

-----Original Message-----

From: Philippine Stock Exchange <no-reply@pse.com.ph>

Sent: Monday, May 2, 2022 2:47 PM

Subject: Annual Report

Dear Sir/Madam:

Your disclosure was approved as Company Report. Details are as follows:

Company Name: APC Group, Inc.

Reference Number: 0015509-2022

Date and Time: Monday, May 02, 2022 14:46 PM Template Name: Annual Report Report Number: CR02611-2022

Best Regards,

PSE EDGE

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The Philippine Stock Exchange, Inc., 6th to 10th Floors, PSE Tower, 5th Avenue corner 28th Street, Bonifacio Global City, Taguig City, Philippines 1634

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended
Dec 31, 2021
2. SEC Identification Number
AS93008127
3. BIR Tax Identification No.
002-834-075-000
4. Exact name of issuer as specified in its charter
APC GROUP, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe
Nuevo, Makati City
Postal Code
1212
8. Issuer's telephone number, including area code
632-8662-8888
9. Former name or former address, and former fiscal year, if changed since last report
N.A.
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	7,504,203,997

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock Exchange, Inc. / Common Stock
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

843,819,450.32

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



APC Group, Inc. APC

PSE Disclosure Form 17-1 - Annual Report *References: SRC Rule 17 and Section 17.2 and 17.8 of the Revised Disclosure Rules*

For the fiscal year ended	Dec 31, 2021
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Current Assets	16,636,207	25,194,022
Total Assets	259,078,089	267,425,944
Current Liabilities	108,120,596	108,631,475
Total Liabilities	111,402,250	114,597,482
Retained Earnings/(Deficit)	-22,322,828	-13,903,180
Stockholders' Equity	147,675,839	152,828,462
Stockholders' Equity - Parent	154,669,371	159,693,371
Book Value Per Share	0.02	0.02

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2021	Dec 31, 2020
Gross Revenue	0	0
Gross Expense	0	0
Non-Operating Income	401,221	3,285,664
Non-Operating Expense	8,949,492	9,167,147

Income/(Loss) Before Tax	-8,548,271	-5,881,483
Income Tax Expense	0	0
Net Income/(Loss) After Tax	-8,548,271	-5,881,483
Net Income/(Loss) Attributable to Parent Equity Holder	-8,419,648	-5,869,322
Earnings/(Loss) Per Share (Basic)	0	0
Earnings/(Loss) Per Share (Diluted)	0	0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2021	Dec 31, 2020
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	0.15	0.23
; ; Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	0.15	0.23
; ; Solvency Ratio	Total Assets / Total Liabilities	0.08	0.05
Financial Leverage Ratios			
; ; Debt Ratio	Total Debt/Total Assets	0	0
; ; Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0	0
; ; Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	0	0
; ; Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.75	1.75
Profitability Ratios			
; ; Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0	0
; ; Net Profit Margin	Net Profit / Sales	0	0
; ; Return on Assets	Net Income / Total Assets	0.03	0.02
; ; Return on Equity	Net Income / Total Stockholders' Equity	0.06	0.04
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-196.1	-516.7

Other Relevant Information
None.

Filed on behalf by:

Name	Ian Jason Aguirre
Designation	President and CEO

SEC Number **AS93008127**
File Number _____

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

**G/F MyTown New York Bldg.,
General E. Jacinto St. corner Capas St.
Brgy. Guadalupe Nuevo, Makati City 1212**
(Company's Address)

(632) 8662-8888
(Telephone Numbers)

**SEC Form 17-A
FOR THE FISCAL YEAR ENDED
31 DECEMBER 2021**

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: **31 December 2021**
2. SEC Identification Number: **AS93008127**
3. BIR Tax Identification No. **002-834-075-000**
4. Exact name of registrant as specified in its charter: **APC GROUP, INC.**
5. Province, Country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: _____ (SEC Use Only)
7. Address of principal office: **G/F MyTown New York Bldg., General E. Jacinto St. corner
Capas St., Brgy. Guadalupe Nuevo, Makati City, 1212**
8. Registrant's telephone number: **(632) 8662-8888**
9. Former name, former address, and former fiscal year: **N.A.**
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

11. Are any or all of these securities listed on the Philippine Stock Exchange? Yes [☒] No [☐]

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past 90 days: Yes [☒] No [☐]

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of 31 December 2021: **₱843,819,450.32**

This was computed by multiplying the no. of voting stocks held by non-affiliates (3,835,542,956 shares) by the stock's closing price of P0.22 per share on December 31, 2021.

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

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, Inc (PSE).

The registered office address of the Parent Company is G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe Nuevo, Makati City 1212.

The subsidiaries of the Company are as follows:

Company	Nature of Business	Date of Incorporation	Percentage of Ownership
Aragorn Power and Energy Corporation (APEC) ^(1, 3)	Energy	January 6, 2005	95.6%
PRC-Magma Energy Resources Inc. (PRC - Magma) ^(1, 2)	Energy	June 10, 2009	85%
APC Cement Corporation (APC Cement) ⁽¹⁾	Manufacturing	November 15, 1994	100%
APC Energy Resources, Inc. (APCERI) ⁽¹⁾	Mining	January 31, 2005	100%
APC Mining Corporation (APC Mining) ⁽¹⁾	Mining	March 17, 2005	83%

(1) Still in the pre-operating stage

(2) A direct subsidiary of APEC

(3) On April 10, 2018, the Parent Company subscribed to additional shares of APEC through capital infusion amounting to ₱ 76.5 million which increased the ownership interest of the Parent Company from 90% to 95.6%. This resulted to change in ownership interests in APEC without loss of control and accounted for as deemed acquisition of NCI. Loss on dilution of NCI amounted to ₱3.4 million, presented as part of “Equity Reserves” in the Consolidated Statement of Financial Position.

All the subsidiaries were incorporated in the Philippines.

Status of Operations

The following is the status of operations of the Group:

- a. Aragorn Power and Energy Corporation (APEC)
 - Kalinga Apayao Geothermal Service Project (Project)

As at the report date, APEC is still in the exploration stage. It was established to engage in renewable energy resource exploration, development and utilization.

In 2008, APEC was granted a Geothermal Service Contract (GSC) by the Republic of the Philippines, through Department of Energy (DOE), for the exploration, development and exploitation of geothermal resources covering a total area of 26,139 hectares located in the Province of Kalinga (the “Kalinga Geothermal Project” or “KGP”). The GSC was granted after a Certificate Precondition from the National Commission of Indigenous People, covering a major portion of the geothermal service area, was secured. The GSC was converted into a Geothermal Renewable Service Contract (GRESA) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESA has a term of not exceeding 25 years (including the used term under the GSC) and renewable for not more than 25 years. The total period from pre-development stage to the development/commercial stage shall not exceed 50 years.

In November 2010, APEC and its partner Guidance Management Corporation (GMC) forged a partnership with AllFirst Kalinga Ltd. (AKL, formerly Chevron Kalinga Ltd.), a wholly owned subsidiary of AllFirst Geothermal Philippines Holdings, Inc., (formerly Chevron Geothermal Philippines Holdings, Inc.) in developing the geothermal area. The parties signed a Farm-out Agreement (FOA) 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, AKL will be responsible for the exploration, development and operation of the steam field and power activities.

On August 13, 2018, APEC has secured an extension of the GRESC exploration period from DOE until September 23, 2020. On August 14, 2018, pursuant to Executive Order No. 30, the Energy Investment Coordinating Council (EICC), through the DOE, granted KGP a Certificate of Energy Project of National Significance (CEPNS) for Pre-Development Phase. The CEPNS entitles KGP to all the rights and privileges provided for under Executive Order No. 30 series 2017.

On September 18, 2018, AKL has assigned its Farm-out interest, including all associated rights and obligations under the FOA, in favor of its affiliate, Allfirst Kalinga Holdings, Inc. (AKHI).

Through letter dated December 28, 2018, the DOE gave KGP the clearance to undertake a system impact study (SIS) of its proposed 120 MW Kalinga Geothermal Project. The SIS of the KGP is currently on-going.

In 2019, KGP completed securing all the remaining necessary permits from the regulatory agencies (i.e. DENR and NWRB), and maintained and complied with its commitments with each of the representative Council of Elders and Leaders (COEs) under the Memoranda of Agreements (MOAs) supporting the NCIP Certificates of Precondition. KGP has also engaged contractors and suppliers necessary for the construction of access roads, well pads, and well drilling activities.

With the completion of the negotiation for right-of-way, remaining regulatory permits, as well as the engagement of the needed contractors and suppliers, KGP has completed the construction of well pads and access roads, and continues to implement geo-hazard mitigation measures.

On October 12, 2019, the Project commenced drilling of the PAS-02 exploration well and ended drilling operations on April 21, 2020 after reaching a depth of 4,483 ft. (1,366 m MD) and being unable to drill further. Drilling operations encountered many challenges such as technical difficulties with the well amidst the severe impact dealt by the COVID-19 pandemic and the Enhanced Community Quarantine (ECQ) such as limitations to deployment of personnel and delivery of supplies, disruptions to the global supply chain, and reduction in work hours of personnel quarantined onsite to protect their health and safety. Results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

On October 13, 2020, APEC secured an extension of the GRESC exploration period from DOE until October 12, 2022 with DOE recognizing the significant accomplishments of the project, the difficulties that the project encountered, and the need for further exploration given the results of the drilling PAS-02 with commercial temperature and encouraging chemistry.

On March 12, 2021, the KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended June 7, 2021. The 3G intended to obtain additional information supporting the results of the PAS-02 exploration well and to refine and expand the Conceptual Model to ensure soundness of the geologic targets prior to resuming drilling operations. The campaign was successfully carried out with no incidents and within the timeline planned, despite the restrictions

brought about by COVID-19 pandemic and the provincial and granular lockdowns imposed in Kalinga and in Metro Manila.

The KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 21, 2022, the consent of nine (9) out of eleven (11) ancestral domains has been secured covering 85% of the GRESC area. In addition, all of the Community Development (CD) Projects have been fully completed and turned over to the respective community beneficiaries. Most community projects completed include farm-to-market roads, barangay/tribal halls, chapels/churches, water works, drainage canals, rehabilitation of CIS, bridges, acquisition of backhoe, clinic, and ambulance. The KPG has also provided various assistance to the community since the start of the COVID 19 pandemic such as provision of food packs, PPEs, antigen test kits, oxygen tanks, and vaccines.

The KGP continues to provide scholarship grants and educational assistance to deserving youths from the eight (8) ancestral domains within its contract area. As of school year 2020-2021, the KGP has already extended scholarships to 369 grantees and has produced 281 graduates in various courses, which includes 33 licensed professionals, scholarship accounts for 26% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems, the KGP intends to continue exploration activities, exploring the South West areas through further 3G surveys. In an anticipation of GRESC exploration period from DOE ending October 12, 2022, an extension will be sought to support the continuation of exploration activities and culmination towards resumption of drilling operations. As at report date, APEC is in the process of completing the necessary documents for the expected renewal of their GRESC.

The KGP involves the development of steam fields that can generate around 120 megawatts (MW) of new capacity, providing an additional source of clean, indigenous and reliable baseload power to the Luzon grid. A 120 MW geothermal project will approximately cost more than USD300.0 million.

On January 15, 2020, APEC received a cash call from AllFirst Kalinga Holdings Inc. (AKHI) amounting to USD2.1 million (P=106.5 million) equivalent to the 5% share of the USD42.08 million appraisal drilling budget which includes construction of general facilities, roads, and pads, rig mobilization and demobilization, well drilling, testing, resource feasibility study, other exploration capital (salaries and wages) and corporate social responsibility.

b. APC Energy Resources Inc. (APC Energy)

APC Energy was established to engage in exploration, development and utilization of renewable energy resources. The Company signed two (2) Coal Operating Contracts (COCs) with the DOE location in Isabela (three blocks) and Masbate (two blocks). One block is equivalent to one thousand (1,000) hectares. The Isabela project was put on hold because of the anti-mining sentiment of the local government units and the community. Partial exploration works have been conducted. In 2013 and 2015, COCs with the DOE in both Masbate and Isabela were terminated, respectively.

c. APC Mining Corporation (APC Mining)

APC Mining was organized to engage in mining, processing, manufacturing, buying and selling of all kinds of ores, metals and minerals. It applied permits with the DENR for the exploration of chromite, copper and nickel deposits in Zambales, Palawan and Mindoro areas and was granted a mining permit in Alubijid, Misamis Oriental. APC Mining later found that the latter area has low prospect for chromite, copper and nickel. And as such, on September 17, 2013, APC Mining wrote a letter to the Mines and

Geosciences Bureau of the DENR informing the agency that it is giving up its exploration permit in Alubijid.

d. APC Cement Corporation (APC Cement)

APC Cement was established to engage in the manufacture of cement. As at December 31, 2021, the Company is still in the pre-operating stage.

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

PRC Magma was established 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 March 2010, the PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESK) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. 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 were also performed. The two (2) GRESKs were given a five-year Pre-Development Stage until 24 March 2015. On November 2015, the DOE sent a letter to inform PRC-Magma that the service contracts were automatically terminated due to the delays in the implementation of the approved work program and failure to make any discovery before the end of the fifth (5th) Contract Year.

Employees

APC Group Inc. had a total of 4 employees as of December 31, 2021.

Item 2. Properties

Description of Property

Company/Owner	Location	Description
APC Group, Inc.	Ginatilan, Cebu City	Various lots with a total estimated area of 79,098 square meters

Item 3. Legal Proceedings

The Company and its subsidiaries have no legal proceedings that could have an adverse effect on the Company or its results of operations.

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

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

PART II - OPERATIONAL AND FINANCIAL INFORMATION

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

Market Information

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

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

	2021		2020	
Share Prices	High	Low	High	Low
First Quarter	₱ 0.590	₱ 0.375	₱ 0.45	₱ 0.245
Second Quarter	0.415	0.350	0.36	0.255
Third Quarter	0.400	0.255	0.34	0.290
Fourth Quarter	0.275	0.210	0.48	0.285

The price information as of December 31, 2021 is ₱0.22, with market capitalization of ₱ 1,650,924,879.34.

Holders

The number of shareholders of record as of December 31, 2021 was 593. Common shares outstanding as of December 31, 2021 was 7,504,203,997.

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

Rank	Name	No. of Common Shares Held	Percentage (%) owned out of Total outstanding common shares
1	BELLE CORPORATION	3,500,000,000	46.6405
2	PCD NOMINEE CORPORATION	2,326,548,165	31.000
3	DOMINION EQUITIES, INC.	340,000,000	4.5308
4	COMPACT HOLDINGS INC.	281,000,000	3.7446
5	INTEGRATED HOLDINGS INC.	180,000,000	2.3987
6	ELITE HOLDINGS INC.	168,500,000	2.2454
7	PARALLAX RESOURCES, INC.	165,722,334	2.2084
8	EQUINOX INTERNATIONAL RESOURCES CORPORATION	100,000,000	1.3326
9	RICHOLD INVESTOR CORP.	100,000,000	1.3326
10	EASTERN SEC. DEVT. CORP.	80,000,000	1.0661
11	GILT-EDGED PROPERTIES, INC.	68,616,665	0.9144
12	HEADLAND HOLDINGS CORP.	55,500,000	0.7396
13	EASTERN SEC. DEVT. CORP.	23,869,114	0.3181
14	LIM SIEW KIM	18,000,000	0.2399
15	TAK CHANG INVESTMENTS CO. LTD.	18,000,000	0.2399
16	COSCOLLUELA, WILLIAM V.	10,000,000	0.1333
17	REYES, VICENTE O. ITF: PETER PAUL PHIL. COR	8,332,000	0.1110
18	DHARMALA SEC. (PHILS), INC	5,050,000	0.0673
19	SINGSON, EVELYN R. ITF: GILT-EDGED PROPERTIES	3,933,333	0.0524
20	CORPORATE INV. PHILS., INC	3,000,000	0.0400

Dividends

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



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

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

There were no recent sale of unregistered or exempt securities.

