pertains to excess of acquisition cost over fair value of net assets acquired related to the acquisition of PRC-Magma. No impairment loss on goodwill was recognized in 2014, 2013 and 2012.

Mining rights and deferred exploration costs are carried at cost net of allowance for impairment losses. Movements in these accounts are as follows:

	2014	
	Deferred Exploration Costs	**Mining Rights**
Cost:		
Balance at beginning of year	**₱131,658,208**	**₱48,254,908**
Additions	**2,120,913**	**–**
Balance at end of year	**133,779,121**	**48,254,908**
Allowance for impairment:		
Balance at beginning of year	**46,449,906**	**48,254,908**
Provision during the year	**16,270,018**	–
Balance at end of year	**62,719,924**	**48,254,908**
Net book value	**₱71,059,197**	**₱–**

	2013	
	Deferred Exploration Costs	Mining Rights
Cost:		
Balance at beginning of year	₱124,386,002	₱48,254,908
Additions	7,272,206	–
Balance at end of year	131,658,208	48,254,908
Allowance for impairment:		
Balance at beginning of year	20,825,133	27,091,530
Provision	25,624,773	21,163,378
Balance at end of year	46,449,906	48,254,908
Net book value	₱85,208,302	₱–

Deferred exploration costs relate to projects that are currently on-going in the mining areas. The recovery of these costs depends upon the success of exploration activities and future developments of the corresponding mining properties or the discovery of minerals producible in commercial quantities (see Note 1).

In 1997, the Parent Company entered into a Mineral Production and Sharing Agreement with the Republic of the Philippines represented by the Secretary of DENR pursuant to the provisions of Republic Act No 7942, otherwise known as the "Philippine Mining Act of 1995". The Parent Company became a holder of two MPSA in Cebu. The primary purpose of the MPSA is to provide for the exploration, sustainable development and commercial utilization of limestone and associated cement raw materials and other mineral deposits existing within the contract area.

The Parent Company incurred nil, ₱0.2 million and ₱5.1 million exploration costs in 2014, 2013 and 2012, respectively, in connection with its drilling activities for cement and other mineral exploration in compliance with its MPSA with the DENR.

In 2012, the Company recognized full valuation allowance for unrecoverable deferred exploration costs incurred by certain subsidiaries in Isabela, Palawan, Surigao, and Davao mining areas due to the anti-mining advocacy of the local government units and declaration of moratorium against any exploration or mining development in these areas. In 2012, the Company recognized additional provisions to fully provide allowance for impairment amounting to ₱17.1 million for the mining rights of Palawan, Surigao and Davao mining areas.

In 2013, the Company recognized full valuation allowance amounting to ₱76.7 million for unrecoverable deferred exploration costs and mining rights incurred by APC Mining in Alubijid, Misamis Oriental due to low prospect for chromite, copper and nickel.

In 2014, the Company recognized additional impairment of deferred exploration costs under Aragorn Coal and PRC-Magma for its coal and geothermal projects, respectively.

14. **Trade and Other Payables**

This account consists of:

	2014	2013
Trade	**₱2,349,667**	₱1,931,237
Accrued expenses:		
Documentary stamp tax	**8,735,254**	8,868,438
Professional fees	**788,972**	1,274,887
Others	**3,341,817**	2,267,985
Payable to third party	**17,558,351**	13,225,048
Payable to government agencies	**26,983**	255,763
Others	**–**	185,519
	₱32,801,044	₱28,008,877

Trade payables are noninterest-bearing and are normally settled on a 30-day term.

Accrued expenses and other payables mainly pertain to payable to utility and other service providers which are normally settled within the next financial year.

Payable to government agencies mainly pertain to statutory liabilities such as output VAT, withholding taxes and premiums on SSS, Philhealth and Pag-ibig fund which are normally settled within the next financial year.

15. **Equity**

a. Details of authorized and issued capital stock as at December 31, 2014 and 2013 follow:

	Number of Shares	Amounts
Authorized:		
Preferred stock - ₱1 par value	6,000,000,000	₱6,000,000,000
Common stock - ₱1 par value	14,000,000,000	14,000,000,000

	2014	2013
Issued - Common shares	**₱2,498,129,059**	₱2,498,069,059
Subscribed - Common shares (net of subscriptions receivable amounting to ₱1,123,737,849 and ₱1,123,797,849 as at December 31, 2014 and 2013, respectively)	**3,889,943,089**	3,889,943,089
	₱6,388,072,148	₱6,388,012,148

b. The preferred shares may be issued from time to time by the Parent Company's BOD, which is authorized to adopt resolutions authorizing the issuance thereof in one or more series for such number of shares and relative rights and preferences, as it may deem beneficial to the Parent Company. As at March 27, 2015, the Parent Company's BOD has not authorized any issuance of preferred shares.

c. In 2007, APC and Belle Corporation (Belle) agreed that the advances of APC from Belle amounting to ₱3,675 million will be offset against subscriptions receivable from Belle representing 3,500 million shares subscribed at ₱1.40 a share and the excess over par will be recognized as additional paid in capital (APIC). As at December 31, 2014 and 2013, the related advances amounting ₱2,625 million was presented as a reduction from the subscriptions receivable and the excess over par amounting to ₱1,050 million as APIC since the pending activities are administrative in nature and are not expected to substantially affect the intent of the parties nor the substance of the agreement.

   In February 2015, APC and Belle finalized the agreement and the related advances and subscription receivable have been settled. Consequently, the corresponding shares have been issued.

d. The following summarizes the information on the Parent's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Type of Issuance	Authorized Shares	Issue/ Offer Price
January 7, 1994	Initial public offering	80,000,000,000	₱0.01
July 9, 1996	Additional public offering	100,000,000,000	0.01
July 12, 1996	Stock option	5,300,000,000	0.01

   The total number of shareholders is 604 and 616 as at December 31, 2014 and 2013, respectively.

e. On June 18, 2013, BOD approved the amendment of the seventh article of the Corporation's Articles of Incorporation by reducing the par value from one peso (₱1.00) to thirty-five centavos (₱0.35), to read as follows:

   "The capital stock of the Corporation is seven billion (₱7,000,000,000) pesos, Philippine Currency, divided into fourteen billion (14,000,000,000) common shares and six billion (6,000,000,000) preferred shares both with par value of thirty-five centavos (₱0.35) per share."

   The reduction in par value will be undertaken to substantially reduce the Company's capital deficit.

   As at March 27, 2015, the amendment to the Articles of Incorporation is still in process and subject to the approval of SEC.

16. General and Administrative Expenses

This account consists of:

	2014	2013	2012
Salaries and employee benefits	**₱5,621,645**	₱8,365,123	₱5,310,236
Professional fees and outside services	**3,595,377**	2,070,260	2,430,253
Placement fees	**1,980,368**	–	–
Taxes and licenses	**1,924,581**	533,761	1,536,692
Entertainment, amusement and recreation	**1,096,675**	1,630,115	1,305,832
Utilities and maintenance	**660,537**	457,081	707,867
Rental	**610,360**	551,365	676,678
Transportation and travel	**561,556**	559,981	524,739
Depreciation and amortization (see Notes 11 and 13)	**463,296**	661,932	680,823
Meeting expenses	**74,097**	61,425	63,142
Donations and contributions	**–**	–	2,005,225
Others	**1,020,085**	652,249	879,327
	₱17,608,577	₱15,543,292	16,120,814

17. Retirement Plan

The Company has an unfunded, noncontributory defined benefit retirement plan covering substantially all of its employees. The plan provides for a lump sum benefit payment upon retirement.

Changes in accrued retirement costs are as follows:

	2014	2013	2012
Balance at beginning of year	**₱6,422,300**	₱3,778,700	₱20,257,898
Net benefit:			
Current service cost	**373,200**	347,600	366,700
Interest cost	**262,000**	156,100	221,900
Subtotal	**635,200**	503,700	588,600
Remeasurements loss (gain) in other comprehensive income	**91,200**	2,139,900	(933,500)
Benefits paid	**(5,358,200)**	–	(350,400)
Effect of discontinued operation	**–**	–	(15,783,898)
	₱1,790,500	₱6,422,300	₱3,778,700

The principal assumptions used to determine retirement obligations for the Company's plan are shown below:

	2014	2013	2012
Discount rate	**5.31%**	4.08%	4.13%
Future salary increase rate	**5.00%**	5.00%	5.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the present value of defined benefit obligation (PVDBO) as at December 31, assuming if all other assumptions were held constant:

	Changes	2014 Increase (Decrease) on PVDBO	2013 Increase (Decrease) on PVDBO
Discount rate	+0.5	(₱105,000)	(₱106,400)
	-0.5	113,300	193,700
Future salary increase rate	+2.0	501,800	711,300
	-2.0	(384,400)	(490,700)

The following are other defined benefit plan information:

	2014	2013
A. Weighted Average Duration of PVDBO	**18.38 years**	11.14 years
B. Maturity Analysis of Undiscounted Retirement Benefit Payments*		
Less than one year	**₱–**	₱3,910,000
More than one year up to 5 years	**–**	–
More than 5 years up to 10 years	**3,363,000**	3,701,900
More than 10 years up to 15 years	**–**	2,386,400
More than 15 years up to 20 years	**8,096,600**	3,504,400
More than 20 years	**11,561,300**	6,404,000
C. Plan Membership Information		
Number of Active Plan Members	**6**	7
Number of Separated Vested Members	**1**	–
Number of Retired Members	**1**	–
Average Attained Age	**40.9 years**	46.7 yrs.
Average Past Service	**5.8 years**	8.2 yrs.
Average Future Service	**19.1 years**	13.3 yrs.

**Assuming retirement at age 60; an employee who has reached age 60 as at December 31, 2014 is assumed to defer his retirement for one year from such date.*

The Company’s latest actuarial valuation report is at December 31, 2014.

18. .**Other Income (Expense)** - Net

Details of other income follow:

	2014	2013	2012
Income from compromise agreement with COMSAT	**₱12,570,123**	₱–	₱–
Write-off of other assets	**–**	(15,613,452)	(1,421,031)
Reversal of liabilities	**–**	4,093,501	–
Reversal of impairment loss on investments and advances	**–**	–	5,139,852
Rental income (see Note 12)	**–**	–	2,641,369
Other expenses - net	**(2,125,771)**	(350,806)	(50,272)
	₱10,444,352	(₱11,870,757)	₱6,309,918

Others comprises of other expenses incurred by the Company needed to continue the operation such as land expenses and other income from recovery of accounts receivable that was previously written off.

19. **Income Tax**

The provision for income tax consists of:

	2014	2013	2012
Current income tax:			
Final tax on interest income	**₱230,922**	₱276,913	₱142,278
MCIT	**251,642**	98,016	861
RCIT	**–**	–	621,777
	₱482,564	₱374,929	₱764,916

Following are the deductible temporary differences and carryforward benefits of the excess of MCIT over RCIT and NOLCO for which no deferred tax assets were recognized:

	2014	2013	2012
Provision for impairment of deferred exploration costs and mining rights	**₱110,974,832**	₱94,704,814	₱41,923,757
Accumulated impairment loss on advances to subsidiaries	**61,993,431**	60,808,331	177,277,705
NOLCO	**28,856,109**	35,462,630	37,041,179
Accrued retirement costs	**1,790,500**	6,422,300	3,778,700
Excess of MCIT over RCIT	**350,519**	126,861	81,748
Others	**714**	714	1,813
	₱203,966,105	₱197,525,650	₱260,104,902
Unrecognized deferred tax assets	**₱61,435,195**	₱59,346,498	₱78,088,694

Deferred tax assets were not recognized as at December 31, 2014 and 2013 as management believes it is not probable that future taxable profits will be sufficient against which these can be utilized.

The carryforward benefits of NOLCO that may be used by the Company as additional deductions from future taxable income are as follows:

Date Incurred	Expiry Date	Amount
December 31, 2012	December 31, 2015	₱14,489,729
December 31, 2013	December 31, 2016	6,044,631
December 31, 2014	December 31, 2017	8,321,749
		₱28,856,109

MCIT, which may be applied against RCIT liability of the Company, are as follows:

Date Incurred	Expiry Date	Amount
December 31, 2012	December 31, 2015	₱861
December 31, 2013	December 31, 2016	98,016
December 31, 2014	December 31, 2017	251,642
		₱350,519

Expired NOLCO and MCIT amounted to ₱14.9 million and ₱0.03 million, respectively, in 2014, and ₱7.6 million and ₱0.1 million, respectively, in 2013.