Minimum Public Ownership

Computation of Public Ownership as of December 31, 2021		
	Number of Shares	
Number of Issued and Outstanding Shares	7,511,809,997	
<u>Less: Number of Treasury Shares (if any)</u>	7,606,000	
Number of Outstanding Shares	7,504,203,997	
Less:		
	% to Total	
	Outstanding Shares	Common
Directors and Officers	0.0391%	2,938,707
Principal Stockholders	46.6405%	3,500,000,000
Affiliates	2.2084%	165,722,334
Total	48.8880%	3,668,661,041
Total Number of Shares Owned by the Public	3,835,542,956	

PUBLIC OWNERSHIP PERCENTAGE		
Total Number of Shares Owned by the Public		
As of December 31, 2021		
	<u>3,835,542,956</u>	shares 51.112%
	7,504,203,997	
Number of Issued Shares	=	5,998,149,059
Number of Outstanding Shares	=	7,504,203,997
Number of Treasury Shares	=	7,606,000
Number of Listed Shares	=	5,998,149,059
Number of Foreign Owned Shares	=	537,008,564
Foreign Ownership Level (%)	=	7.1561%
Foreign Ownership Limit (%)	=	40%

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

For The Financial Year Ended 2021 compared to Year Ended 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31 2021	Dec 31 2020	Increase (Decrease)		2021	2020
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	13,976,898	21,475,809	(7,498,911)	-35%	5%	8%
Receivables	2,643,369	3,702,273	(1,058,904)	-29%	1%	1%
Other current assets	15,940	15,940	-	0%	0%	0%
Total current assets	16,636,207	25,194,022	(8,557,815)	-34%	6%	9%
Noncurrent Assets						
Property and equipment	13,884	34,712	(20,828)	-60%	0%	0%
Investment properties	12,048,000	12,048,000	-	0%	5%	5%
Financial assets at FVOCI	2,734,370	2,829,755	(95,385)	-3%	1%	1%
Deferred exploration costs	218,054,455	218,013,500	40,955	0%	84%	82%
Input value added tax	9,567,351	9,282,133	285,218	3%	4%	3%
Other noncurrent assets - net	23,822	23,822	-	0%	0%	0%
Total noncurrent assets	242,441,882	242,231,922	209,960	0%	94%	91%
Total Assets	259,078,089	267,425,944	(8,347,855)	-3%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	28,141,965	28,652,844	(510,879)	-2%	11%	11%
Advances from related parties	79,978,631	79,978,631	-	0%	31%	30%
Total current liabilities	108,120,596	108,631,475	(510,879)	0%	42%	41%
Noncurrent Liabilities						
Accrued retirement costs	3,281,654	5,966,007	(2,684,353)	-45%	1%	2%
Total Liabilities	111,402,250	114,597,482	(3,195,232)	-3%	43%	43%
Equity						
Capital Stock	63,880,788	63,880,788	-	-0%	25%	24%
Additional paid-in capital	144,295,958	144,295,958	-	-0%	56%	54%
Cumulative change in fair value of financial assets at FVOCI	1,886,369	1,981,754	(95,385)	-5%	1%	1%
Equity reserves	(3,140,235)	(3,140,235)	-	0%	-1%	-1%
Remeasurement loss on defined benefit obligation	(495,461)	(3,986,494)	3,491,033	-88%	0%	-1%
Deficit	(22,322,828)	(13,903,180)	(8,419,648)	61%	-9%	-5%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-11%	-11%
Equity Attributable to Parent Company	154,669,371	159,693,371	(5,024,000)	-3%	60%	60%
Non-controlling interests	(6,993,532)	(6,864,909)	(128,623)	2%	-3%	-3%
Total Equity	147,675,839	152,828,462	(5,152,623)	-3%	57%	57%
Total Liabilities and Equity	259,078,089	267,425,944	(8,347,855)	-3%	100%	100%

Assets

The Company recorded consolidated assets of P259.1 million as at December 31, 2021, lower by 3% from P267.4 million in 2020. The main movements in the balance sheet are as follows:

- Cash and cash equivalents decreased by 35% from P21.5 million as at December 31, 2020 to P14.0 million as at December 31, 2021. This decrease is mainly due to payment of the Company's expenses and offset in part by the cash earned as interest and dividend income in 2021.
- Financial assets at FVOCI decreased by 3% as a result of the movement in stock prices of the shares held by the Company as of December 31, 2021.



- Investment property pertains to land owned by the Company located in Ginatillan, Cebu. There is no change in the value of the properties.

Liabilities

Total liabilities as at December 31, 2021 of the Company amounted to ₱114.4 million, decreasing by 3% versus liabilities as at December 31, 2020 by ₱3.2 million mainly due to the increase in the Company's defined benefit obligation based on the latest actuarial valuation obtained by the Company from a third party.

Equity

On August 9, 2017, the Parent Company's BOD approved the reduction of the par value of the Parent Company's capital stock from ₱1 par value per share to ₱0.01 par value per share. This was approved by the Parent Company's stockholders on September 27, 2017.

On February 20, 2020, the SEC approved the decrease in the authorized capital stock of the Parent Company from ₱20,000.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares with par value of ₱1 per share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both with par value of ₱0.01 per share.

On February 20, 2020, the SEC approved the equity restructuring of the Parent Company to wipe out the deficit as of December 31, 2018 amounting to ₱7,793.8 million against the additional paid in capital of ₱7,938.1 million provided that the remaining additional paid in capital of ₱144.3 million cannot be applied for future losses that may be incurred by the Company without prior approval of the SEC.

This resulted in the following as at December 31, 2020:

- decrease in the Company's capital stock from ₱6,388.1 million to ₱63.9 million
- decrease in APIC from ₱1,613.9 million to ₱144.3 million
- decrease in deficit from ₱7,801.9 million to ₱13.9 million

Overall, stockholders' equity decreased by 3% from ₱152.8 million in 2020 to ₱147.7 million in 2021 due to the incurred net loss in 2021 amounting to ₱8.5 million, offset by other comprehensive gains recognized in 2021 amounting to ₱3.4 million.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2021.

There were no off-balance sheet transactions.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31 2021	Dec 31 2020	Increase (Decrease)		2021	2020
			Amount	%		
Interest Income	142,092	947,058	(804,966)	-85%	35%	75%
Dividend Income	259,129	319,476	(60,347)	-19%	65%	25%
Total Revenue	401,221	1,266,534	(865,313)	-68%	100%	100%
General and Administrative Expenses	(8,949,492)	(9,167,147)	217,655	-2%	-2231%	-724%
Total Costs and Expenses	(8,949,492)	(9,167,147)	217,655	-2%	-2231%	-724%
Gain on revaluation of properties	-	2,019,130	(2,019,130)	-100%	-0%	159%
Total Other Income(Loss)	-	2,019,130	(2,019,130)	-100%	-0%	159%
Net Loss	(8,548,271)	(5,881,483)	(2,666,788)	45%	-2131%	-464%
Net Loss Attributable to:						
Equity holders of the Parent Company	(8,419,648)	(5,869,322)	(2,550,326)	43%	-2099%	-463%
Non-controlling interests	(128,623)	(12,161)	(116,462)	958%	-32%	-1%
	(8,548,271)	(5,881,483)	(2,666,788)	45%	-2131%	-464%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(95,385)	(794,875)	699,490	-88%	-24%	-63%
Remeasurement gain/(loss) on defined benefit obligation	3,491,033	(1,748,5616)	5,239,649	-300%	870%	-138%
Total Comprehensive Loss for the period	(5,152,623)	(8,424,974)	3,272,351	-39%	-1284%	-665%
Total Comprehensive Loss Attributable to:						
Equity holders of the Parent Company	(5,024,000)	(8,412,813)	3,388,813	-40%	-1252%	-664%
Non-controlling interests	(128,623)	(12,161)	(116,462)	958%	-32%	-1%
	(5,152,623)	(8,424,974)	3,272,351	-39%	-1284%	-665%

APC Group, Inc. reported consolidated net loss of ₱8.5 million for 2021, 45% higher than the ₱5.9 million net loss reported in the previous year.

Revenue

The Company recorded revenues of ₱0.4 million for the year ended 2021, 68% lower than the ₱1.3 million revenues recognized in 2020. This decrease is mainly brought about by the lower interest income from cash and money market placements for 2021 given the also lower amount of cash. Dividends received from the Company's financial assets through FVOCI is also lower.

Costs and Expenses

The Company recorded ₱9.0 million in costs and expenses for the year, 2% lower than the ₱9.2 million in 2020 due mostly to lower salaries because of a decrease in headcount.

Other Income (Loss)

Other income of the Company in 2020 pertains to the ₱2.0 million gain in revaluation of its investment property based on the latest actuarial valuation from a third party. There is no revaluation in 2021.

Other Comprehensive Income (Loss)

Other comprehensive income pertains to the unrealized mark to market gains and losses on the Company's financial assets through FVOCI, which decreased in share price as of the end of the year and the remeasurement loss on defined benefit obligation. Other comprehensive gain is at ₱3.4 million in 2021, for a total comprehensive loss of ₱5.2 million for the year.

As of December 31, 2021, 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 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;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period
- Any significant elements of income or loss from continuing operation
- 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
- The Company does not foresee any liquidity problem over the next twelve (12) months.

PLAN OF OPERATION

The Company will focus on the following directions in the next 12 months:

1. Continue with the development of its geothermal resources. Pursue the exploration work program for the Kalinga project.
2. Seek other renewable energy development investment opportunities.
3. Look into other revenue opportunities for the Company.

For The Financial Year Ended 2020 compared to Year Ended 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2020	2019
	2020	2019	Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	21,475,809	137,491,340	(116,015,531)	-84%	8%	50%
Receivables	3,702,273	1,585,194	2,117,079	134%	1%	1%
Other current assets	15,940	2,586	13,354	516%	0%	0%
Total current assets	25,194,022	139,079,120	(113,885,098)	-82%	9%	51%
Noncurrent Assets						
Property and equipment	34,712	62,234	(27,522)	-44%	0%	0%
Investment properties	12,048,000	10,028,870	2,019,130	20%	5%	4%
Financial assets at FVOCI	2,829,755	3,624,630	(794,875)	-22%	1%	1%
Deferred exploration costs	218,013,500	111,520,001	106,493,499	95%	82%	41%
Input value added tax	9,282,133	8,962,888	319,245	4%	3%	3%
Other noncurrent assets - net	23,822	23,822	-	0%	0%	0%
Total noncurrent assets	242,231,922	134,222,445	108,009,477	80%	91%	49%
Total Assets	267,425,944	273,301,565	(5,875,621)	-2%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	28,652,844	28,627,801	25,043	0%	11%	10%
Advances from related parties	79,978,631	79,978,631	-	0%	30%	29%
Total current liabilities	108,631,475	108,606,432	25,043	0%	41%	40%
Noncurrent Liabilities						
Accrued retirement costs	5,966,007	3,441,697	2,524,310	73%	2%	1%
Total Liabilities	114,597,482	112,048,129	2,549,353	2%	43%	41%
Equity						
Capital Stock	63,880,788	6,388,078,749	(6,324,197,961)	-99%	24%	2337%
Additional paid-in capital	144,295,958	1,613,942,096	(1,469,646,138)	-91%	54%	591%
Cumulative change in fair value of financial assets at FVOCI	1,981,754	2,776,629	(794,875)	-29%	1%	1%
Equity reserves	(3,140,235)	(3,140,235)	-	0%	-1%	-1%
Remeasurement loss on defined benefit obligation	(3,986,494)	(2,237,878)	(1,748,616)	78%	-1%	-1%
Deficit	(13,903,180)	(7,801,877,957)	7,787,974,777	-100%	-5%	-2855%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-11%	-11%
Equity Attributable to Parent Company	159,693,371	168,106,184	(8,412,813)	-5%	60%	62%
Non-controlling interests	(6,864,909)	(6,852,748)	(12,161)	0%	-3%	-3%
Total Equity	152,828,462	161,253,436	(8,424,974)	-5%	57%	59%
Total Liabilities and Equity	267,425,944	273,301,565	(5,875,621)	-2%	100%	100%

Assets

The Company recorded consolidated assets of ₱267.4 million as at December 31, 2020, lower by 2% from ₱273.3 million in 2019. The main movements in the balance sheet are as follows:

- Cash and cash equivalents decreased by 84% from ₱137.5 million as at December 31, 2019 to ₱21.5 million as at December 31, 2020. This decrease is mainly due to the increase in the Company's contributions to the Kalinga Geothermal Project (recorded under "Deferred Exploration costs") by ₱106.5 million for the year coupled with the payment of the Company's expenses and offset in part by the cash earned as interest and dividend income in 2020.
- Financial assets at FVOCI decreased by 22% as a result of the movement in stock prices of the shares held by the Company as of December 31, 2020.



- Investment property pertain to land owned by the Company located in Ginatillan, Cebu. The increase in this account is due to the increase in value of the properties based on the latest actuarial valuation report.

Liabilities

Total liabilities as at December 31, 2020 of the Company amounted to ₱114.6 million, increasing by 2% versus liabilities as at December 31, 2019 by ₱2.6 million mainly due to the increase in the Company's defined benefit obligation based on the latest actuarial valuation obtained by the Company from a third party.

Equity

On August 9, 2017, the Parent Company's BOD approved the reduction of the par value of the Parent Company's capital stock from ₱1 par value per share to ₱0.01 par value per share. This was approved by the Parent Company's stockholders on September 27, 2017.

On February 20, 2020, the SEC approved the decrease in the authorized capital stock of the Parent Company from ₱20,000.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares with par value of ₱1 per share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both with par value of ₱0.01 per share.

On February 20, 2020, the SEC approved the equity restructuring of the Parent Company to wipe out the deficit as of December 31, 2018 amounting to ₱7,793.8 million against the additional paid in capital of ₱7,938.1 million provided that the remaining additional paid in capital of ₱144.3 million cannot be applied for future losses that may be incurred by the Company without prior approval of the SEC.

This resulted in the following as at December 31, 2020:

- decrease in the Company's capital stock from ₱6,388.1 million to ₱63.9 million
- decrease in APIC from ₱1,613.9 million to ₱144.3 million
- decrease in deficit from ₱7,801.9 million to ₱13.9 million

Overall, stockholders' equity decreased by 5% from ₱161.3 million in 2019 to ₱152.8 million in 2020 due to the incurred net loss and other comprehensive losses recognized in 2020 amounting to ₱5.9 million and ₱2.5 million, respectively.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2020.

There were no off-balance sheet transactions.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2020	2019
	2020	2019	Amount	%		
Interest Income	947,058	4,651,666	(3,704,608)	-80%	75%	94%
Dividend Income	319,476	319,476	-	0%	25%	6%
Total Revenue	1,266,534	4,971,142	(3,704,608)	-75%	100%	100%
General and Administrative Expenses	(9,167,147)	(10,264,576)	1,097,429	-11%	-724%	-206%
Total Costs and Expenses	(9,167,147)	(10,264,576)	1,097,429	-11%	-724%	-206%
Gain on revaluation of properties	2,019,130	-	2,019,130	100%	159%	0%
Total Other Income(Loss)	2,019,130	-	2,019,130	100%	159%	0%
Net Loss	(5,881,483)	(5,293,434)	(588,049)	11%	-464%	-106%
Net Loss Attributable to:						
Equity holders of the Parent Company	(5,869,322)	(5,274,618)	(594,704)	11%	-463%	-106%
Non-controlling interests	(12,161)	(18,816)	6,655	-35%	-1%	0%
	(5,881,483)	(5,293,434)	(588,049)	11%	-464%	-106%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(794,875)	(1,547,491)	752,616	-49%	-63%	-31%
Remeasurement loss on defined benefit obligation	(1,748,616)	-	(1,748,616)	-100%	-138%	0%
Total Comprehensive Loss for the period	(8,424,974)	(6,840,925)	(1,584,049)	23%	-665%	-138%
Total Comprehensive Loss Attributable to:						
Equity holders of the Parent Company	(8,412,813)	(6,822,109)	(1,590,704)	23%	-664%	-137%
Non-controlling interests	(12,161)	(18,816)	6,655	-35%	-1%	0%
	(8,424,974)	(6,840,925)	(1,584,049)	23%	-665%	-138%

APC Group, Inc. reported consolidated net loss of ₱5.9 million for 2020, 11% higher than the ₱5.3 million net loss reported in the previous year.

Revenue

The Company recorded revenues of ₱1.27 million for the year ended 2020, 75% lower than the ₱4.9 million revenues recognized in 2019. This decrease is mainly brought about by the lower interest income from cash and money market placements for 2020 given the also lower amount of cash. Dividends received from the Company's financial assets through FVOCI remain the same.

Costs and Expenses

The Company recorded ₱9.2 million in costs and expenses for the year, 11% lower than the ₱10.3 million in 2019 due mostly to lower salaries because of a decrease in headcount.

Other Income (Loss)

Other income of the Company in 2020 pertains to the ₱2.0 million gain in revaluation of its investment property based on the latest actuarial valuation from a third party.

Other Comprehensive Income (Loss)

Other comprehensive income pertains to the unrealized mark to market gains and losses on the Company's financial assets through FVOCI, which decreased in share price as of the end of the year and the remeasurement loss on defined benefit obligation. Other comprehensive loss is at ₱2.5 million in 2020, for a total comprehensive loss of ₱8.4 million for the year.

As of December 31, 2020, 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 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;
- Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
- All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period
- Any significant elements of income or loss from continuing operation
- 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
- The Company does not foresee any liquidity problem over the next twelve (12) months.

PLAN OF OPERATION

The Company will focus on the following directions in the next 12 months:

1. Continue with the development of its geothermal resources. Pursue the exploration work program for the Kalinga project.
2. Seek other renewable energy development investment opportunities.
3. Look into other revenue opportunities for the Company.

For The Financial Year Ended 2019 compared to Year Ended 2018

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in Pesos, except percentages	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31, 2019	Dec 31, 2018	Inc (Dec)		2019	2018
			Amount	%		
Interest income	4,651,666	3,569,449	1,082,217	30%	94%	93%
Dividend income	319,476	279,224	40,252	14%	6%	7%
Total revenues	4,971,142	3,848,673	1,122,469	29%	100%	100%
General and administrative expenses	(10,264,576)	(12,350,727)	2,086,151	-17%	-206%	-321%
Total costs and expenses	(10,264,576)	(12,350,727)	2,086,151	-17%	-206%	-321%
Loss on sale of investment property	-	(3,015,807)	3,015,807	-100%	0%	-78%
Total other income / (loss)	-	(3,015,807)	3,015,807	-100%	0%	-78%
Net Loss	(5,293,434)	(11,517,861)	6,224,427	-54%	-106%	-299%
Net loss attributable to:						
Equity holders of the Parent Company	(5,274,618)	(11,470,031)	6,195,413	-54%	-106%	-298%
Non-controlling interests	(18,816)	(47,830)	29,014	-61%	0%	-1%
	(5,293,434)	(11,517,861)	6,224,427	-54%	-106%	-299%

APC Group, Inc. reported consolidated net loss of ₱5.3 million for 2019, 54% better than the ₱11.5 million net loss reported in the previous year.

Revenue

The Company recorded revenues of ₱5.0 million for the year ended 2019, 19% higher than the ₱3.8 million revenues recognized in 2018. The increase in revenue is due to the Company's higher interest income from money market placements during the period. In addition, dividend income increased by 14% in 2019 due to higher dividends declared and paid from the Company's financial assets at fair value through other comprehensive income (FVOCI).

Costs and Expenses

The Company's costs and expenses amounting to ₱10.3 million in 2019 is 17% lower than the ₱12.4 million expenses recorded in 2018 due to the one-time expenses incurred by the Company in 2018 comprising of capital gains taxes from the sale of investment property and additional documentary stamp taxes paid during the year.

Other Income (Loss)

In 2018, the Company incurred a loss of ₱3.0 million from the sale of investment properties with a total fair market value of ₱12.3 million.



Amounts in Pesos, except percentages	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31, 2019	Dec 31, 2018	Inc (Dec)		2019	2018
			Amount	%		
Net Loss	(5,293,434)	(11,517,861)	6,224,427	-54%	-106%	-299%
Other Comprehensive Income (Loss)						
<i>Item not to be reclassified to profit or loss in subsequent periods:</i>						
Change in fair value of financial assets at FVOCI	(1,547,491)	(3,497,450)	1,949,959	-56%	-31%	-91%
Total Comprehensive Loss	(6,840,925)	(15,015,311)	8,174,386	-54%	-138%	-390%
Total comprehensive loss attributable to:						
Equity holders of the Parent Company	(6,822,109)	(14,967,481)	8,145,372	-54%	-137%	-389%
Non-controlling interests	(18,816)	(47,830)	29,014	-61%	0%	-1%
	(6,840,925)	(15,015,311)	8,174,386	-54%	-138%	-390%

Total Comprehensive Loss

The Company incurred unrealized loss amounting to ₱1.5 million in 2019 due to the movement in the share price of its financial assets at FVOCI. This resulted to total comprehensive loss of ₱6.8 million for 2019.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in Pesos, except percentages	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31, 2019	Dec 31, 2018	Inc (Dec)		2019	2018
			Amount	%		
ASSETS						
Current Assets						
Cash and cash equivalents	137,491,340	144,787,138	(7,295,798)	-5%	50%	52%
Receivables	1,585,194	300,718	1,284,476	427%	1%	0%
Other current assets	2,585	11,515	(8,930)	-78%	0%	0%
Total Current Assets	139,079,119	145,099,371	(6,020,252)	-4%	51%	52%
Noncurrent Assets						
Property and equipment	62,234	15,620	46,614	298%	0%	0%
Investment property	10,028,870	10,028,870	-	0%	4%	4%
Financial assets at FVOCI	3,624,630	5,172,121	(1,547,491)	-30%	1%	2%
Deferred exploration costs	111,520,001	110,878,886	641,115	1%	41%	40%
Input value added tax (VAT)	8,962,888	8,704,647	258,241	3%	3%	3%
Other noncurrent assets	23,822	23,822	-	0%	0%	0%
Total Noncurrent Assets	134,222,445	134,823,966	(601,521)	0%	49%	48%
	273,301,564	279,923,337	(6,621,773)	-2%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	28,627,801	28,449,031	178,770	1%	10%	10%
Advances from a related party	79,978,631	80,047,381	(68,750)	0%	29%	29%
Total Current Liabilities	108,606,432	108,496,412	110,020	0%	40%	39%
Noncurrent Liabilities						
Accrued retirement costs	3,441,697	3,170,606	271,091	9%	1%	1%
Other noncurrent liabilities	-	161,959	(161,959)	-100%	0%	0%
Total Noncurrent Liabilities	3,441,697	3,332,565	109,132	3%	1%	1%
Total Liabilities	112,048,129	111,828,977	219,152	0%	41%	40%
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	6,388,078,749	6,388,078,749	-	0%	2337%	2282%
Additional paid-in capital	1,613,942,096	1,613,942,096	-	0%	591%	577%
Cumulative change in FVOCI	2,776,629	4,324,120	(1,547,491)	-36%	1%	2%
Remeasurement loss on defined benefit obligation	(2,237,878)	(2,237,878)	-	0%	-1%	-1%
Equity reserves	(3,140,235)	(3,140,235)	-	0%	-1%	-1%
Deficit	(7,801,877,957)	(7,796,603,339)	(5,274,618)	0%	-2855%	-2785%
Treasury shares - 7,606,000 shares	(29,435,220)	(29,435,220)	-	0%	-11%	-11%
Total Equity Attr to Equity Holders of the Parent Company	168,106,184	174,928,293	(6,822,109)	-4%	62%	62%
Non-controlling Interests	(6,852,749)	(6,833,933)	(18,816)	0%	-3%	-2%
Total Equity	161,253,435	168,094,360	(6,840,925)	-4%	59%	60%
TOTAL LIABILITIES and EQUITY	273,301,564	279,923,337	(6,621,773)	-2%	100%	100%

Assets

The Company recorded consolidated assets of ₱273.3 million as at December 31, 2019, lower by 2% from ₱279.9 million in 2018. The main movements in the balance sheet are as follows:

- Cash and cash equivalents amounted to ₱137.5 million as of December 31, 2019, 5% lower compared to ₱144.8 million as of December 31, 2018. The decrease was mainly attributable to the payment of the Company expenses and payables for the year.
- Financial assets at FVOCI decreased by 30% as a result of the movement in stock prices of the shares held by the Company as of December 31, 2019.
- Deferred exploration costs increased by 1% due to additional expenses for the Kalinga Geothermal Project.

Liabilities

There is no significant movement in the Company's total liabilities as of December 31, 2019.

Equity

Stockholders' equity decreased by 4% from ₱168.1 million in 2018 down to ₱161.3 million in 2019 due to the incurred net loss and change in fair value of financial assets at FVOCI recognized in 2019 amounting to ₱5.3 million and ₱1.5 million, respectively.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2020.

There were no off-balance sheet transactions.

As of December 31, 2019, 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, 2019 to December 31, 2020.

PLAN OF OPERATION

The Company will focus on the following directions in the next 12 months:

1. Continue with the development of its geothermal resources. Pursue the exploration work program for the Kalinga project.
2. Seek other renewable energy development investment opportunities.



For The Financial Year Ended 2018 compared to Year Ended 2017

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31 2018	Dec 31 2017	Increase (Decrease)		2018	2017
			Amount	%		
Interest Income	3,569,449	3,900,176	(330,727)	-8%	93%	96%
Dividend Income	279,224	178,688	100,536	56%	7%	4%
Total Revenue	3,848,673	4,078,864	(230,191)	-6%	100%	100%
General and Administrative Expenses	(12,350,727)	(20,511,515)	8,160,788	-40%	-321%	-503%
Total Costs and Expenses	(12,350,727)	(20,511,515)	8,160,788	-40%	-321%	-503%
Loss on Sale of Investment Properties	(3,015,807)	-	(3,015,807)	-100%	-78%	0%
Other Income/Loss	-	17,816	(17,816)	-100%	0%	0%
Total Other Income(Loss)	(3,015,807)	17,816	(3,033,623)	-17028%	-78%	0%
Net Loss	(11,517,861)	(16,414,835)	4,896,974	-30%	-299%	-402%
Net Loss Attributable to:						
Equity holders of the Parent Company	(11,470,031)	(16,324,751)	4,854,720	-30%	-298%	-400%
Non-controlling interests	(47,830)	(90,084)	42,254	-47%	-1%	-2%
	(11,517,861)	(16,414,835)	4,896,974	-30%	-299%	-402%

APC Group, Inc. reported consolidated net loss of ₱11.5 million for 2018, 30% better than the ₱16.4 million net loss reported in the previous year.

Revenue

The Company recorded revenues of ₱3.8 million for the year ended 2018, 6% lower than the ₱4.1 million revenues recognized in 2017. This decrease in revenue is due to the Company's lower interest income from money market placements because the cash and cash equivalent decreased by 26% during the period. On the other hand, dividend income increased by 56% in 2018 due to higher dividends declared and paid from the Company's investments in equity instruments.

Costs and Expenses

The Company's costs and expenses amounting to ₱12.4 million in 2018 is 40% lower than the ₱20.5 million expenses recorded in 2017 due to the one-time expenses incurred by the Company in 2017 comprising of the listing fee and professional fees paid amounting to ₱4.9 million and ₱2.9 million, respectively.

Other Income (Loss)

The Company incurred a loss of ₱3.0 million from the sale of investment properties with a total fair market value of ₱12.3 million.

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2018	2017
	2018	2017	Amount	%		
Net Loss	(11,517,861)	(16,414,835)	4,896,974	-30%	-299%	-402%
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(3,497,450)	1,144,620	(4,642,070)	-406%	-91%	28%
Remeasurement gain on defined benefit obligation	-	625,727	(625,727)	-100%	0%	15%
Total Comprehensive Loss for the period	(15,015,311)	(14,644,488)	(370,823)	3%	-390%	-359%
Total Comprehensive Loss Attributable to:						
Equity holders of the Parent Company	(14,967,481)	(14,554,404)	(413,077)	3%	-389%	-357%
Non-controlling interests	(47,830)	(90,084)	42,254	-47%	-1%	-2%
	(15,015,311)	(14,644,488)	(370,823)	3%	-390%	-359%

Comprehensive Loss

The Company incurred unrealized loss amounting to ₱3.5 million in 2018 due to the movement in the share price of its AFS. This resulted to total comprehensive loss of ₱15.0 million for 2018.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31 2018	Dec 31 2017	Increase (Decrease)		2018	2017
			Amount	%		
ASSETS						
Cash and cash equivalents	144,787,138	196,586,234	(51,799,096)	-26%	52%	66%
Trade and other receivables - net	300,718	941,677	(640,959)	-68%	0%	0%
Available-for-sale financial assets	5,172,121	8,669,571	(3,497,450)	-40%	2%	3%
Other current assets	8,716,162	8,504,516	211,646	2%	3%	3%
Property and equipment	15,620	24,546	(8,926)	-36%	0%	0%
Investment properties	10,028,870	22,374,000	(12,345,130)	-55%	4%	8%
Other noncurrent assets - net	110,902,708	59,892,558	51,010,150	85%	40%	20%
Total Assets	279,923,337	296,993,102	(17,069,765)	-6%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	28,449,031	31,051,650	(2,602,619)	-8%	10%	10%
Advances from related parties	80,047,381	80,004,536	42,845	0%	29%	27%
Subscriptions payable	161,959	161,959	-	0%	0%	0%
Accrued retirement costs	3,170,606	2,665,286	505,320	19%	1%	1%
Total Liabilities	111,828,977	113,883,431	(2,054,454)	-2%	40%	38%
Capital stock	6,388,078,749	6,388,078,749	-	0%	2282%	2151%
Additional paid-in capital	1,613,942,096	1,613,942,096	-	0%	577%	543%
Unrealized mark-to-market gain on available-for-sale financial assets	4,324,120	7,821,570	(3,497,450)	-45%	2%	3%
Equity reserves	(3,140,235)	226,304	(3,366,539)	-1488%	-1%	0%
Remeasurement loss on defined benefit obligation	(2,237,878)	(2,237,878)	-	0%	-1%	-1%
Deficit	(7,796,603,339)	(7,785,133,308)	(11,470,031)	0%	-2785%	-2621%
Treasury shares	(29,435,220)	(29,435,220)	-	0%	-11%	-10%
Equity Attributable to Non-controlling Interests	(6,833,933)	(10,152,642)	3,318,709	-33%	-2%	-3%
Total Equity	168,094,360	183,109,671	(15,015,311)	-8%	60%	62%
Total Liabilities and Equity	279,923,337	296,993,102	(17,069,765)	-6%	100%	100%

Assets

The Company recorded consolidated assets of ₱279.9 million as at December 31, 2018, lower by 6% from ₱297.0 million in 2017. The main movements in the balance sheet are as follows:

- Cash and cash equivalents amounted to ₱144.8 million as of December 31, 2018, 26% lower compared to ₱196.6 million as of December 31, 2017. The decrease was mainly attributable to the additional exploration costs of Aragorn Power and Energy Corporation (a subsidiary) (APEC) and the release of the 2nd tranche funds for the Kalinga project community development scholarships for the school year 2017-2018 which are presented as part of Other noncurrent assets account. The decrease was slightly offset by the collection from the sale of investment properties.
- Available-for-sale financial assets decreased by 40% as a result of the movement in stock prices of the shares held by the Company as of December 31, 2018.
- Investment property decreased by 55% or ₱12.3 million due to the sale of parcels of lots in Cebu in 2018.
- Other noncurrent assets increased by 85% due to the additional deferred exploration costs of APEC.

Liabilities

The Company's consolidated liabilities decreased slightly by 2% due to the release of the 2nd tranche funds for community development scholarships for the school year 2017-2018.

Equity

Stockholders' equity decreased by 8% from ₱183.1 million in 2017 down to ₱168.1 million in 2018 due to comprehensive net loss and unrealized mark-to-market loss on AFS recognized in 2018 amounting to ₱11.5 million and ₱3.5 million, respectively.

The Company does not foresee any cash flow problems during the next twelve months. The Company has enough cash to meet cash requirements in 2019.

There were no off-balance sheet transactions.

As of December 31, 2018, 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, 2018 to December 31, 2017.

PLAN OF OPERATION

The Company will focus on the following directions in the next 12 months:

1. Continue with the development of its geothermal resources. Pursue the exploration work program for the Kalinga project.
2. Seek other renewable energy development investment opportunities.