The reconciliation of provision for (benefit from) income tax computed at the statutory income tax rate to provision for income tax shown in the statements of comprehensive income follows:

	2014	2013	2012 (As restated - Note 2)
Provision for (benefit from) income tax at statutory income tax rate	**₱36,379,620**	(₱19,085,480)	₱1,782,600
Increase (decrease) in income tax resulting from:			
Gain on sale of AFS and investments	**(43,477,215)**	(2,766,862)	(1,794,620)
Nondeductible expenses	**1,042,702**	28,797,202	2,866,125
Change in unrecognized deferred tax assets	**6,595,162**	(11,708,084)	5,808,644
Loss on sale of investment	**–**	5,276,550	–
Interest income subjected to final tax	**(57,705)**	(138,397)	(109,579)
Fair value gain on investment properties	**–**	–	(7,584,262)
Dividend income exempt from income tax	**–**	–	(203,992)
Effective income tax	**₱482,564**	₱374,929	₱764,916

20. **Related Party 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. Transactions with related parties are normally settled in cash.

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					
(1) Advances	**2014**	**₱–**	**(₱79,406,947)**	On demand; Noninterest-bearing	Unsecured
	2013	–	(79,406,947)		
(2) Share in expenses	**2014**	**(223,014)**	**(223,014)**	On demand; Noninterest-bearing	Unsecured
Total					
Advances from related parties	**2014**		**(₱79,629,961)**		
	2013		(79,406,947)		

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

	2014	2013	2012
Salaries and short-term employee benefits	**₱3,958,046**	₱4,808,046	₱7,400,645
Retirement costs	**216,000**	285,400	348,000
	₱4,174,046	₱5,093,446	₱7,748,645

21. Basic/Diluted Earnings (Loss) Per Common Share

The calculation of earnings (loss) per share for the years ended December 31 follows:

	2014	2013	2012
Income (loss) from:			
Continuing operations	**₱122,888,619**	(₱55,798,072)	₱6,840,052
Discontinued operations	**–**	(7,380,128)	46,988
Income (loss) attributable to equity holders of the Parent Company	**122,888,619**	(63,178,200)	6,887,040
Weighted average number of common shares	**7,511,809,997**	7,511,809,997	7,511,809,997
Treasury shares	**(7,606,000)**	(7,606,000)	(7,606,000)
Divided by weighted average common shares	**7,504,203,997**	7,504,203,997	7,504,203,997
Basic/Diluted Earnings (loss) per share:			
From continuing operations	**₱0.016376**	(₱0.007436)	₱0.000911
From discontinued operations	**₱–**	(₱0.000983)	₱0.000006

There were no dilutive potential common shares for purposes of calculation of earnings (loss) per share in 2014, 2013 and 2012.

22. Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise advances from related parties. 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 and management review and approve 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.

The aging analyses of financial assets that are past due but not impaired as at December 31 are as follows:

	2014					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		1-60 Days	>60 Days	Total	Impaired	Total
Cash and cash equivalents*	**₱157,409,958**	**₱–**	**₱–**	**₱157,409,958**	**₱–**	**₱157,409,958**
Trade and other receivables:						
Trade	**–**	**–**	**71,749**	**71,749**	**–**	**71,749**
Advances to officers and employees	**123,144**	**–**	**–**	**123,144**	**–**	**123,144**
Others	**424,513**	**–**	**–**	**424,513**	**–**	**424,513**
AFS financial assets	**13,629,591**	**–**	**–**	**13,629,591**	**–**	**13,629,591**
Deposits**	**19,217**	**–**	**–**	**19,217**	**–**	**19,217**
	₱171,606,423	**₱–**	**₱71,749**	**₱171,678,172**	**₱–**	**₱171,678,172**

	2013					
	Neither Past Due nor Impaired	Past Due but not Impaired				
		1-60 Days	>60 Days	Total	Impaired	Total
Cash and cash equivalents*	₱73,744,007	₱–	₱–	₱73,744,007	₱–	₱73,744,007
Trade and other receivables:						
Trade	–	–	893,999	893,999	–	893,999
Advances to officers and employees	634,524	–	–	634,524	–	634,524
Receivable from sale of investments	9,223,172	–	–	9,223,172	–	9,223,172
Others	594,987	–	–	594,987	–	594,987
AFS financial assets	28,270,021	–	–	28,270,021	–	28,270,021
Deposits**	19,217	–	–	19,217	–	19,217
	₱112,485,928	₱–	₱893,999	₱113,379,927	₱–	₱113,379,927

**Excluding cash on hand amounting to ₱1,774 and ₱10,000 as at December 31, 2014 and 2013, respectively.*
***Included in "Other noncurrent assets" account.*

The table below shows the credit quality of the Company's financial assets which are neither past due nor impaired as at December 31:

	2014			
	Neither Past Due nor Impaired		**Past Due but not Impaired**	
	High Grade	**Standard Grade**		**Total**
Cash and cash equivalents*	**₱157,409,958**	**₱–**	**₱–**	**₱157,409,958**
Trade and other receivables:				
Trade	**–**	**–**	**71,749**	**71,749**
Advances to officers and employees	**–**	**123,144**	**–**	**123,144**
Others	**424,513**	**–**	**–**	**424,513**
AFS financial assets	**–**	**13,629,591**	**–**	**13,629,591**
Deposits**	**–**	**19,217**	**–**	**19,217**
	₱157,834,471	**₱13,771,952**	**₱71,749**	**₱171,678,172**

	2013			
	Neither Past Due nor Impaired		Past Due but not Impaired	
	High Grade	Standard Grade		Total
Cash and cash equivalents*	₱73,744,007	₱–	₱–	₱73,744,007
Trade and other receivables:				
Trade	–	–	893,999	893,999
Advances to officers and employees	–	634,524	–	634,524
Receivable from sale of investments	9,223,172	–	–	9,223,172
Others	594,987	–	–	594,987
AFS financial assets	–	28,270,021	–	28,270,021
Deposits**	–	19,217	–	19,217
	₱83,562,166	₱28,923,762	₱893,999	₱113,379,927

**Excluding cash on hand amounting to ₱1,774 and ₱10,000 as at December 31, 2014 and 2013, respectively.*
***Included in "Other noncurrent assets" account.*

The credit rating of the Company's financial assets are categorized based on the Company's collection experience with the counterparties.

a. High Grade - this includes deposits or placements to counterparties with good credit rating or bank standing. For trade and other receivables, settlements are obtained from counterparty following the terms of the contracts without much collection effort.

b. Standard Grade - this includes deposits or placements to counterparties that are not classified as "high grade." For trade and other receivables, some reminder follow-ups are performed to obtain settlement from the counterparty.

c. Sub-standard Grade - for trade and other receivables, constant reminde r follow-ups are performed to collect accounts from counterparty.