KEY PERFORMANCE INDICATORS

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

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

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

	YTD 31 December 2021	YTD 31 December 2020
Financial Ratios		
Return on Assets Ratio	(0.03)	(0.02)
Return on Equity Ratio	(0.06)	(0.04)
Current Ratio	0.15	0.23
Debt to Equity Ratio	0.75	0.75
Asset to Equity Ratio	1.75	1.75

Discussion on the key performance indicators

Return on Assets Ratio and Return on Equity Ratio

The Company's ROA and ROE for 2021 and 2020 are negative due to the reported a net losses for both years. There is no significant movement in these ratios from 2020 to 2021.

Current Ratio

Current Ratio decreased from 0.23 in 2020 to 0.15 in 2021 largely due to the decrease in cash used to pay the Company's expenses. This resulted to a decrease in cash balance and increase in Deficit under Equity Attributable to Parent Company.

Debt to Equity Ratio

There is no significant change in the Company's debt to equity ratio as of December 31, 2021 and 2020.

Assets to Equity Ratio

There is no significant change in the Company's assets to equity ratio as of December 31, 2021 and 2020.

Key Variables and other Qualitative and Quantitative Factors

The Company expects no material commitments for capital expenditures and expected funds in 2021. To the best of the Company's knowledge, aside from what has already been mentioned in the preceding, there are no known trends, events or uncertainties that will have a material impact on revenues; no significant elements of income or loss that did not arise from continuing operations aside from those disclosed in the Notes to the Audited Financial Statements; and no seasonal aspects with material effect on results of operations.

APC Group, Inc. maintains sufficient cash balances to meet minimum operational requirements, as determined by management from time to time. Additional cash requirements are sourced from affiliates. To the best of the Company's knowledge, there are no known trends, events or uncertainties that will have a material impact on its liquidity.

ANNEX TO THE MD&A SECTION

1. PRINCIPLES OF CONSOLIDATION

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

Subsidiaries	Percentage of Ownership		
	Direct	Indirect	Total
Aragorn Power & Energy Corporation (APEC) ⁽¹⁾	95.6%	-	95.6%
PRC Magma Energy Resources Inc. (PRC-Magma) ⁽²⁾	-	85.0%	85.0%
APC Cement Corporation (APC Cement) ⁽²⁾	100.0%	-	100.0%
APC Energy Resources, Inc. (APC Energy) ⁽²⁾	100.0%	-	100.0%
APC Mining Corporation (APC Mining) ⁽²⁾	83.0%	-	83.0%

(1) Still in exploration stage

(2) Still in the pre-operating stage

2. RISK EXPOSURES

Financial Risk Management

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company’s objectives are achieved. The Company’s risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. It is also established to identify and manage the Company’s exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the established business objectives. The BOD has overall responsibility for the establishment and oversight of the Company’s risk management framework. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Company.

The Company’s principal financial instruments comprise of cash and cash equivalents, receivables, security deposits, financial assets at FVOCI, trade and other payables (excluding statutory payables), and advances from a related party.

The main risks arising from the Company’s financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks. These are summarized below.

Credit Risk

Credit risk is the risk that the obligations of the Group will not be repaid on time and in full as contracted, resulting in a financial loss. It is inherent to the business as potential losses may arise due to the failure of its customers and counter parties to fulfill their obligations on maturity dates or due to adverse market conditions. Exposure to credit risk arises primarily from its financing activities.

Generally, the credit risk of the Group is attributable to financial assets at amortized cost. The Group maintains credit policies and continuously monitors defaults of customers and other counter parties, identified either individually or by group, and incorporate this information into its credit risk controls. Managing credit risk has

both qualitative and quantitative aspects. Credit officers must evaluate the credit quality of the counterparties and assign internal credit ratings upon this evaluation.

The Group defines credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations based on original contractual terms. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. Credit risk from cash in banks is mitigated by transacting only with reputable banks duly approved by management.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Group using internal credit ratings such as high grade, standard grade, past due but not impaired and impaired.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying customers, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

Past due but not impaired - pertains to financial assets where contractual payments are past due but the Group believes that impairment is not appropriate based on the probability of collection of amounts owed to the Group.

Credit impaired - pertains to financial assets for which the Group determines that it is probable that it will not be able to collect the amount due based on the contractual terms and agreements.

The tables below summarize the analysis of the Group's financial assets as at December 31:

	2021				Total
	Neither Past Due nor Impaired High Grade	Standard Grade	Past due but not impaired	Credit Impaired	
Cash and cash equivalents*	P13,969,150	P-	P-	P-	P13,969,150
Receivables:					
Advances to AKHI	-	2,498,666	-	-	2,498,666
Advances to officers and employees	-	10,268	-	-	10,268
Others	-	134,435	-	-	134,435
Security deposits**	23,822	-	-	-	23,822
Financial assets at FVOCI	2,734,370	-	-	-	2,734,370
	P16,727,342	P2,643,369	P-	P-	P19,370,711

*Excluding cash on hand amounting to P7,748.

**Presented under "Other noncurrent assets" account.

	2020				Total
	Neither Past Due nor Impaired High Grade	Standard Grade	Past due but not impaired	Credit Impaired	
Cash and cash equivalents*	P21,465,809	P-	P-	P-	P21,465,809
Receivables:					
Advances to AKHI	-	3,482,649	-	-	3,482,649
Advances to officers and employees	-	180,906	-	-	180,906
Others	-	38,718	-	-	38,718
Security deposits**	23,822	-	-	-	23,822
Financial assets at FVOCI	2,829,755	-	-	-	2,829,755
	P24,319,386	P3,702,273	P-	P-	P28,021,659

*Excluding cash on hand amounting to P10,000.

**Presented under "Other noncurrent assets" account.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group seeks to manage its liquid funds through cash planning on a weekly basis. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

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

	2021				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
Trade and other payables*	P21,830,447	P6,291,479	P–	P–	P28,121,926
Advances from a related party	79,978,631	–	–	–	79,978,631
	P101,809,078	P6,291,479	P–	P–	P108,100,557

*Excluding statutory liabilities to the government.

	2020				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
Trade and other payables*	P21,703,248	P6,931,914	P–	P–	P28,635,162
Advances from a related party	79,978,631	–	–	–	79,978,631
	P101,681,879	P6,931,917	P–	P–	P108,613,793

*Excluding statutory liabilities to the government.

Equity Price Risk

The Group's investments in equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group 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 Group's senior management on a regular basis. The Group's BOD reviews and approves all equity investment decisions.

The Group's exposure to quoted securities amounted to P2.7 million and P2.8 million as at December 31, 2021 and 2020, respectively.

The Group's assessment of reasonably possible change, based on its expectations, is presented below:

	Change in Equity Price*	Effect on Equity
2021	13% (13%)	P346,922 (346,922)
2020	2% (2%)	62,883 (62,883)

*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 Group 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 Group should be able to maintain a strong and solid capital structure.

The capital structure of the Group consists of capital stock and additional paid-in capital amounting to ₱178.7 million after deduction of treasury shares at December 31, 2021 and 2020.

There were no changes in the objectives, policies or procedures during the years ended December 31, 2021 and 2020.

Fair Value Measurements

The following table provides the fair value hierarchy of assets and liabilities with carrying amounts which approximate its fair value or measured at fair value:

	Valuation Date	2021	Level 1	Level 2
		Total		
Assets measured at fair value:				
Investment properties	December 31, 2020	₱12,048,000	₱–	₱12,048,000
Financial assets at FVOCI	December 31, 2021	2,734,370	2,734,370	–
		₱14,782,370	₱2,734,370	₱12,048,000

	Valuation Date	2020	Level 1	Level 2
		Total		
Assets measured at fair value:				
Investment properties	December 31, 2020	₱12,048,000	₱–	₱12,048,000
Financial assets at FVOCI	December 31, 2020	2,829,755	2,829,755	–
		₱14,877,755	₱2,829,755	₱12,048,000

Cash and Cash Equivalents, Receivables, Trade and Other Payables, and Advances from a Related Party. Due to the short-term nature of the transactions, the carrying values approximate the fair values at reporting dates.

Security Deposits. The carrying value of security deposits does not materially differ from the fair value as at December 31, 2021 (and 2020).

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 11.

Financial Assets at FVOCI. The fair values of quoted equity securities were determined by reference to market bid quotes as at reporting dates.

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 year ended December 31, 2021 (and 2020.)

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 periods ended December 31, 2021 and 2020.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and stable capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, based on the changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to externally-imposed capital requirements.



The Group considers the equity attributable to the equity holders of the Parent Company as presented in the consolidated statement of financial position as its core capital. As at December 31, 2021 (and 2020), the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2021 (and 2020).

3. 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, 2021.
- 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 December 31, 2021 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, except as what has been discussed in the MD&A on the Company's quasi-reorganization.
- G.) There were no changes in contingent liabilities or contingent assets since December 31, 2021 and as of date of this report.
- H.) There exist no material contingencies and other material events or transactions affecting the current interim period.

Item 7. Financial Statements

The audited Financial Statements and Supplementary Schedules for the year 2021 are filed as part of this Form 17A.

APC GROUP AND SUBSIDIARIES
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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, 2021 and 2020	CSFP
Consolidated Statements Comprehensive Income for the years ended December 31, 2021, 2020 and 2019	CSCI
Consolidated Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019	CSCE
Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019	CCFS
Notes to Consolidated Financial Statements	NTFS

Supplementary Schedules

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

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

Independent Public Accountants

Reyes Tacandong & Co. (RT), the Company's external auditors, was appointed as such for the current year during the stockholders' meeting last July 22, 2021. Representatives of RT are expected to be present at the 2022 Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they so desire.

Ms. Christina A. Jose was assigned as RT's partner-in-charge for the company. Her appointment shall not exceed seven (7) years based on the code of ethics adapted by SEC through the revised SRC Rule 68.

The Audit Committee is composed of the following:

Rafael M. Alunan III	Chairman
Bernardo D. Lim	Member (January 1 to November 5, 2021)
Tomas D. Santos	Member (January 1 – July 22, 2021)
Jerry C. Tiu	Member (July 22 – December 31, 2021)
Jackson T. Ongsip	Member (November 6 – December 31, 2021)

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.

On November 1, 2021, the accounting process of the registrant has been transferred to another company belonging to the same SM Group.

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 P220,000 in 2021 and P510,000 in 2020.
2.
 - a. No other assurance and related services were rendered in 2021 and 2020.
 - b. No tax services were rendered by the external auditor in 2021 and 2020.
 - c. There were no other fees paid to the external auditor in 2021 and 2020.
 - 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 Committee are:

Authority

1. Endorse the appointment, re-appointment or removal of the External Auditor;
2. Approve the appointment, evaluate the performance and confirm the removal of the Chief Audit Executive;

3. Review, evaluate, and recommend to the Compensation and Remuneration Committee the remuneration of the Chief Audit Executive;
4. Approve the budget and resource plan of the Internal Audit Department;
5. Seek any information it requires from Management, and all other employees;
6. Gain access to all records, documents, properties, assets and personnel within the Company;
7. Review the scope of work of the auditors after considering their assessment of internal controls and risks identified;
8. Secure adequate resources to enable it to effectively discharge its functions;
9. Obtain any external professional advice and expertise if so required; and
10. Investigate any activities within its scope of responsibilities, or as may be required by the Board.

Duties and Responsibilities

1. Financial Statements and Reporting

- a. Review the impact of changes in significant accounting policies and practices, alternative treatments of financial information within Philippine financial reporting standards, significant adjustments resulting from an audit, going concern assumptions, reporting issues including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements on the financial statements.
- b. Review with Management and the external auditors the results of the audit, including any difficulties encountered.
- c. Review and endorse to the Board for approval, Company financial statements and related reports; consider their completeness and consistency with information known to the Committee and compliance with accounting principles and standards, and regulatory requirements.
- d. Review accuracy and completion of other sections of the annual report and related regulatory filings before release.
- e. Understand how Management develops interim financial information, and the nature and extent of internal and external auditor involvement; and review same before filing with regulators.

2. Internal Control

- a. Ensure a review of the effectiveness of the Company's internal control systems, including information technology security and control and risk management system.
- b. Understand and review the scope of internal and external auditors' review of internal controls over financial reporting, and obtain regular reports on significant findings and recommendations, together with Management's responses.

3. Internal Audit

- a. Oversee the appointment of the Head of Internal Audit including his/her replacement, reassignment, or dismissal.
- b. Provide oversight and evaluation of the performance of the Company's Head of Internal Audit and Internal Audit Group.
- c. Review with Management and the Head of Internal Audit, the Charter, plans, budget, activities, staffing, access to financial and other resources and organizational structure of the internal audit function and any amendments thereto.
- d. Review the effectiveness of the internal audit function, including compliance with the Institute of the Internal Auditors' Standards. Review the Internal Audit Group including its independence and the authority of its reporting relationships.
- e. Ensure that the Internal Audit Group has full access to Company records, personnel and properties that are relevant to the discharge of its scope and function.
- f. On a regular basis, meet separately with the Head of Internal Audit to discuss any matter that the Committee or the Internal Audit Group believe should be discussed privately.

- g. Ensure the adequacy of the internal audit activity's purpose authority and responsibility through the review and approval the Internal Audit Charter at least on an annual basis.
- h. Ensure that the internal audit function has a quality assurance and improvement program and that the results of these periodic assessments (both internal and external) are presented to the Audit Committee.

4. External Audit

- a. Appoint and evaluate the performance of the External Auditor including the removal of the External Auditor if circumstances warrant.
- b. Review the External Auditors' proposed audit scope and approach.
- c. Review and confirm the independence of the external auditors by obtaining certification from the latter relative to overall relationship with the Company, including non-audit services and by ensuring that key partners are rotated at appropriate intervals.
- d. Ensure that External Auditors have free and full access to the Company's records, properties, and personnel to enable them to perform their audit functions.
- e. Resolve any disagreement between Management, the Internal Audit Group and the External Auditors regarding financial reporting.
- f. On a regular basis, meet separately with the external auditors to discuss any matter that the Committee or auditors believe should be discussed privately.

5. Compliance

- a. Review and continually improve the effectiveness of the system for monitoring the results of Management's investigation and follow-up (including violations against the Code of Ethics) of any instance of non-compliance.
- b. Review the findings from any examinations by regulatory bodies, and any audit observations.
- c. Review the process for communicating and compliance of the Code of Ethics to Company personnel.
- d. Obtain regular updates from Management and the Compliance Officer regarding compliance matters.

6. Reporting Responsibilities

- a. Regularly report to the Board the Committee's activities, findings, decisions, deliberations and recommendations.
- b. Provide an open avenue of communication between and among the Chief Audit Executive and Internal Audit Group, the external auditors, the Compliance Officer, the Chief Risk Officer and the Board.
- c. Report annually to the shareholders, describing the Committee's composition, responsibilities and how they were discharged and any other information required by regulators, including approval of non-audit services.
- d. Review any other reports the Company issues that relate to the Committee responsibilities, such as but not limited to reports on the Policy on Accountability, Integrity and Vigilance (PAIV).

7. Fraud

- a. Obtain reasonable assurance with respect to the organization's procedures for the prevention and detection of fraud.
- b. Oversee management's arrangement for the prevention and deterrence of fraud.
- c. Oversee fraud investigation and undertake to investigate possible cases of fraud, when and as instructed by the Committee Chairperson and/or the President.
- d. Ensure that appropriate action is taken against know fraud perpetrators.

8. Other Responsibilities

- a. Perform other activities related to this Charter as requested by the Board.
- b. Review and assess the adequacy of the Committee Charter annually, requesting Board approval for any proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

All incumbent directors, elected on July 22, 2021 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	65	Chairman	Filipino
Jackson T. Ongsip ¹	48	President/CEO//Director	Filipino
Edmundo L. Tan	76	Director	Filipino
Bernardo D. Lim ²	73	Director	Filipino
Virginia A. Yap	70	Director	Filipino
Jerry C. Tiu ³	65	Director	Filipino
Rafael M. Alunan III	73	Director-independent (Lead)	Filipino
Ian Jason R. Aguirre ⁴	48	Vice President-CFO / Chief Compliance Officer / Treasurer	Filipino
Richard Anthony D. Alcazar	51	Corporate Secretary	Filipino
Nicole Bernadette C. Dulay	30	Assistant Corporate Secretary	Filipino
Marie Joy T. Co ⁵	40	Treasurer and Compliance Officer	Filipino
Anna Josefina G. Esteban	54	Chief Audit Executive	Filipino
Michelle Angeli T. Hernandez ⁶	50	Chief Risk Officer	Filipino

¹ President and CEO and Executive Director until November 5, 2021; elected as Non-Executive Director effective November 5, 2021

² Resigned on November 5, 2021

³ Elected as Independent Director on July 22, 2021

⁴ Vice President-CFO, Chief Compliance Officer and Treasurer until November 5, 2021; elected as Executive Director, and appointed as President and Chief Executive Officer effective November 5, 2021

⁵ Appointed on November 5, 2021

⁶ Appointed on July 22, 2021

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

Board of Directors:

Mr. Willy N. Ocier, 65, Filipino, is the Chairman of the Company. He is also an Executive Director and the Chairman of Belle Corporation and Premium Leisure Corp., Chairman and Director of PremiumLeisure and Amusement, Inc. and the Vice Chairman of Tagaytay Highlands International Golf Club, Inc. and Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and The Country Club at the Tagaytay Highlands, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., Chairman of Online Systems Corporation, and Total Gaming and Technologies, Inc. He is a Director of Leisure and Resorts World Corporation. He also sits as a Director to the following unaffiliated corporations, IVantage Equities, Philequity Management, Inc., Abacore Capital Holdings, Inc. and Toyota Corporation Batangas. He was formerly President and Chief Operating Officer of Eastern Securities Development Corporation. Mr. Ocier graduated from Ateneo de Manila University with a Bachelor of Arts degree

in Economics. In recognition of Mr. Ocier's corporate leadership and role in providing employment opportunities to Filipinos, the University of Batangas conferred him a degree in Doctor of Humanities, honoris causa.

Mr. Ian Jason R. Aguirre, 48, Filipino, was elected as a Director, and appointed as the President and Chief Executive Officer of the Company effective November 5, 2021. Mr. Aguirre is concurrently a Vice President of SM Investments Corporation ("SMIC"), Investment Portfolio and Vice President and Chief Finance Officer of Philippine Geothermal Production Company, Inc. He has worked in various management positions over a 20-year career that included local and international experience in corporate finance, strategic planning, operations and business development. His last stint prior to joining SMIC was as a Director for CEMEX Asia Pte. Ltd.

Mr. Aguirre holds a Bachelor of Science degree in Industrial Engineering from the University of the Philippines and a Master's degree in Business Management from the Asian Institute of Management.

Mr. Jackson T. Ongsip, 48, Filipino, is a Non-Executive Director of the Company. He was the Company's President and Chief Executive Officer until November 5, 2021. He is also the Vice President for Finance, Chief Financial Officer (CFO), and Treasurer of Premium Leisure Corp., Vice President for Portfolio Investments of SM Investments Corporation, Executive Vice President, CFO and Treasurer of Belle Corporation. Mr. Ongsip is also a Certified Public Accountant with an extensive audit and finance background accumulated from 5 years in external audit with SyCip, Gorres, Velayo & Co., 11 years with Globe Telecom and 8 years now with the SM Group. He graduated from the University of Santo Tomas with a Bachelor of Science in Accountancy.

Mr. Edmundo L. Tan, 76, Filipino, is a Director of the Company from 2000 up to the present and as Corporate Secretary from 2000 until 2016. He serves as Director of Philippine Global Communications, Inc. from 2000 up to the present and as Corporate Secretary from 2000 until 2010. He is a director of Aragorn Power and Energy Corporation from 2005 up to the present and as Corporate Secretary from 2005 up to 2012. He is currently a Director of PRC MAGMA Resources, Inc. (2010 up to the present). He is a director of OLC Holdings, Inc. from July 2012 up to the present. He was elected as director of Sagittarius Mines, Inc. in March 2016. On 12 December 2019 he was elected Director of Concrete Aggregates Corporation. 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.

He was a co-founder and was elected President of Philippine Dispute Resolution Center, Inc. (PDRCI) in July 2017.

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.

Ms. Virginia A. Yap, 70, Filipino, is a Director of the Company. Ms. Yap holds key positions in SM Investments Corporation as a Senior Vice President – Office of the Chairman Emeritus and Securities Department. She is also a Director of Belle Corporation.

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

Mr. Rafael M. Alunan III*, 73, Filipino, is an Independent Director of the Company who was elected on August 10, 2020. He sits on various Boards of Directors: as Vice-Chair, Pepsi Cola Products (Philippines), Inc. and chairs the Audit Committee (PCPPI); Metro Global Holdings Corp. and chairs the Risk and Corporate Governance Committees; as Chairman, Philippine Council for Foreign Relations (PCFR) and Harvard Kennedy School Alumni Association of the Philippines Inc. (HKSAAPI); as President, Philippine Taekwondo Foundation.

He also sits on the board of the Spirit of EDSA Foundation; founded One Philippines Party List; and serves as Senior Adviser of Kaltimex Energy Phils and Director-elect of Rotary Club of Manila, 2022-2023.

Mr. Alunan is an Eminent Fellow of the Development Academy of the Philippines (DAP); and Fellow of the Institute of Corporate Directors (ICD) and Institute for Solidarity in Asia (ISA). He co-authored the book entitled “Silver Linings”; and produced the documentary entitled “Tagaligtas”; and is a member of the Maritime League; the Fraternal Order of Eagles of the Philippines; and Zeta Phi Omega fraternity. He holds the rank of Colonel in the Armed Forces of the Philippines, and commanded the 131st Infantry Division (Standby Reserve) and the 9th Infantry Division (Ready Reserve) of the Philippine Army. He is an adopted member of Philippine Military Academy Marangal Class of 1974, PCSpecial Action Force, Special Forces Regiment (Airborne) and First Scout Ranger Regiment.

Mr. Alunan obtained his double degree in Business Administration and History-Political Science from De La Salle University; attended Ateneo de Manila University’s Master in Business Administration-Senior Executive Program; earned a Master’s degree in Public Administration and a certificate in Executive Education from Harvard Kennedy School of Government; and graduated from the Philippine Army’s Command and General Staff College Operations Course.

Mr. Alunan served in the Cabinets of Presidents Corazon C. Aquino and Fidel V. Ramos as Secretary of Tourism and Secretary of the Interior and Local Government, respectively.

Jerry C. Tiu*, Filipino, 65, is an Independent Director of the Company, and Premium Leisure Corp. He is Director and the President of Tagaytay Highlands Community Condominium Association, Inc., Tagaytay Midlands Community Homeowners’ Association, Inc., and Greenlands Community Homeowners’ Association, Inc. He is also the President of the following companies: Tagaytay Highlands International Golf Club, Inc., The Country Club at Tagaytay Highlands, Inc., Tagaytay Midlands Golf Club, Inc., and The Spa & Lodge at Tagaytay Highlands, Inc. He is a former Director of the Manila Polo Club and Pacific Online Systems Corporation.

Mr. Tiu holds a Bachelor of Science degree in Commerce (Major in Marketing) from the University of British Columbia.

***Independent Directors**

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.

The Corporate Governance Committee, composed of Mr. Jerry C. Tiu (Chairman), Mr. Rafael M. Alunan III and Mr. Jackson T. Ongsip, determine that the nominees for independent directors possess all the qualifications and have none of the disqualifications for independent directors as set forth in the Company’s Manual on Corporate Governance and Rule 38 of the Implementing Rules of the Securities Regulation Code (SRC).

All new directors undergo an orientation program soon after date of election. This is intended to familiarize the new directors on their statutory / fiduciary roles and responsibilities in the Board and its Committees, APC’s strategic plans, enterprise risks, group structures, business activities, compliance programs, Code of Business Conduct and Ethics and the Revised Manual on Corporate Governance.

All directors are also encouraged to participate in continuing education programs annually at APC’s expense to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

Executive Officers:

Ian Jason R. Aguirre - please see profile in “Board of Directors”

Mr. Richard Anthony D. Alcazar, 51, is also the Corporate Secretary of the Company. He is likewise the Corporate Secretary of Philippine Global Communications, Inc. since June 22, 2010. He was appointed Corporate Secretary of BDO Leasing & Finance Inc. in 2009. He is a partner in Tan Acut Lopez & Pison Law Offices and his practice is primarily devoted to the fields of corporation law and taxation. He was formerly a Director in the Tax Division of Sycip Gorres Velayo & Co. where he worked as a tax practitioner from November 1994 to December 2002.

Atty. Alcazar graduated with a Bachelor of Science degree in Business Economics from the University of the Philippines School of Economics and a Bachelor of Laws degree from the University of the Philippines College of Law. He also holds a Master of Arts degree in International Development from the International University of Japan with Public Finance as field of concentration. He is a member of the Integrated Bar of the Philippines and the Tax Management Association of the Philippines.

Nicole Bernadette M. Dulay, 30, Filipino, is the Assistant Corporate Secretary of the Company. She was admitted to the Bar in 2020, Philippines. She graduated from the University of the Philippines-Manila with a Bachelor of Arts degree in Behavioral Sciences, and a Bachelor of Laws degree from the University of Asia and the Pacific. She is a member of the Integrated Bar of the Philippines. She is a Trained Arbitrator being a member of the Philippine Dispute Resolution Center, Inc.

Ms. Marie Joy T. Co, 40, Filipino, is concurrently the Accounting Manager for the Philippine Geothermal Production Company. She was an Analyst for Shell Shared Services Philippines from 2004 to 2006, and Auditor for KPMG – Laya Mananghaya from 2003 to 2004. Ms. Co is a graduate of Bachelor of Science in Accountancy from De La Salle University, and a Certified Public Accountant.

Anna Josefina G. Esteban, 54, Filipino, is the Chief Audit Executive of the following publicly listed companies: (i) Belle Corporation; (ii) Premium Leisure Corp; (iii) Pacific Online Systems Corporation; and (iv) APC Group, Inc. Prior to joining the Belle Group, she served as Treasurer and Chief Finance Officer of Miriam (formerly Maryknoll) College Foundation, Inc. and worked at the Asian Development Bank for 18 years as Senior Officer at the Office of the Treasurer, Office of the Auditor General and Operations Evaluation Office. Earlier on, she was the Head of the Finance Systems and Audit Unit of Magnolia Nestle Corporation (a joint venture of San Miguel Corporation and Nestle S.A.). She was an auditor and management consultant at Carlos J. Valdes & Co. and was an accounting/finance professor at the College of St. Benilde and the Graduate School of Business of De La Salle University (DLSU). Ms. Esteban is a Certified Public Accountant, Certified Information Systems Auditor and Certified Data Privacy Auditor. She earned her Bachelor of Science degree in Accounting at the College of the Holy Spirit, Manila and her Master in Business Administration (with distinction) at DLSU.

Michelle Angeli T. Hernandez, 50, Filipino, is the Chief Risk Officer of the Company. She is the Chief Risk Officer and Vice President for Governance of Belle Corporation, and Chief Risk Officer of Premium Leisure Corp. She is mainly responsible for developing, implementing and managing various strategies, processes and policies related to Corporate Governance, Enterprise Risk Management and Corporate Affairs for the Company and its subsidiaries. She has a bachelor's degree in Tourism (Cum Laude) from the University of Sto. Tomas.

Period of Officership:

Name	Age/ys	Date First Elected	Position	Nationality
Willy N. Ocier	65	Year 1999 to present	Chairman	Filipino
Jackson T. Ongsip	48	August 13, 2015 to November 5, 2021 November 5, 2021 to present	Executive Director / President / CEO Non-Executive Director	Filipino
Edmundo L. Tan	76	Year 2000 to present	Director	Filipino
Ian Jason R. Aguirre	48	August 13, 2015 to November 5, 2021 November 5, 2021 to present	EVP-CFO/Compliance Officer/CRO/Treasurer President, CEO and Executive Director	Filipino
Virginia A. Yap	70	June 6, 2012 to present	Director	Filipino
Rafael M. Alunan III	73	August 10, 2020 to present	Independent Director (Lead)	Filipino
Richard Anthony D. Alcazar	51	May 31, 2017 to present	Corporate Secretary	Filipino
Nicole Bernadette M. Dulay	30	July 22, 2021 to present	Assistant Corporate Secretary	Filipino
Marie Joy T. Co	40	November 5, 2021 to present	Treasurer and Compliance Officer	Filipino
Michelle Angeli T. Hernandez	50	July 22, 2021 to present	Chief Risk Officer	Filipino
Anna Josefina G. Esteban	54	July 1, 2019 to present	Chief Audit Executive	Filipino

The following will be nominated as Officers at the Organizational meeting of the Board of Directors:

NAME	POSITION
Chairman of the Board	Willy N. Ocier
President and Chief Executive Officer	Ian Jason R. Aguirre
Treasurer and Compliance Officer	Marie Joy T. Co
Corporate Secretary	Richard Anthony D. Alcazar
Assistant Corporate Secretary	Nicole Bernadette M. Dulay
Chief Audit Executive	Anna Josefina G. Esteban
Chief Risk Officer	Michelle Angeli T. Hernandez

Directorships in Other Publicly Listed Companies:

Name of Director	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent); Indicate if director is also the Chairman
Willy N. Ocier	Belle Corporation	Chairman, Executive Director
	Premium Leisure Corp.	Chairman, Executive Director
	Pacific Online Systems Corporation	Chairman, Non-Executive Director
	Leisure & Resorts World Corp.	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
	AbaCore Capital Holdings, Inc.	Non-Executive Director
Virginia A. Yap	Belle Corporation	Non-Executive Director
Jackson T. Ongsip	Pacific Online Systems Corporation	Executive Director, President and CEO
Jerry C. Tiu	Premium Leisure Corp.	Independent Director
Rafael M. Alunan III	Metro Global Holdings Corp.	Independent Director
	Pepsi Cola Products (Philippines), Inc.	Vice Chairman and Independent Director

Significant Employees

There are no other significant employees.

Family Relationships

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

Involvement in Certain Legal Proceedings

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



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

Item 10. Executive Compensation

(1) General

All Compensation Covered

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

Summary Compensation Table

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

Name and Principal Position		
1. Ian Jason R. Aguirre ¹		
CEO, President		
2. Marie Joy T. Co ¹		
Treasurer and Financial Controller,		
Compliance Officer		
Summary of Compensation Table	Year	Amount
CEO & Most Highly Compensated Executive Officers	2022 (estimate)	₱1,300,000
	2021 (actual)	1,889,500
	2020 (actual)	1,944,667
All Other officers as a group unnamed	2022 (estimate)	—
	2021 (actual)	—
	2020 (actual)	—

¹CEO and Most Highly Compensated Executive Officers

(2) Compensation of Directors

Directors	Gross Allowances for Board Meetings attended in 2021 (PHP)
Willy N. Ocier	35,000.00
Ian Jason R. Aguirre ^a	5,000.00
Jackson T. Ongsip	35,000.00
Bernardo D. Lim ^b	30,000.00
Edmundo L. Tan	35,000.00
Virginia A. Yap	35,000.00
Tomas D. Santos ^c	15,000.00
Rafael M. Alunan III	35,000.00
Jerry C. Tiu ^d	25,000.00

^a elected on November 5, 2021

^b up to November 5, 2021

^c up to July 22, 2021

^d elected on July 22, 2021

Standard Arrangements

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

Other Arrangements

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

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

None.

(4) Warrants and Options Outstanding: Repricing

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

The following persons or groups are directly or indirectly the record or beneficial owners of more than 5% of the Company's voting shares (common) as of December 31, 2021:

Title of Class	Name and address of record and relationship with issuer	Name of beneficial owner and relationship with record holder	Citizenship	No. of shares held	Percent of class
Common	Belle Corporation 5 th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila (Parent)	(Note 1)	Filipino	3,500,000,000 (direct)	46.64%

Title of Class	Name and address of record and relationship with issuer	Name of beneficial owner and relationship with record holder	Citizenship	No. of shares held	Percent of class
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (Stockholder)	(Note 2)	Filipino	1,905,879,601	25.3975%
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (Stockholder)	(Note 2)	Non-Filipino	420,668,564	5.6058%

Notes

- 1.) Belle Corporation is a publicly-listed corporation which was registered in PCD in 2017
- 2.) PCD Nominee Corporation is a wholly-owned subsidiary of Philippine Central Depository, Inc. The beneficial owners of such shares registered under the name of PCDNC are PCD's participants who hold the shares in their own behalf or in behalf of their clients. The PCD is prohibited from voting these shares. Instead, the participants have the power to decide how the PCD shares in APC Group are to be voted. No PCD participant who holds shares in their own behalf or in behalf of clients owns more than 5% of the Corporation's voting shares.