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.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments as at December 31.

	2014					
	On Demand	**1–30 Days**	**31–60 Days**	**60–365 Days**	**Over 1 Year**	**Total**
Trade and other payables*	**₱15,215,710**	**₱–**	**₱17,558,351**	**₱–**	**₱–**	**₱32,774,061**
Advances from related parties	**79,629,961**	**–**	**–**	**–**	**–**	**79,629,961**
Subscriptions payable	**–**	**–**	**–**	**–**	**161,959**	**161,959**
	₱94,845,671	**₱–**	**₱17,558,351**	**₱–**	**₱161,959**	**₱112,565,981**

	2013					
	On Demand	1–30 Days	31–60 Days	60–365 Days	Over 1 Year	Total
Trade and other payables*	₱13,637,768	₱–	₱14,115,346	₱–	₱–	₱27,753,114
Advances from related parties	79,406,947	–	–	–	–	79,406,947
Subscriptions payable	–	–	–	–	75,161,959	75,161,959
	₱93,044,715	₱–	₱14,115,346	₱–	₱75,161,959	₱182,322,020

** Excluding statutory liabilities.*

The table below shows the maturity profile of the Company's financial assets held for liquidity purposes based on contractual undiscounted cash flows as at December 31.

	2014				
	On Demand	**1–30 Days**	**31–60 Days**	**60–365 Days**	**Total**
Cash and cash equivalents	**₱6,299,487**	**₱151,112,245**	**₱–**	**₱–**	**₱157,411,732**
Trade and other receivables:					
Trade	**–**	**–**	**–**	**71,749**	**71,749**
Advances to officers and employees	**–**	**123,144**	**–**	**–**	**123,144**
Others	**424,513**	**–**	**–**	**–**	**424,513**
AFS financial assets	**13,629,591**	**–**	**–**	**–**	**13,629,591**
	₱20,353,591	**₱151,235,389**	**₱–**	**₱71,749**	**₱171,660,729**

	2013				
	On Demand	1–30 Days	31–60 Days	60–365 Days	Total
Cash and cash equivalents	₱1,712,000	₱72,042,007	₱–	₱–	₱73,754,007
Trade and other receivables:					
Trade	–	–	–	893,999	893,999
Advances to officers and employees	–	634,524	–	–	634,524
Receivable from sale of investments	9,223,172	–	–	–	9,223,172
Others	594,987	–	–	–	594,987
AFS financial assets	28,270,021	–	–	–	28,270,021
	₱39,800,180	₱72,676,531	₱–	₱893,999	₱113,370,710

Equity Price Risk

The Company's investments in equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's BOD reviews and approves all equity investment decisions.

The Company's exposure to quoted securities amounted to ₱13.6 million and ₱28.3 million as at December 31, 2014 and 2013, respectively (see Note 9).

The effect on the consolidated income or equity, depending on whether or not decline is significant or prolonged (as a result of a change in fair value of quoted equity instruments held as AFS financial assets as at December 31, 2014 and 2013) due to reasonably possible change in equity indices, with all other variables held constant, is as follows:

	Change in Equity Price*	Effect on Income before Income Tax	Effect on Equity
2014	**23%**	**10,507,521**	**7,355,265**
	-23%	**(10,507,521)**	**(7,355,265)**
2013	1%	210,818	147,573
	-1%	(210,818)	(147,573)

**Based on PSE market index*

Capital Management

The main objective of the Company is to maintain a strong and healthy financial position.

Presently, the cash requirements of the Company are financed mainly from internally generated sources. Major projects will be financed by debt and/or equity funds from strategic partnerships with investors (both foreign and local) who are willing to put a stake in the projects. Through a combination of debt and equity financing, the Company should be able to maintain a strong and solid capital structure.

The capital structure of the Company as at December 31, 2014 consists of capital stock and additional paid in capital amounting to ₱6,388,072,148 and ₱1,613,942,096, respectively.

There were no changes in the objectives, policies or procedures during the years ended December 31, 2014 and 2013.

23. Financial Assets and Liabilities

A comparison by category of the carrying values and estimated fair values of the Company's financial instruments that are carried in the consolidated statements of financial position as at December 31, 2014 and 2013 are as follows:

Cash and Cash Equivalents, Trade and Other Receivables, Deposits, Trade and Other Payables, 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.

Subscriptions Payable
Due to non-availability of definite payment terms, there is no reliable source of fair value as of reporting dates.

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities as at December 31, 2014 and 2013:

	2014		
	Total	**Level 1**	**Level 3**
Assets measured at fair value:			
Investment properties (Note 12)	**₱156,986,106**	**₱–**	**₱156,986,106**
AFS financial assets (Note 9)	**13,629,591**	**13,629,591**	**–**
Asset for which fair values are disclosed -			
Loans and receivables - Deposits*	**19,217**	**–**	**19,217**
Total financial assets	**₱170,634,914**	**₱13,629,591**	**₱157,005,323**

**Included in "Other noncurrent assets" account*

	2013		
	Total	Level 1	Level 3
Assets measured at fair value:			
Investment properties (Note 12)	₱156,986,106	₱–	₱156,986,106
AFS financial assets (Note 9)	28,270,021	28,270,021	
Asset for which fair values are disclosed:			
Loans and receivables - Deposits*	19,217	–	19,217
Total financial assets	₱185,275,344	₱28,270,021	₱157,005,323

**Included in "Other noncurrent assets" account*

The valuation for land was based on market approach valuation technique using price per square meter ranging from ₱90 to ₱650.

Significant increases (decreases) in price per square meter for land would result in a significantly higher (lower) fair value measurement.

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements during the period ended December 31, 2014 and 2013.

24. **Note to Statements of Cash Flows**

Noncash investing activity for the years ended December 31 consists of the following.