(2) Security Ownership of Management

The following table shows the shareholdings of the following directors and officers as of December 31, 2021.

Title Class	Name of Beneficial Owner	Citizen-ship	Amount and nature of beneficial ownership	Class of Securities	Total		
					No.	%	
Common	Willy N. Ocier	Filipino	2,207,001	Direct / Indirect	Voting	2,207,001	0.03
Common	Jackson T. Ongsip	Filipino	1	Direct	Voting	1	-
Common	Rafael M. Alunan III	Filipino	1	Direct	Voting	1	-
Common	Ian Jason R. Aguirre ¹	Filipino	1	Direct	Voting	1	-
Common	Edmundo L. Tan	Filipino	234,701	Direct / Indirect	Voting	234,701	0.00
Common	Jerry C. Tiu ²	Filipino	487,001	Direct / Indirect	Voting	487,001	0.01
Common	Virginia A. Yap	Filipino	10,001	Direct	Voting	10,001	-
Common	Richard Anthony D. Alcazar	Filipino	-	n/a	n/a	-	-
Common	Nicole Bernadette M. Dulay	Filipino	-	n/a	n/a	-	-
Common	Anna Josefina G. Esteban	Filipino	-	n/a	n/a	-	-
Common	Marie Joy T. Co	Filipino	-	n/a	n/a	-	-
Common	Michelle Angeli T. Hernandez	Filipino	-	n/a	n/a	-	-
			2,938,707			2,938,707	0.04

¹ elected on November 5, 2021

² elected on July 22, 2021

(3) Voting Trust Holders of 10% or More

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

(4) Changes in Control

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

Item 12. Certain Relationships and Related Transactions

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

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

Related party transactions pertain to the availment of non-interest-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 a Related Party	Terms	Conditions
Stockholder					
Belle					
(1) Advances	2021 2020	-	P (79,406,947) (79,406,947)	On demand; Noninterest-bearing	Unsecured
(2) Share in expenses	2021 2020	-	(571,684.00) (571,684.00)	On demand; Noninterest-bearing	Unsecured
Total					
Advances from a related party	2021 2020		P (79,978,631) (79,978,631)		

Compensation and benefits of key management personnel of the Company for the year ended December 31, 2021, 2020 and 2019 consists of the following:

	2021	2020	2019
Salaries and short-term employee benefits	P1,529,500	P1,944,667	P2,304,000
Retirement costs	205,316	345,507	190,543
	P1,734,816	P2,290,174	P2,494,543

PART IV - EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

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

(b) Reports on SEC Form 17-C

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

Date	Title
March 02, 2021	2020 Audited Financial Statement
May 10, 2021	Postponement of Annual Stockholders' Meeting
May 10, 2021	Notice of 2021 Annual or Special Stockholders' Meeting
July 23, 2021	Results of 2021 Annual or Special Stockholders' Meeting
July 23, 2021	Results of Organizational Meeting of the Board of Directors
July 26, 2021	Amended Results of 2021 Annual or Special Stockholders' Meeting
November 08, 2021	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)
November 08, 2021	Amendments to By-Laws

PART V - CORPORATE GOVERNANCE

Compliance with Corporate Governance Practices

The Company remains focused on insuring the adoption of systems and practices of good corporate governance in enhancing value for its shareholders.

Board Attendance

Regular meetings of the Board are scheduled before the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. A director's absence or non-participation in more than fifty percent (50%) of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2019, each of the Company's directors have complied with the requirements.

Below table shows the attendance of each board member in the meetings conducted during the year:

Board of Directors	22-Feb-21	7-May-21	22-Jul-21 (Organizational)	22-Jul-21	5-Nov-21	16-Dec-21
Ocier, Willy	x	x	x	x	x	x
Aguirre, Ian Jason R. ¹	N/A	N/A	N/A	N/A	N/A	x
Alunan, Rafael M. III	x	x	x	x	x	x
Lim, Bernardo D. ²	x	x	x	x	x	N/A
Ongsip, Jackson T.	x	x	x	x	x	x
Santos, Tomas D. ³	x	x	N/A	N/A	N/A	N/A
Tan, Emundo L.	x	x	x	x	x	x
Tiu, Jerry C. ⁴	N/A	N/A	x	x	x	x
Yap, Virginia A.	x	x	x	x	x	x

¹ - elected on November 5, 2021

² - resigned on November 5, 2021

³ - end of term on July 22, 2021

⁴ - elected on July 22, 2021

Board Performance Evaluation

The Company conducts annual performance evaluations of the Board, its individual members and Board Committees to ensure optimum Board performance. In this evaluation process, directors identify areas for improvement, some of which are: the timeliness and integrity of information given to them, directors' access to management, and the Corporate Secretary, and other forms of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address any issues raised. In line with governance best practices, the board evaluations shall be facilitated by a third-party independent assessor every three (3) years reckoned from January 1, 2017 (effectivity date of the 2016 Code of Corporate Governance for Publicly Listed Companies).

The annual performance evaluations of the Board, its individual members and Board Committees for 2021 performance was conducted on March 31, 2022. The appraisal form that was used for such is found in the company website:

<http://apcaragorn.net/index.php/corporate-governance/board-committees/bm-i/send/111-board-matters/590-annual-performance-evaluation-form-2021>

Continuing Education Programs

The Board identifies areas of continuing education on corporate governance topics they require. To keep the Board and key officers well-informed of governance-related developments, regular annual education programs are conducted in coordination with SM Investments Corporation and training providers duly accredited by the SEC. The Directors and key officers of the Company had their annual training in 2021 as shown below.

Board of Directors	Date	Training Provider	Venue	Topic
Tan, Edmundo L.	01-Sep-21	Banco de Oro Unibank	via Cisco Live Webex Event	The World is Changing – and so is Leadership The Impact of Geopolitics on Digital Business Design and Delivery for Customer Facing Digital Products A Board Guide to Artificial Intelligence and Use Cases Digital Leadership: Ride the Waves of Disruption
Ocier, Willy N.	30-Sep-21	Institute of Corporate Directors	via Zoom Meeting	Advanced Corporate Governance Training
Aguirre, Ian Jason R.				
Ongsip, Jackson T.				
Tiu, Jerry C.				
Yap, Virginia A.				
Alunan, Rafael III M.	26-Nov-21	Risks, Opportunities, Assessment and Opportunities, Inc.	via Zoom Meeting	Corporate Governance Seminar

Manual on Corporate Governance

In compliance with the initiative of the SEC, APC submitted its Revised Manual on Corporate Governance (the "Revised Manual") to the SEC. The Revised Manual institutionalizes the principles of good corporate governance in the entire Company. APC believes that corporate governance, the framework of rules, systems and processes governing the performance of the Board and Management of their respective duties and responsibilities, and from which the organization's values and ethics emerge, is of utmost importance to the Company's shareholders and other stakeholders, which include, among others, clients, employees, suppliers, financiers, government and community in which it operates. The Company undertakes every effort possible to create awareness throughout the entire organization.

The Board approved on November 5, 2021 the Revised Corporate Governance Manual and has been posted in the Company's website:

<http://apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance/send/3-manual-on-corporate-governance/593-11-5-2021-revised-manual-on-corporate-governance-as-of-november-2021>

Board Committees

Even prior to the submission of its Manual, the Company already created various Board-level committees. These committees were comprised of:

1. The Executive Committee – to oversee the management of the Company and is responsible for the Company's goals, finances and policies;
2. Audit Committee – to review financial and accounting matters;
3. Compensation and Remuneration Committee – to look into an appropriate remuneration system;
4. Risk Oversight Committee – to review the policies and procedures relating to the identification, analysis, management, monitoring and reporting of financial and non-financial risks;
5. Related Party Transactions Committee – to assess material agreements with related parties to ensure that the RPT are conducted at market rates and on an arm's length basis; and
6. Corporate Governance Committee – to assist and advise the Board in performing corporate governance compliance responsibilities in relation with the Company's Revised Manual on Corporate Governance, the Philippine Code of Corporate Governance, and the disclosure rules of the SEC and the PSE.
 - Nomination Committee – for the selection and evaluation of qualifications of directors and officers.

On May 9, 2018, the Nomination Committee was merged with the Corporate Governance Committee.

Each of the above is guided by their respective Committee Charters that indicates the purpose, composition, duties and responsibilities. The Board Committee Charters are reviewed annually.

Risk Oversight Committee

The Company has adopted a risk management policy that establishes a culture of disclosing, evaluating and managing risks, from the Board and throughout the organization toward achieving its goals and objectives, which include, among others, the protection and preservation its employees' and clients' safety and welfare, the value and condition of its properties and assets, and its local and global reputation. The Company aligns its risk appetite with its long-term strategic objectives.

The Risk Oversight Committee (ROC) evaluates the effectiveness of the Company's risk management system on an annual basis. The Board of Directors, through the ROC, has reviewed the Company's risk management system for 2021 and has found the same effective and adequate.

The Audit Committee

The Audit Committee reviews annually the effectiveness of the Company's internal control system, including information technology security and controls. To facilitate their review, the Committee understands and evaluates the scope of the internal and external auditors' review of internal controls over financial reporting, and obtains regular reports on significant findings and recommendations, together with management's responses, to obtain reasonable assurance that the Company's key organizational and procedural controls are effective, appropriate and complied with.

The Board of Directors, through the Audit Committee, has reviewed the effectiveness of the Company's internal control system, including the information technology security controls. Effective and adequate internal control mechanisms are in place, implemented and properly complied with for the year 2021.

Below is the list of Board Committee meetings in 2021:

Executive Committee	22-Feb-21	16-Dec-21
Chairman	Ocier, Willy N.	Ocier, Willy N.
Member	Ongsip, Jackson T.	Aguirre, Jason R.
Member	Yap, Virginia A.	Yap, Virginia A.

Audit Committee	22-Feb-21	7-May-21	22-Jul-21	5-Nov-21
Chairman (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III
Member	Lim, Bernardo L.	Lim, Bernardo L.	Lim, Bernardo L.	Lim, Bernardo L.
Member (ID)	Santos, Tomas D.	Santos, Tomas D.	Tiu, Jerry C.	Tiu, Jerry C.

Corporate Governance Committee	22-Feb-21	7-May-21	5-Nov-21
Chairman (ID)	Santos, Tomas D.	Santos, Tomas D.	Tiu, Jerry C.
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III
Member	Lim, Bernardo L.	Lim, Bernardo L.	Lim, Bernardo L.

Compensation and Remuneration Committee	22-Feb-21	16-Dec-21
Chairman	Ocier, Willy N.	Ocier, Willy N.
Member	Tan, Edmundo L.	Tan, Edmundo L.
Member	Yap, Virginia A.	Yap, Virginia A.

Risk Oversight Committee	22-Feb-21	5-Nov-21
Chairman	Lim, Bernardo L.	Lim, Bernardo L.
Member (ID)	Santos, Tomas D.	Tiu, Jerry C.
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III

Related Party Transactions Committee	22-Feb-21	16-Dec-21
Chairman (ID)	Santos, Tomas D.	Tiu, Jerry C.
Member	Lim, Bernardo L.	Ongsip, Jackson T.
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III

ID - Independent Director

Corporate Objectives

The Board establishes the corporate objectives, which are:

- To create opportunities for growth through strategic and viable investments and to enhance shareholder value for APC's partners and investors; and
- To promote mutually beneficial relationship with all the stakeholders that is grounded on transparency, integrity and respect and to enhance the quality of life of the communities it serves.
- Participation in activities that develop the quality of life in the communities it serves through scholarship and other programs for ancestral domains.

Code of Business Conduct and Ethics

The Company remains committed to align with the best corporate governance practices following the release of the 2016 Code of Corporate Governance for Publicly-Listed Companies. In addition to the Revised Manual, the Company's Code of Business Conduct and Ethics (CBCE) defines good governance, ethics and compliance

practices expected throughout the organization. The Revised Manual and CBCE are communicated to directors, officers and employees to ensure familiarity and adherence. These documents are also made public through the Company's website.

Governance Policies

Corporate policies on governance were developed, submitted to and approved by the Board to protect the interests and rights of the shareholders and stakeholders and to promote transparency and accountability. Such governance related policies are shown below and may be viewed through the APC Corporate website <http://www.apcaragorn.net>: These policies and procedures are initially cascaded throughout the organization via email blast, intranet portal and annual corporate governance trainings. The Board, through its various Board Committees, ensures that adequate internal control mechanisms are implemented and properly complied in all levels.

1. Accountability, Integrity and Vigilance (Whistle-Blowing)
2. Alternative Dispute Resolution
3. Board Diversity
4. Conflict of Interest
5. Corporate Disclosures
6. Directors' Board Seats Held in Other Companies
7. Employees' Safety, Health and Welfare
8. Gifts / Hospitality / Entertainment
9. Insider Trading
10. Material Related Party Transactions
11. Succession Planning and Retirement Age for Directors and Key Officers
12. Tenure of Independent Directors
13. Vendor Accreditation and Selection
14. Material Related Party Transactions

Alternative Dispute Resolution

A neutral third party participates to assist in the resolution of issues between the Company and stockholders, third parties and regulatory authorities. The alternative dispute resolution system may include arbitration, mediation, conciliation, early neutral evaluation, mini-trial, or any combination thereof, as the Company and the circumstances sees fit.

Consideration is given to the need to promote candor through confidentiality of the process, the policy of fostering prompt, economical, and amicable resolution of disputes in accordance with the principles of integrity of determination by the parties, and the policy that the decision-making authority in the process rests with the parties. There were no conflicts between the corporation and its stockholders, the corporation and third parties, and the corporation and regulatory authorities, for the last three years.

Board Diversity

The Corporate values and promotes a diversity policy in the composition of our Board to reinforce its effectiveness in providing strategic direction, oversight and compliance with laws and regulations.

Diversity in age, gender, ethnicity, experience, field expertise, and personal qualities shall be considered by the Board as it installs a process of selection to ensure a mix of competent directors and key officers. Diversity will foster critical discussion and promote balanced decisions by the Board by utilizing the difference in perspective of its directors.

APC Board Skill Set Matrix				INDUSTRY EXPERIENCE / EXPERTISE / COMPETENCIES																		
NAME and DESIGNATION	AGE	GEN DER	EDUCATIONAL BACKGROUND	Accounting / Audit	Anti-Money Laundering	Banking	Corp. Gov.	Economics	Finance	Hospitality / Leisure	IT / Comm	Insurance	Investment	Internal Control	Law	Management	Manufacturing	Mining	Real Estate	Retail	Risk Management	Sales & Mktg.
Willy N. Ocier Chairman	64	M	Bachelor of Arts in Economics				✓	✓	✓	✓	✓		✓			✓			✓	✓	✓	✓
Ian Jason R. Aguirre President and CEO Executive Director	45	M	Bachelor of Science in Industrial Engineering Master in Business Management	✓	✓		✓	✓	✓				✓	✓		✓		✓	✓	✓		
Jackson T. Ongsip Non-Executive Director	47	M	Bachelor of Science in Accountancy	✓	✓		✓	✓	✓	✓			✓			✓			✓	✓	✓	
Edmundo L. Tan Director	74	M	Bachelor of Arts Degree Bachelor's Degree in Law		✓	✓	✓		✓			✓			✓	✓		✓				
Virginia A. Yap Director	69	F	Bachelor of Science Degree Commerce, Accounting Major	✓			✓	✓	✓	✓		✓		✓		✓			✓		✓	
Rafael M. Alunan III Lead Independent Director	72	M	Master in Business Administration-Senior Executive Program and Public Administration	✓			✓			✓			✓							✓	✓	✓
Jerry C. Tiu Independent Director	67	M	Bachelor of Science - Commerce major in Marketing	✓	✓	✓	✓	✓	✓	✓			✓	✓		✓			✓		✓	✓

APC also prohibits its directors, officers, and employees from using privileged corporate information for personal gain. Trading/ownership of Company shares as of December 31, 2021 is shown below:

Name of Director / Officer	Number of Shares held as of 12.31.2020	Acquisition (+)	Disposition (-)	Number of Shares held as of 12.31.2021	% of Ownership
Willy N. Ocier	2,207,001	-	-	2,207,001	0.03
Ian Jason R. Aguirre ¹	-	-	-	1	0
Rafael M. Alunan III	1	-	-	1	0
Jackson T. Ongsip	1	-	-	1	0
Edmundo L. Tan	234,701	-	-	234,701	0
Jerry C. Tiu ²	-	-	-	487,001	0.01
Virginia A. Yap	10,001	-	-	10,001	0
	2,451,705	-	-	2,938,707	0.04

¹ elected on November 5, 2021

² elected on July 22, 2021

For governance related issues or concerns, stakeholders may refer to:


Governance and Corporate Affairs Department
 5th Floor Tower A, Two E-com Center
 Palm Coast Avenue, Mall of Asia Complex
 Pasay City 1300 Philippines
 Tel.No.:(632) 8662-8888
 Email: governance@bellec corp.com

The Company, through its Chief Compliance Officer, stresses its compliance with applicable laws and adherence to ethical practices as stated in the CBCE and the Revised Manual. APC is not aware of any non-compliance with the Revised Manual by any of its directors, officers or employees.

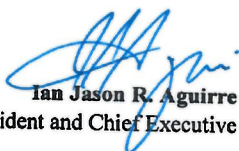
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, on April 1, 2022.

By:



Willy N. Ocier
Chairman of the Board



Ian Jason R. Aguirre
President and Chief Executive Officer



Marie Joy T. Co
Treasurer and Financial Controller,
Compliance Officer




Richard Anthony D. Alcazar
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 13 APR 2022 day of _____, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport or ID No.	Date of Expiry	Place of Issue
Willy N. Ocier	P7443059B	19 AUG 2031	DFA Manila
Ian Jason R. Aguirre	P3558688A	02 JULY 2022	DFA Iloilo
Marie Joy T. Co	SSS 02-2036410-2	N/A	N/A
Richard Anthony D. Alcazar	SSS 33-3092814-7	N/A	N/A

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Series of not

Notary Public



ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 2463255D 1/3/22 / Roll No. 33832 / TIN# 129-871-009
MCLE No. VI-0029533 valid from 12/18/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.



APC GROUP INC.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS**

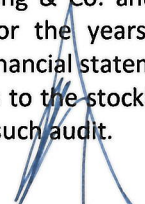
The management of **APC Group, Inc. and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended **December 31, 2021, 2020 and 2019**, in accordance with the prescribed financial reporting framework indicated therein 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co. and Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020, respectively, have audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.


WILLY N. OCIER
Chairman of the Board


IAN JASON R. AGUIRRE
President and Chief Executive Officer



MARIE JOY T. CO
Treasurer and Financial Controller

March 1, 2022

SUBSCRIBED AND SWORN to before me this 01 MAR 2022 at QUEZON CITY, affiants who are personally known to me or identified through competent evidence of identity, to wit:

Name	Passport ID	Date of Expiry	Place of Issue
Willy N. Ocier	P7443059B	19 AUG 2031	DFA MANILA
Ian Jason R. Aguirre	P3558688A	02 JULY 2022	DFA ILOILO
Marie Joy T. Co	P2521998A	27 MAR 2022	DFA MANILA

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ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 2463255D 1/3/22 / Roll No. 33032 / TIN# 129-871-009
MCLE No. VI-0029583 valid from 12/18/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
APC Group, Inc. and Subsidiaries
G/F MyTown New York Bldg.
General E. Jacinto St. cor. Capas St.
Brgy. Guadalupe Nuevo, Makati City

Opinion

We have audited the accompanying consolidated financial statements of APC Group, Inc. and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Assessing Recoverability of Deferred Exploration Costs

As at December 31, 2021, the Group has deferred exploration costs amounting to ₱218.1 million, representing 84.2% of the total consolidated assets. These deferred exploration costs pertain to a subsidiary, Aragorn Power and Energy Corporation (APEC)'s participating interest in Geothermal Renewable Service Contract (GRESK) and the expenditures incurred by APEC for the Kalinga-Apayao Geothermal Project (the Project).

Under PFRS 6, *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess the deferred exploration costs when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The assessment of recoverability of deferred exploration costs is significant to our audit because of the substantial amount of the deferred exploration costs and the significant judgment, assumptions and estimates involved.

Our audit procedures included, among others, reviewing the management's assessment on whether there is any indication that the deferred exploration costs may be impaired. We obtained evidence that the Group has valid rights to the Project. We examined agreements, exploration budgets and plans to evaluate management's intention to perform further exploration and evaluation of mineral resources.

Further disclosures on the Group's deferred exploration costs are included in Notes 1, 3 and 10 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Other Matter

The consolidated financial statements of the Group as at December 31, 2020 and for the years ended December 31, 2020 and 2019 were audited by another auditor whose report dated March 1, 2021 expressed an unmodified opinion on those consolidated financial statements.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.



- 4 -

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Belinda B. Fernando.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8851706

Issued January 3, 2022, Makati City

February 21, 2022

Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Comparative Figures for 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱13,976,898	₱21,475,809
Receivables	6	2,643,369	3,702,273
Prepayments		15,940	15,940
Total Current Assets		16,636,207	25,194,022
Noncurrent Assets			
Property and equipment	8	13,884	34,712
Investment properties	9	12,048,000	12,048,000
Financial assets at fair value through other comprehensive income (FVOCI)	7	2,734,370	2,829,755
Deferred exploration costs	10	218,054,455	218,013,500
Input value-added tax (VAT)		9,567,351	9,282,133
Security deposits	18	23,822	23,822
Total Noncurrent Assets		242,441,882	242,231,922
		₱259,078,089	₱267,425,944
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	₱28,141,965	₱28,652,844
Advances from a related party	13	79,978,631	79,978,631
Total Current Liabilities		108,120,596	108,631,475
Noncurrent Liability			
Retirement liability	14	3,281,654	5,966,007
Total Liabilities		111,402,250	114,597,482
Equity Attributable to Equity Holders of the Parent Company			
Capital stock	12	63,880,788	63,880,788
Additional paid-in capital	12	144,295,958	144,295,958
Equity reserves		(3,140,235)	(3,140,235)
Deficit		(22,322,828)	(13,903,180)
Cumulative change in fair value of financial assets at FVOCI	7	1,886,369	1,981,754
Remeasurement loss on defined benefit obligation	14	(495,461)	(3,986,494)
Treasury stock	12	(29,435,220)	(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		154,669,371	159,693,371
Non-controlling Interests		(6,993,532)	(6,864,909)
Total Equity		147,675,839	152,828,462
		₱259,078,089	₱267,425,944

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
INCOME				
Dividend Income	7	₱259,129	₱319,476	₱319,476
Interest Income	5	142,092	947,058	4,651,666
		401,221	1,266,534	4,971,142
GENERAL AND ADMINISTRATIVE EXPENSES	15	(8,949,492)	(9,167,147)	(10,264,576)
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	9	—	2,019,130	—
NET LOSS		(8,548,271)	(5,881,483)	(5,293,434)
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Remeasurement gain (loss) on defined benefit obligation	14	3,491,033	(1,748,616)	—
Change in fair value of financial assets at FVOCI	7	(95,385)	(794,875)	(1,547,491)
		3,395,648	(2,543,491)	(1,547,491)
TOTAL COMPREHENSIVE LOSS		(₱5,152,623)	(₱8,424,974)	(₱6,840,925)
Net Loss Attributable to:				
Equity holders of the Parent Company	17	(₱8,419,648)	(₱5,869,322)	(₱5,274,618)
Non-controlling interests		(128,623)	(12,161)	(18,816)
		(₱8,548,271)	(₱5,881,483)	(₱5,293,434)
Total Comprehensive Loss Attributable to:				
Equity holder of the Parent Company		(₱5,024,000)	(₱8,412,813)	(₱6,822,109)
Non-controlling interests		(128,623)	(12,161)	(18,816)
		(₱5,152,623)	(₱8,424,974)	(₱6,840,925)
Basic/Diluted Loss Per Common Share	17	(₱0.001122)	(₱0.000782)	(₱0.000703)

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
CAPITAL STOCK	12			
Balance at beginning of year		₱63,880,788	₱6,388,078,749	₱6,388,078,749
Effect of equity restructuring		–	(6,324,197,961)	–
Balance at end of year		63,880,788	63,880,788	6,388,078,749
ADDITIONAL PAID-IN CAPITAL	12			
Balance at beginning of year		144,295,958	1,613,942,096	1,613,942,096
Effect of equity restructuring		–	(1,469,646,138)	–
Balance at end of year		144,295,958	144,295,958	1,613,942,096
EQUITY RESERVE				
Balance at beginning and end of year		(3,140,235)	(3,140,235)	(3,140,235)
DEFICIT				
Balance at beginning of year		(13,903,180)	(7,801,877,957)	(7,796,603,339)
Net loss		(8,419,648)	(5,869,322)	(5,274,618)
Effect of equity restructuring	12	–	7,793,844,099	–
Balance at end of year		(22,322,828)	(13,903,180)	(7,801,877,957)
Cumulative change in fair value of financial asset at FVOCI	7			
Balance at beginning of year		1,981,754	2,776,629	4,324,120
Unrealized loss on fair value changes		(95,385)	(794,875)	(1,547,491)
Balance at end of year		1,886,369	1,981,754	2,776,629
Cumulative remeasurement gain (loss) on defined benefit obligation	14			
Balance at beginning of year		(3,986,494)	(2,237,878)	(2,237,878)
Remeasurement (gain) loss		3,491,033	(1,748,616)	–
Balance at end of year		(495,461)	(3,986,494)	(2,237,878)
		1,390,908	(2,004,740)	538,751
TREASURY STOCK				
Balance at beginning and end of year		(29,435,220)	(29,435,220)	(29,435,220)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		154,669,371	159,693,371	168,106,184
NON-CONTROLLING INTEREST				
Balance at beginning of year		(6,864,909)	(6,852,748)	(6,833,932)
Net loss attributable to non-controlling interest		(128,623)	(12,161)	(18,816)
Balance at end of year		(6,993,532)	(6,864,909)	(6,852,748)
		₱147,675,839	₱152,828,462	₱161,253,436

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020 and 2019)

	Note	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		(P8,548,271)	(P5,881,483)	(P5,293,434)
Adjustments for:				—
Retirement costs	14	806,680	775,694	271,091
Dividend income	7	(259,129)	(319,476)	(319,476)
Interest income	5	(142,092)	(947,058)	(4,651,666)
Depreciation	8	20,828	27,522	15,868
Gain on change in fair value of investment properties		—	(2,019,130)	—
Operating loss before working capital changes		(8,121,984)	(8,363,931)	(9,977,617)
Decrease (increase) in:				
Receivables		1,058,904	(2,117,079)	(1,299,988)
Input VAT		(285,218)	(319,245)	(258,241)
Other current assets		—	(13,354)	8,930
Increase (decrease) in:				
Trade and other payables		(510,879)	25,043	178,770
Advances from a related party		—	—	(68,750)
Net cash used for operations		(7,859,177)	(10,788,566)	(11,416,896)
Dividend received		259,129	319,476	319,476
Interest received		142,092	947,058	4,667,178
Net cash used in operating activities		(7,457,956)	(9,522,032)	(6,430,242)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in deferred exploration costs		(40,955)	(106,493,499)	(641,115)
Decrease in other noncurrent liabilities		—	—	(161,959)
Acquisition of property and equipment	8	—	—	(62,482)
Cash used in investing activities		(40,955)	(106,493,499)	(865,556)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(7,498,911)	(116,015,531)	(7,295,798)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		21,475,809	137,491,340	144,787,138
CASH AND CASH EQUIVALENTS AT END OF YEAR		P13,976,898	P21,475,809	P137,491,340

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Information for 2020 and 2019)

1. General Information

Corporate Information

APC Group, Inc. (the Parent Company or APC) and subsidiaries (the Group) 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 Parent Company has the following subsidiaries:

Subsidiaries	Nature of Business	Percentage of Ownership		
		Direct	Indirect	Total
Aragorn Power and Energy Corporation (APEC)	Energy	95.6	–	95.6
APC Energy Resources, Inc. (APC Energy)	Mining	100.0	–	100.0
APC Mining Corporation (APC Mining)	Mining	83.0	–	83.0
APC Cement Corporation (APC Cement)	Manufacturing	100.0	–	100.0
PRC - Magma Energy Resources, Inc. (PRC-Magma)*	Energy	–	85.0	85.0

**A direct subsidiary of APEC*

The registered office address of the Parent Company is G/F MyTown New York Bldg., General E. Jacinto St. cor. Capas St., Brgy. Guadalupe Nuevo, Makati City.

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at and for the years ended December 31, 2021 (with comparative figures and information for 2020 and 2019) were authorized and approved for issuance by the Board of Directors (BOD) on February 21, 2022, as reviewed and recommended for approval by the Audit Committee on the same date.

Status of Operations

APEC

As at the report date, APEC is still in the exploration stage. It was established to engage in renewable energy resource exploration, development and utilization.

Kalinga Apayao Geothermal Service Project (Project)

In 2008, APEC was granted a Geothermal Service Contract (GSC) by the Republic of the Philippines, through the Department of Energy (DOE), for the exploration, development and exploitation of geothermal resources covering a total area of 26,139 hectares located in the Province of Kalinga (the "Kalinga Geothermal Project" or "KGP"). The GSC was granted after a Certificate Precondition from the National Commission of Indigenous People, covering a major portion of the geothermal service area, was secured. The GSC was converted into a Geothermal Renewable Service Contract (GRESK) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESK has a term of not exceeding 25 years (including the used term under the GSC) and

renewable for not more than 25 years. The total period from pre-development stage to the development/commercial stage shall not exceed 50 years.

In November 2010, APEC and its partner Guidance Management Corporation (GMC) formed a partnership with AllFirst Kalinga Ltd. (AKL, formerly Chevron Kalinga Ltd.) in developing the geothermal area. The parties signed a Farm-out Agreement (FOA) 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, AKL will be responsible for the exploration, development and operation of the steam field and power activities.

On August 13, 2018, APEC has secured an extension of the GRESC exploration period from DOE until September 23, 2020. On August 14, 2018, pursuant to Executive Order No. 30, the Energy Investment Coordinating Council (EICC), through the DOE, granted KGP a Certificate of Energy Project of National Significance (CEPNS) for Pre-Development Phase. The CEPNS entitles KGP to all the rights and privileges provided for under Executive Order No. 30 series 2017.

On September 18, 2018, AKL has assigned its Farm-out interest, including all associated rights and obligations under the FOA, in favor of its affiliate, Allfirst Kalinga Holdings, Inc. (AKHI).

Through a letter dated December 28, 2018, the DOE gave KGP the clearance to undertake a system impact study (SIS) of its proposed 120 MW Kalinga Geothermal Project. The SIS of the KGP is currently on-going.

In 2019, KGP completed securing all the remaining necessary permits from the regulatory agencies (i.e. Department of Environment and Natural Resources (DENR) and National Water Resources Board (NWRB)), and maintained and complied with its commitments with each of the representative Council of Elders and Leaders (COEs) under the Memoranda of Agreements (MOAs) supporting the NCIP Certificates of Precondition. KGP has also engaged contractors and suppliers necessary for the construction of access roads, well pads, and well drilling activities.

With the completion of the negotiation for right-of-way, remaining regulatory permits, as well as the engagement of the needed contractors and suppliers, KGP has completed the construction of well pads and access roads, and continues to implement geo-hazard mitigation measures.

On October 12, 2019, the Project commenced drilling of the PAS-02 exploration well and ended drilling operations on April 21, 2020 after reaching a depth of 4,483 ft. (1,366 m MD) and being unable to drill further. Drilling operations encountered many challenges such as technical difficulties with the well amidst the severe impact dealt by the COVID-19 pandemic and the Enhanced Community Quarantine (ECQ) such as limitations to deployment of personnel and delivery of supplies, disruptions to the global supply chain, and reduction in work hours of personnel quarantined onsite to protect their health and safety. Results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

On October 13, 2020, APEC secured an extension of the GRESC exploration period from DOE until October 12, 2022 with DOE recognizing the significant accomplishments of the project, the difficulties that the project encountered, and the need for further exploration given the results of the drilling PAS-02 with commercial temperature and encouraging chemistry.