	2013	2012
	(In Millions)	
Sale on account:		
Sale of investments in a subsidiary, associate and AFS financial assets	₱9.2	₱24.7
Disposal of investments in an associate	–	14.1
	₱9.2	₱38.8

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
APC Group, Inc.
8th Floor, PhilCom Building
8755 Paseo de Roxas, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of APC Group, Inc. and Subsidiaries as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated March 27, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Christine G. Vallejo
Partner
CPA Certificate No. 99857
SEC Accreditation No. 1402-A (Group A),
March 13, 2014, valid until March 12, 2017
Tax Identification No. 206-384-906
BIR Accreditation No. 08-001988-105-2014,
March 10, 2014, valid until March 9, 2017
PTR No. 4751336, January 5, 2015, Makati City

March 27, 2015

APC GROUP, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
AS AT DECEMBER 31, 2014

I. Supplemental schedules required by Annex 68-E	
A. Financial assets	Attached
B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)	Attached
C. Amounts of receivables and payable from/to related parties which are eliminated during consolidation process of financial statements	Attached
D. Intangible assets - other asset	Attached
E. Long-term debt	Not applicable
F. Indebtedness to related parties (Long-term loans from related parties)	Not applicable
G. Guarantees of securities of other issuers	Not applicable
H. Capital stock	Attached
II. Schedule of all the effective standards and interpretations	Attached
III. Reconciliation of retained earnings available for dividend declaration	Not Applicable
IV. Map of the relationships of the Company within the Group	Attached

APC GROUP, INC. AND SUBSIDIARIES

I. SUPPLEMENTAL SCHEDULES REQUIRED BY ANNEX 68-E
AS AT DECEMBER 31, 2014

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and rates	Amount shown in the statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Cash in Banks	–	**₱6,299,487**	**₱–**	**₱8,281**
Peso Placements				
Banco De Oro	**–**	**₱151,112,245**	**₱–**	**₱952,249**
AFS Financial Assets				
Premium Leisure Corp. (formerly "Sinophil Corporation")	₱6,359,000	₱13,544,670	₱13,544,670	₱–
Others	12,500	84,921	–	–
	₱6,371,500	**₱13,629,591**	**₱13,544,670**	**–**
Deposits	**–**	**₱19,217**	**₱–**	**₱–**

Schedule B. Amounts receivable from directors, officers, employees, related parties and principal stockholders (other than related parties)
As at December 31, 2014

			Deductions				
Account	January 1, 2014	Additions	Amount Collected	Amount Written Off	Current	Non Current	December 31, 2014
Advances to officers and employees	₱634,524	₱405,168	(₱996,515)	₱–	₱43,177	₱–	₱43,177

Schedule C. Amounts of Receivable from and Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements
As at December 31, 2014

APC Mining Corporation

Account	January 1, 2014	Additions	Deductions: Amount Collected	Deductions: Amount Written Off	Current	Non Current	December 31, 2014
Advances to related parties	₱76,478,123	₱–	₱–	₱–	₱–	₱76,478,123	₱76,478,123
Receivables from related parties	1,962,110	75,245	–	–	2,037,355	–	2,037,355
Total	**₱78,440,233**	**₱75,245**	**₱–**	₱–	**₱2,037,355**	**₱76,478,123**	**₱78,515,478**

APC Cement Corporation

Account	January 1, 2014	Additions	Deductions: Amount Collected	Deductions: Amount Written Off	Current	Non Current	December 31, 2014
Advances to related parties	₱3,771,346	₱–	₱–	₱–	₱–	₱3,771,346	₱3,771,346
Receivables from related parties	991,542	344,875	(2,679)	–	1,333,738	–	1,333,738
Total	**₱4,762,888**	**₱344,875**	**(₱2,679)**	**₱–**	**₱1,333,738**	**₱3,771,346**	**₱5,105,084**

Aragorn Coal Resources, Inc.

Account	January 1, 2014	Additions	Deductions: Amount Collected	Deductions: Amount Written Off	Current	Non Current	December 31, 2014
Advances to related parties	₱2,194,913	₱2,989,244	₱–	₱–	₱–	₱5,184,157	₱5,184,157
Receivables from related parties	811,228	83,051	–	–	894,279	–	894,279
Total	**₱3,006,141**	**₱3,072,295**	**₱–**	**₱–**	₱894,279	**₱5,184,157**	**₱6,078,436**

Aragorn Power and Energy Corporation

Account	January 1, 2014	Additions	Deductions: Amount Collected	Deductions: Amount Written Off	Current	Non Current	December 31, 2014
Receivables from related parties	₱4,589,539	₱2,629,997	(₱641,476)	₱–	₱6,578,060	₱–	₱6,578,060
Advances from related parties	268,376	4,870,028	–	–	–	5,138,404	5,138,404
Total	**₱4,857,915**	**₱7,500,025**	**(₱641,476)**	**₱–**	**₱6,578,060**	**₱5,138,404**	**₱11,716,464**

Schedule D. Intangible Asset - Other Asset

Description	Beginning balance	Additions at cost	Charge to cost and expenses	Charged to other accounts	Other charges additions (deduction)	Ending balance
Software cost	**₱8,815**	**₱–**	**(₱8,815)**	**₱–**	**₱–**	**₱–**

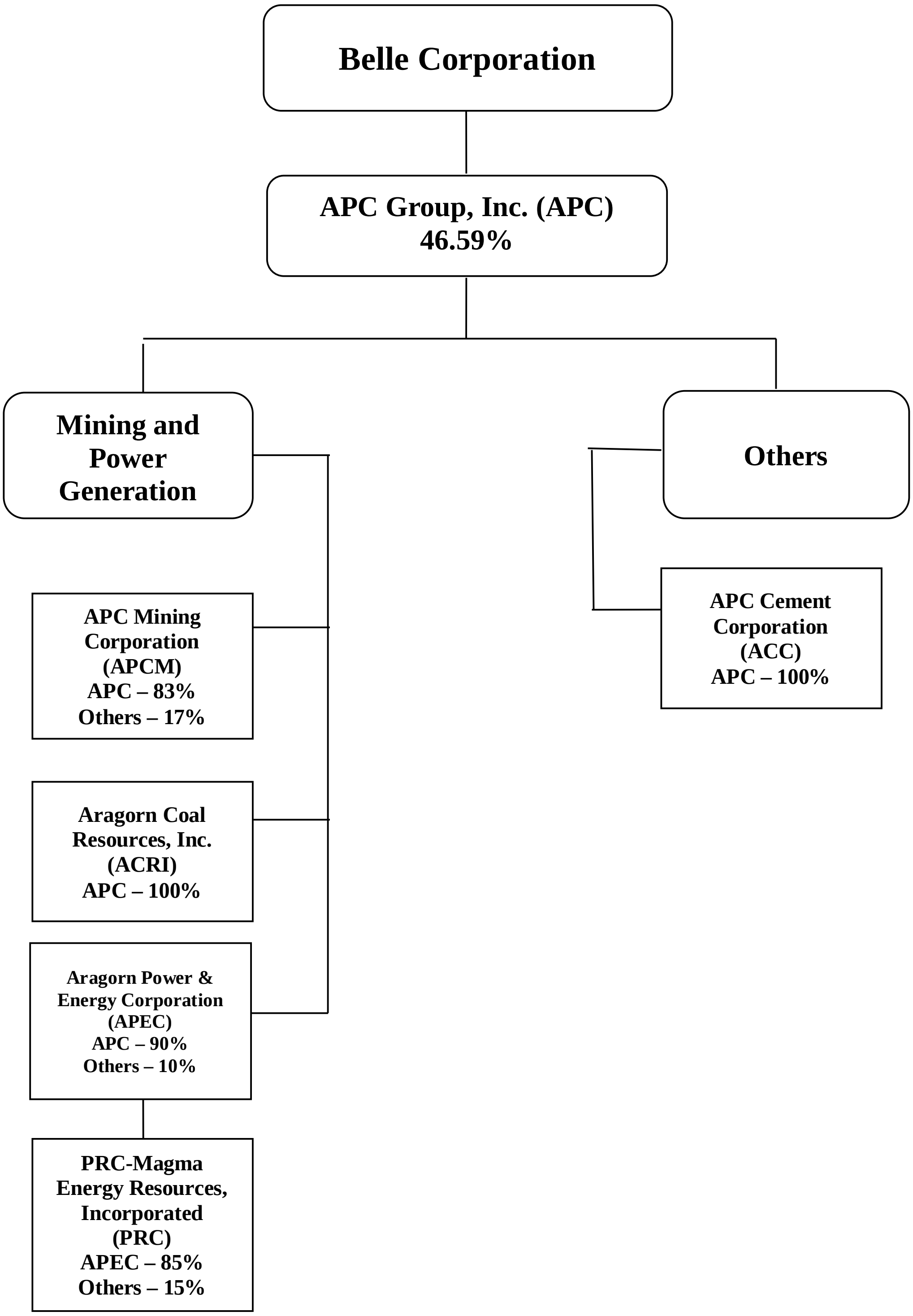
Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related statements of financial position caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, officers, and employees	Others
Common	14,000,000,000	7,511,809,997*	NA	3,665,722,334	2,452,706	3,843,634,957
Preferred	6,000,000,000	–	NA	–	–	–

**inclusive of Treasury shares – 7,606,000*

APC GROUP, INC. AND SUBSIDIARIES

IV. MAP OF THE RELATIONSHIP OF THE COMPANY WITHIN THE GROUP



APC Group, Inc. and Subsidiaries
List of Philippine Financial Reporting Standards (PFRSs) and Interpretations Effective as at December 31, 2014

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary		✓		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Amendments to PFRS 1: Borrowing Costs			✓
	Amendment to PFRS 1: Meaning of Effective PFRSs			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendment to PFRS 2: Definition of Vesting Condition**	Not Early Adopted		
PFRS 3 (Revised)	Business Combinations			✓
	Amendment to PFRS 3: Accounting for Contingent Consideration in a Business Combination**	Not Early Adopted		
	Amendment to PFRS 3: Scope Exceptions for Joint Arrangements**	Not Early Adopted		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
	Amendments to PFRS 5: Changes in Methods of Disposals**	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✓		
	Amendments to PFRS 7: Disclosures – Servicing Contracts**	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements**	Not Early Adopted		
PFRS 8	Operating Segments	✓		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets**	Not Early Adopted		
PFRS 9	Financial Instruments *	Not Early Adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not Early Adopted		
	Amendments to PFRS 9: Hedge accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)**	Not Early Adopted		
	Amendments to PFRS 9 (2014 version)**	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	Not Early Adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations**	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Amendment to PFRS 13: Short-term Receivables and Payables	✓		
	Amendment to PFRS 13: Portfolio Exception**	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 14	Regulatory Deferral Accounts**	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Classification of servicing equipment			✓
	Amendment to PAS 16 and PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Depreciation / Amortization**	Not Early Adopted		
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization**	Not Early Adopted		
	Amendment to PAS 16 and PAS 41: Bearer Plants**	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution**	Not Early Adopted		
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate**	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendment: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
	Amendments to PAS 24: Key Management Personnel**	Not Early Adopted		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements**	Not Early Adopted		
PAS 28	Investments in Associates			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 32: Tax effect of distribution to holders of equity instruments			✓
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✓
	Amendments to PAS 34: Disclosure of Information 'Elsewhere in the Interim Financial Report'**	Not Early Adopted		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Revaluation Method – Proportionate Restatement of Accumulated Depreciation / Amortization**	Not Early Adopted		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2014		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization**	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
PAS 40	Investment Property	✓		
	Amendments to PAS 40: Clarifying the Interrelationship between PFRS 3 and PAS 40 when Classifying Property as Investment Property or Owner-Occupied Property**	Not Early Adopted		
PAS 41	Agriculture			✓
	Amendment to PAS 16 and PAS 41: Bearer Plants**	Not Early Adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as at December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases – Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

** Standards and interpretations which will become effective subsequent to December 31, 2014.*
*** Standards and amendments already approved by the Financial Reporting Standards Council (FRSC) but still for approval by the Board of Accountancy.*

Note: Standards and interpretations tagged as "Not Applicable" are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the year ended December 31, 2014.

109232014000724

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632)726-0931 to 39 Fax:(632)725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	AS93008127
Company Name	APC GROUP INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	109232014000724
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	September 22, 2014
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

A S 0 9 3 8 1 2 7
S.E.C. Registration Number

A P C G R O U P I N C .
(Company's Full Name)

8 t h F l o o r P h i l c o m B u i l d i n g 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

ATTY. EDMUNDO L. TAN
Contact Person

6353671 TO 78
Company Telephone Number

1 2 3 1
Fiscal Year

SEC FORM 17-C
F O R M T Y P E

2nd Thursday JUNE
Annual Meeting

Secondary License Type, If Applicable

Corporation Finance Department
Dep.Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Domestic

Foreign

Total No.of Stockholders

To be accomplished bt SEC Personnel concerned

LCU

Cashier

STAMPS

Remarks: pls.use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

**CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER**

1. **22 September 2014**
Date of Report (Date of earliest event reported)

2. SEC Identification Number **A-S093-008127** 3. BIR Tax Identification No. **002-834-075**

4. **APC GROUP, INC.**
Exact name of issuer as specified in its charter

5. **Metro Manila** 6. [redacted] (SEC Use Only)

Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **8th Floor, PhilCom Building, 8744 Paseo de Roxas, Makati City** 1226
Address of principal office — Postal Code

8. **(632) 8450614**
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,511,809,997 shares (As of July 31, 2014)**

....

11. Indicate the item numbers reported herein: **Items 2 (a), 4 and 9**

ELECTION OF DIRECTORS

Please be advised that during the annual stockholders' meeting held on 22 September 2014, the following shareholders were elected members of the Board of Directors of the Corporation for the year 2014-2015 to hold office as such until their successors have been duly elected and qualified:

Willy N. Ocier
Frederic C. DyBuncio
Bernardo D. Lim
Tomas D. Santos
Edmundo L. Tan
Virginia A. Yap
Laurito E. Serrano

Messrs. Laurito E. Serrano and Tomas D. Santos were elected as the Corporation's "independent directors" in accordance with the requirements of the Securities Regulation Code.

The shareholders likewise approved the audited financial statements of the Company as of year-end 2013, as well as the re-appointment of Sycip Gorres Velayo & Co. as the Corporation's external auditor for the year 2014-2015.

Also, the shareholders approved the amendment of Article III of the Articles of Incorporation to indicate the complete address of the company pursuant to SEC Memorandum Circular No. 6, series of 2014.

In the organizational meeting of the Board of Directors held right after the stockholders' meeting, the following persons were elected as officers of the Corporation for the year 2014-2015 to serve as such until their successors shall have been duly elected and qualified:

Willy N. Ocier	-	Chairman
Frederic C. DyBuncio	-	President & CEO
Jackson T. Ongsip	-	Executive Vice President/ Chief Finance Officer
Edmundo L. Tan	-	Corporate Secretary
Richard Anthony D. Alcazar	-	Asst. Corporate Secretary

The following directors, on the other hand, were elected as members of the various Committees of the Board of Directors of the Corporation:

Executive Committee:

Willy N. Ocier - Chairman
Frederic C. Dybuncio
Bernardo D. Lim
Virginia A. Yap

Compensation and Remuneration Committee:

Willy N. Ocier - Chairman
Edmundo L. Tan
Virginia A. Yap

Audit Committee:

Tomas Santos - Chairman
Virginia A. Yap
Bernardo D. Lim

Nomination Committee:

Edmundo L. Tan - Chairman
Tomas Santos
Virginia A. Yap

Risk Mangement Committee:

Tomas Santos - Chairman
Virginia A. Yap
Bernardo D. Lim

Atty. Edmundo L. Tan and Riza G. Baliang were likewise appointed as Compliance Officers of the Corporation.

SIGNATURES

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

APC GROUP, INC.
Issuer

Signature and Title
EDMUNDO L. TAN - Corporate Secretary

Date: **22 September 2014**

* Print name and title of the signing officer under the signature.

101092015000466

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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Company Information

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Company Name	APC GROUP INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	101092015000466
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Period Covered	January 08, 2015
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	

COVER SHEET

AS09381 27

S.E.C. Registration Number

APC GROUP INC.

(Company's Full Name)

8th Floor Philcom Building Paseo de

Roxas, Makati City

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

ATTY. EDMUNDO L. TAN

Contact Person

6353671 TO 78

Company Telephone Number

1 2 3 1

Fiscal Year

ADVISEMENT LETTER

F O R M T Y P E

2nd Thursday JUNE

Annual Meeting

Secondary License Type, If Applicable

Corporation Finance Department

Dep.Requiring this Doc.

Amended Articles Number/Section

Total No.of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished bt SEC Personnel concerned

LCU

Cashier

STAMPS

Remarks: pls.use black ink for scanning purposes.

APC GROUP INC.

08 January 2015

CORPORATE GOVERNANCE & FINANCE DEPARTMENT
Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

Attention: Atty. Justina F. Callangan
Acting Director

Re: Advisement Letter on SEC-ACGR (Directors's Attendance to Board Meetings for the year 2014)

Gentlemen:

In compliance with Memorandum Circular No. 1, series of 2014 of the Securities and Exchange Commission, we submit this Advisement Letter on the attendance to board meetings of the directors of APC GROUP, INC. (the "Corporation") for the year 2014.

The following table shows the attendance of members of the Board of Directors of the Corporation during the regular/special/organizational meetings held on March 17 and 28, May 5, June 3, July 3 and 23, August 4, September 10, 18 and 2, and December 3, 2014:

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended
Chairman	Willy N. Ocier	September 22, 2014 (re-elected)	11	10
Member	Frederic C. Dybuncio	September 22, 2014 (re-elected)	11	10
Member	Bernard D. Lim	September 22, 2014 (re-elected)	11	11
Independent	Tomas D. Santos	September 22, 2014 (re-elected)	11	11
Member	Virginia A. Yap	September 22, 2014 (re-elected)	11	11
Member	Edmundo L. Tan	September 22, 2014 (re-elected)	11	11
Independent	Laurito E. Serrano	September 22, 2014 (re-elected)	11	11

Very truly yours,

E L Tan

EDMUNDO L. TAN
Corporate Secretary

10th Floor, PhilCom Building
8755 Paseo de Roxas, Makati City
Metro Manila, Philippines
Tels.: (632) 845-0614
(632) 845-0620
Fax No.: (632) 845-0259
Website: www.opcaragorn.com

C:/APC Group/2015 SEC Disclosures

101222015002048

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
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SEC Registration No.	AS93008127
Company Name	APC GROUP INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	101222015002048
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Document Code	17-C
Period Covered	January 21, 2015
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

AS093812 7

S.E.C. Registration Number

APC GROUP INC.

(Company's Full Name)

8th Floor Philcom Building Paseo de

Roxas, Makati City

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

ATTY. EDMUNDO L. TAN

Contact Person

6353671 TO 78

Company Telephone Number

12 31

Fiscal Year

SEC FORM 17-C

F O R M T Y P E

2nd Thursday JUNE

Annual Meeting

Secondary License Type, If Applicable

Corporation Finance Department

Dep.Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No.of Stockholders

Domestic

Foreign

To be accomplished bt SEC Personnel concerned

LCU

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. **21 January 2015**
   Date of Report (Date of earliest event reported)

2. SEC Identification Number **A-S093-008127** 3. BIR Tax Identification No. **002-834-075**

4. **APC GROUP, INC.**
   Exact name of issuer as specified in its charter

5. **Metro Manila** 6. [redacted] (SEC Use Only)

   Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **8th Floor, PhilCom Building, 8744 Paseo de Roxas, Makati City** 1226
   Address of principal office — Postal Code

8. **(632) 8450614**
   Issuer's telephone number, including area code

9. N/A
   Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,511,809,997 shares (As of July 31, 2014)**

11. Indicate the item numbers reported herein: **Item 9**

ITEM 9. OTHER EVENTS

In compliance with the Markets And Securities Regulation Department's letter dated 11 December 2014 , please be advised that Corporation's application to amend Article III (principal place of business) of its Articles of Incorporation has already been approved by the Commission, and the corresponding Certificate of Filing Amended Articles of Incorporation dated 7 January 2015 has been received by the Corporation on 21 January 2015. Photocopies of the Certificate of Filing of Amended Articles of Incorporation and Official Receipt No. 1214683 showing date of release (1-21-15) are attached hereto and made integral parts of this SEC Form 17-C.

SIGNATURE

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

APC GROUP, INC.
Issuer

Date **21 January 2015**

Signature and Title
EDMUNDO L. TAN - Corporate Secretary

* Print name and title of the signing officer under the signature.

REPUBLIC OF THE PHILIPPINES
SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, Metro Manila

COMPANY REG. NO. ASO93-8127

CERTIFICATE OF FILING
OF
AMENDED ARTICLES OF INCORPORATION

KNOW ALL PERSONS BY THESE PRESENTS:

This is to certify that the amended articles of incorporation of the

APC GROUP, INC.

[Amending Article III thereof.]

copy annexed, adopted on July 23, 2014 by majority vote of the Board of Directors and on September 22, 2014 by the vote of the stockholders owning or representing at least two-thirds of the outstanding capital stock, and certified under oath by the Corporate Secretary and a majority of the Board of Directors of the corporation was approved by the Commission on this date pursuant to the provision of Section 16 of the Corporation Code of the Philippines, Batas Pambansa Blg. 68, approved on May 1, 1980 and copies thereof are filed with the Commission.

Unless this corporation obtains or already has obtained the appropriate Secondary License from this Commission, this Certificate does not authorize it to undertake business activities requiring a Secondary License from this Commission such as, but not limited to acting as: broker or dealer in securities, government securities eligible dealer (GSED), investment adviser of an investment company, close-end or open-end investment company, investment house, transfer agent, commodity/financial futures exchange/broker/merchant, financing company and time shares/club shares/membership certificates issuers or selling agents thereof. Neither does this Certificate constitute as permit to undertake activities for which other government agencies require a license or permit.

IN WITNESS WHEREOF, I have set my hand and caused the seal of this Commission to be affixed to this Certificate at Mandaluyong City, Metro Manila, Philippines, this 7th day of January, Twenty Fifteen.

FERDINAND B. SALES
Director
Company Registration and Monitoring Department

BUWIS
08238342

APC Group

OFFICIAL RECEIPT
Republic of the Philippines
DEPARTMENT OF FINANCE
SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
City of Mandaluyong, 1554

1-12-
1-21-

Accountable Form No. 51 Revised 2006	**ORIGINAL**
DATE December 23, 2014	No. 1214683

JAN 5, 2015

PAYOR ASIAN PETROLEUM CORPORATION
MAKATI CITY

NATURE OF COLLECTION	ACCOUNT CODE	RESPONSIBILITY CENTER	AMOUNT
LRF (A0823)	131	CRMD	10.00
AMENDED ARTICLES	606	CRMD	500.00
		TOTAL	PHP 510.00

1-9-15
1-21-15

AMOUNT IN WORDS
FIVE HUNDRED TEN PESOS AND 0/100

Received ☒ Cash ☐ Treasury Warrant ☐ Check ☐ Money Order	Received the Amount Stated Above
Treasury Warrant, Check, Money Order Number	Marissa L. Pagdanga COLLECTING OFFICER
Date of Treasury Warrant, Check, Money Order	O.R. No. 1214683

NOTE: Write the number and date of this receipt on the back of treasury warrant, check or money order received.

COVER SHEET

A S 0 9 3 8 1 2 7
S.E.C. Registration Number

A P C G R O U P I N C .
(Company's Full Name)

8 t h F l o o r P h i l c o m B u i l d i n g 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

ATTY. EDMUNDO L. TAN
Contact Person

6353671 TO 78
Company Telephone Number

1 2 3 1
Fiscal Year

SEC FORM 17-C
F O R M T Y P E

2nd Thursday JUNE
Annual Meeting

Secondary License Type, If Applicable

Corporation Finance Department
Dep.Requiring this Doc.

Amended Articles Number/Section

Total No.of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished bt SEC Personnel concerned

LCU

Cashier

STAMPS

Remarks: pls.use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1 **14 April 2015**
Date of Report (Date of earliest event reported)

2. SEC Identification Number **A-S093-008127** 3. BIR Tax Identification No. **002-834-075**

4. **APC GROUP, INC.**
Exact name of issuer as specified in its charter

5. **Metro Manila** 6. (SEC Use Only)

Province, country or other jurisdiction of incorporation — Industry Classification Code:

7. **8th Floor, PhilCom Building, 8744 Paseo de Roxas, Makati City** 1226
Address of principal office — Postal Code

8. **(632) 8450614**
Issuer's telephone number, including area code

9. N/A
Former name or former address, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,511,809,997 shares (As of July 31, 2014)**

11. Indicate the item numbers reported herein: **Item 9**

ITEM 9. OTHER EVENTS

Please be advised that at the meeting of the Board of Directors held yesterday, 14 April 2015, the Board set the Company's Annual Stockholders' Meeting scheduled on the Second Thursday of June as provided in the Company's By-Laws to **11 June 2015 at 3:00 p.m**. The venue of the meeting will be at Meeting Room 10, SMX Convention Center, Mall of Asia Complex, Pasay City.

The record date was set at **28 April 2015** for the determination of the shareholders entitled to notice of, and to vote at, the said annual stockholders' meeting.

SIGNATURE

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

APC GROUP, INC.
Issuer

Date **15 April 2015**

Signature and Title
EDMUNDO L. TAN - Corporate Secretary

* Print name and title of the signing officer under the signature.