On March 12, 2021, the KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended June 7, 2021. The 3G intended to obtain additional information supporting the results of the PAS-02 exploration well and to refine and expand the Conceptual Model to ensure soundness of the geologic targets prior to resuming drilling operations. The campaign was successfully carried out with no incidents and within the timeline planned, despite the restrictions brought about by COVID-19 pandemic and the provincial and granular lockdowns imposed in Kalinga and in Metro Manila.

The KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 21, 2022, the consent of nine (9) out of eleven (11) ancestral domains has been secured covering 85% of the GRESC area. In addition, all of the Community Development (CD) Projects have been fully completed and turned over to the respective community beneficiaries. Most community projects completed include farm-to-market roads, barangay/tribal halls, chapels/churches, water works, drainage canals, rehabilitation of CIS, bridges, acquisition of backhoe, clinic, and ambulance. The KGP has also provided various assistance to the community since the start of the COVID-19 pandemic such as provision of food packs, PPEs, antigen test kits, oxygen tanks, and vaccines.

The KGP continues to provide scholarship grants and educational assistance to deserving youths from the eight (8) ancestral domains within its contract area. As at school year 2020-2021, the KGP has already extended scholarships to 369 grantees and has produced 281 graduates in various courses, which includes 33 licensed professionals, scholarship accounts for 26% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems, the KGP intends to continue exploration activities, exploring the South West areas through further 3G surveys. In an anticipation of GRESC exploration period from DOE ending October 12, 2022, an extension will be sought to support the continuation of exploration activities and culmination towards resumption of drilling operations. As at report date, APEC is in the process of completing the necessary documents for the expected renewal of their GRESC.

The KGP involves the development of steam fields that can generate around 120 megawatts (MW) of new capacity, providing an additional source of clean, indigenous and reliable baseload power to the Luzon grid. A 120 MW geothermal project will approximately cost more than USD300.0 million.

On January 15, 2020, APEC received a cash call from AllFirst Kalinga Holdings Inc. (AKHI) amounting to USD2.1 million (₱106.5 million) equivalent to the 5% share of the USD42.08 million appraisal drilling budget which includes construction of general facilities, roads, and pads, rig mobilization and demobilization, well drilling, testing, resource feasibility study, other exploration capital (salaries and wages) and corporate social responsibility.

APC Energy

APC Energy was established to engage in exploration, development and utilization of renewable energy resources. The Company signed two (2) Coal Operating Contracts (COCs) with the DOE location in Isabela (three blocks) and Masbate (two blocks). One block is equivalent to one thousand (1,000) hectares. The Isabela project was put on hold because of the anti-mining sentiment of the local government units and the community. Partial exploration works have been conducted. In 2013 and 2015, COCs with the DOE in both Masbate and Isabela were terminated, respectively.

APC Mining

APC Mining was organized to engage in mining, processing, manufacturing, buying and selling of all kinds of ores, metals and minerals. It applied permits with the DENR for the exploration of chromite, copper and nickel deposits in Zambales, Palawan and Mindoro areas and was granted a mining permit in Alubijid, Misamis Oriental. APC Mining later found that the latter area has low prospect for chromite, copper and nickel. And as such, on September 17, 2013, APC Mining wrote a letter to the Mines and Geosciences Bureau of the DENR informing the agency that it is giving up its exploration permit in Alubijid.

APC Cement

APC Cement was established to engage in the manufacture of cement. As at December 31, 2021, the Company is still in the pre-operating stage.

PRC Magma

PRC Magma was established 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 March 2010, the PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESO) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. 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 Topography Mission (SRTM) Imageries were also performed. The two (2) GRESOs were given a five-year Pre-Development Stage until 24 March 2015. On November 2015, the DOE sent a letter to inform PRC-Magma that the service contracts were automatically terminated due to the delays in the implementation of the approved work program and failure to make any discovery before the end of the fifth (5th) Contract Year.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases

The consolidated financial statements are presented in Philippine Peso (Peso), which is the Group's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The consolidated financial statements of the Group have been prepared under the historical cost basis, except for the Parent Company's investment in equity securities and investment properties which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

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:

- In the principal market for the asset or liability, or
- 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 Group.

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 best economic interest.

A fair value measurement of a nonfinancial 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 Group 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 Group 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 date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities 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.

Further information about the assumptions made in measuring fair value is included in Notes 7, 9 and 19 to the consolidated financial statements.

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2021:

- Amendment to PFRS 16, *Leases - COVID-19-Related Rent Concessions beyond June 30, 2021* – In 2020, PFRS 16 was amended to provide practical expedient to lessees from applying the requirements on lease modifications for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for a change that is not a lease modification, e.g., as a variable lease payment. This amendment is effective for annual reporting periods beginning on or after June 1, 2020, with earlier application permitted, and covers eligible rent concessions until June 30, 2021.

Due to the continuing impact of the pandemic, another amendment to PFRS 16 was issued in 2021, which allows lessees to extend the application of the practical expedient regarding COVID-19-related rent concessions to reduction in lease payments that are due on or before June 30, 2022. The amendment is effective for annual reporting periods beginning on or after April 1, 2021 but earlier application is permitted. The 2021 amendment is mandatory for entities that elected to apply the previous amendment.

Under the prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS

Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

Basis of Consolidation

The consolidated financial statements of the Group comprise the financial statements of the Parent Company and its subsidiaries. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).

When the Parent Company has less than majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangement; and
- The Parent Company's voting rights and potential voting rights.

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interest having a deficit balance.

Non-controlling interest represents the portion of net results and net assets not held by the Parent Company. These are presented in the consolidated statement of financial position within equity, apart from equity attributable to equity holders of the Parent Company and are separately disclosed in the consolidated statement of income and consolidated statement of comprehensive income.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. Consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and losses, are eliminated.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the cumulative translation differences recorded in equity, if any;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes surplus or deficit in profit or loss; and
- Reclassifies the Parent Company's share of component previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Parent Company had directly disposed of the related assets or liabilities.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to those contractual provisions of a financial 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.

Initial Recognition and Measurement. 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 for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the “Day 1” difference.

Classification. The Group classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and, (c) financial assets at FVPL. The classification of a financial asset largely depends on the Group’s business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2021 (and 2020), the Group does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Cash (which includes cash on hand and cash in banks), receivables and security deposits are classified under this category.

Financial Assets Designated at FVOCI. The Group may irrevocably designate an equity instrument that is not held for trading to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the consolidated statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity instruments, any cumulative valuation gains or losses will be reclassified to retained earnings.

Investment in equity securities are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either 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 its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Trade and other payables (excluding statutory payables) and advances from a related party are classified under this category.

Reclassification

The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

A financial asset that has been designated at FVOCI may no longer be reclassified to a different category.

Impairment of Financial Assets at Amortized Cost

The Group recognizes an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For accounts receivable, the Group has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets at amortized cost, the Group applies the general approach in measuring the ECL. The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition.

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

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:

- the right to receive cash flows from the asset has expired;
- the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its right to receive cash flows from the financial 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 Group has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Group could be required to repay.

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 profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount 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 intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Classification of Financial Instrument between Liability and Equity

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

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- 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 Group 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.

Value-Added Tax (VAT)

VAT represents the net amount of VAT recoverable from or payable to the tax authorities. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax 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 tax included.

The net amount of VAT recoverable from or payable to the tax authorities is presented as part of "Other current assets" or "Statutory payables" under "Trade and other payables" account in the consolidated statement of financial position.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after

the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period the 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 an additional cost of property and equipment.

Depreciation is computed using the straight-line method over one (1) to five (5) years for office and other equipment.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation amortization are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Fully-depreciated and amortized assets are retained as property and equipment until these are no longer in use.

Investment Properties

Investment properties comprise of parcels of land held by the Group for capital appreciation and/or future development. These properties are not held to be used in production or sale in the ordinary course of business.

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 as determined by independent appraisers. Gain or loss arising from changes in fair value of investment properties is included in profit or loss in the year in which it arises.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Deferred Exploration Costs

Deferred exploration costs represent the Group's expenditures for exploration works on geothermal 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). Expenditures for mine exploration work prior to and subsequent to drilling are deferred as incurred.

These shall be written-off if the results of the exploration work are determined to be not commercially viable. If the results are commercially viable, the deferred expenditures and the subsequent development cost shall be capitalized and amortized from the start of commercial operations using the units-of-production method based on estimated recoverable reserves, as this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group 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. Impairment losses of continuing operations are recognized in profit or loss in those 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation and amortization charge is 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 (APIC)

Capital stock is measured at the par value for all shares issued. Proceeds or fair value of consideration received in excess of par value are recognized as APIC. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings.

Equity Reserve

Equity reserve pertains to the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration received as a result of change in the ownership interest of a subsidiary without loss of control.

Deficit

Deficit represents the cumulative balance of the net income or loss, net of any dividend declaration.

OCI

OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. The OCI of the Group represents cumulative unrealized gain on fair value changes on financial assets at FVOCI and cumulative remeasurement loss on defined benefit obligation.

Treasury Stock

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 Group's own equity instruments. Any difference between the carrying amount and the consideration is recognized as APIC. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

Earnings Per Share (EPS) Attributable to the Equity Holders of the Parent

Basic EPS is computed by dividing net income for the year attributable to common shareholders by the weighted average number of common stock outstanding during the year with retroactive adjustments for any stock dividends declared and stock split.

Diluted EPS is calculated by adjusting the weighted average number of common stock outstanding to assume conversion of all dilutive potential common stock.

Where the EPS effect of potential dilutive common stock would be anti-dilutive, basic and diluted EPS are stated at the same amount.

Revenue Recognition

The Group is organized to engage in the exploration and development of renewable energy in the Philippines. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements. The Group is still not operating as at December 31, 2021 (and 2020).

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 Group's right to receive the payment is established.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability, other than distributions to equity participants, has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Employee Benefits

Short-term Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Retirement Benefit Costs. The Group has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement liability is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Group recognizes service costs, comprising of current service costs and interest costs in profit or loss.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Group assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

- a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b) the right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.

The Group as a Lessee. At the commencement date, the Group recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis.

For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Group will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from net operating loss carry-over (NOLCO) and excess of minimum corporate income taxes (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax credits from NOLCO and excess of MCIT over RCIT can be utilized.

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 future 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws in effect at the reporting date.

Deferred tax is recognized in profit or loss, except to the extent that it relates to items directly recognized in OCI.

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

Related Parties

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party.

A related party transaction is considered material if the transaction/s, either individually, or in aggregate over a twelve-month period with the same related party, amounts to ten percent (10%) or higher of a Group's total consolidated assets based on its latest consolidated financial statements. Details of transactions entered into by the Group with related parties are reviewed in accordance with the Group's related party transactions policy.

Segment Reporting

For management purposes, the Group's operating segments are organized and managed separately according to the nature of the services offered.

The Group's identified operating segments are consistent with the segments reported to the BOD, which is the Group's chief operating decision maker. Financial information on the operating segments are presented in Note 4.

Foreign Currency Denominated Transactions

Transactions denominated in foreign currencies are initially recorded in Philippine Peso using the exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency using the rate of exchange prevailing at the reporting date. Foreign exchange differences between the rate at transaction date and settlement date or reporting date are credited to or charged against profit or loss. Nonmonetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of initial transactions.

Provisions and Contingencies

Provisions are recognized when the Group 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.

Contingent liabilities are not recognized in the consolidated financial statements. These 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.

Events After the Reporting Date

Post year-end events that provide additional information about the Group's consolidated financial position at the end of reporting year (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

3. Significant Judgment, Estimates and Assumption

The preparation of the Group's consolidated financial statements in accordance with PFRS requires management to make judgment, accounting estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the consolidated financial statements at the reporting date. The judgment and accounting 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. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates. Such estimates will be adjusted accordingly when the results become determinable.

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

Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements:

Assessing the Recoverability of Deferred Exploration Costs. The Group recognizes all project-related costs as part of deferred exploration costs. An impairment review is performed when there are indicators that the carrying amount of the deferred exploration costs may exceeds its recoverable amount. The deferred exploration costs are reassessed on a regular basis and the factors that the Group considers important which could trigger an impairment review include the following:

- the period for which the entity has the right to explore in the specific area has not expired during the period or will not expire in the near future, and is expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is budgeted or planned;
- the exploration for and evaluation of mineral resources in the specific area led to the discovery of commercially viable quantities of mineral resources and the entity has not decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset will be recovered in full from successful development or by sale.

There were no indicators of impairment on deferred exploration costs in 2021 (2020 and 2019). The carrying value of deferred exploration costs amounted to ₱218.1 million as at December 31, 2021 (and ₱218.0 million as at December 31, 2020) (see Note 10).

Establishing the Control over Subsidiaries. The Parent Company determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors are also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

Management has assessed that is has control over its subsidiaries as at December 31, 2021 (and 2020).

Estimates and Assumptions

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

Assessing the Impairment of Nonfinancial Assets (excluding Deferred Exploration Cost). The Group assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Management has assessed that there are no indications of impairment on the nonfinancial assets in 2021 (2020 and 2019).

The carrying amounts of these non-financial assets are as follows:

	Note	2021	2020
Input VAT		₱9,567,351	₱9,282,133
Property and equipment	8	13,884	34,712

Determining the Fair Value of Investment Properties. The Group engaged an independent appraiser to determine the fair value of investment properties. The fair value of investment properties as at December 31, 2020 was based on an independent appraiser's report dated January 4, 2021 applying the market data approach.

Management evaluated that the fair value of investment properties determined on appraisal date approximates the fair value as at the reporting date since there were no significant changes in the condition of the properties and economic environment between those dates. In market data 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.

Further information about the assumptions made in measuring the fair value of the investment properties are discussed in Notes 9 and 19 to the consolidated financial statements.

The properties pertain to parcels of land in the Municipality of Ginatilan, Cebu. The fair value of investment properties amounted to ₱12.0 million as at December 31, 2021 (and 2020) (see Note 9).

Estimation of Retirement Costs. The determination of the liability and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. Actual results that differ from the Group's assumptions are accumulated and recorded in OCI. While the Group

believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement liability.

Retirement costs amounted to ₱0.8 million in 2021 (₱0.8 million in 2020 and ₱0.3 million in 2019). Remeasurement gain amounted to ₱3.5 million in 2021 (remeasurement loss amounted to ₱1.7 million in 2020 and nil in 2019). Accrued retirement costs amounted to ₱3.3 million as at December 31, 2021 (and ₱6.0 million as at December 31, 2020) (see Note 14).

Assessing the Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed 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 within the period allowed by the tax regulations. The Group's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenue and expenses.

The Group did not recognize deferred tax assets amounting to ₱29.0 million as at December 31, 2021 (and ₱44.2 million as at December 31, 2020) (see Note 16). The Group has assessed that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

4. Segment Information

The Group'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.

As discussed in Note 1, the Group is engaged in mining and exploration activities. The Management assessed that the Group is just considered as one business segment as it does not have other activities other than the exploration projects. The classification of business segment is regularly reviewed by Management Committee, which is the Chief Operating Decision Maker, to make decisions to assess their performances, and for which discrete financial information is available.

The amounts of segment assets and liabilities and segment profit or loss are based on measurement principles that are similar to those used in measuring the assets and liabilities and profit or loss in the consolidated financial statements, which is in accordance to PFRS.

Information with regard to the significant business segments of the Group are shown below.

Segment Operations	Year Ended December 31		
	2021	2020	2019
Segment expenses	(₱8,949,492)	(₱9,167,147)	(₱10,264,576)
Dividend income	259,129	319,476	319,476
Interest income	142,092	947,058	4,651,666
Gain on change in fair value of investment properties	—	2,019,130	—
Net loss	(₱8,548,271)	(₱5,881,483)	(₱5,293,434)

	Year Ended December 31		
Segment Operations	2021	2020	2019
As at December 31			
Other information			
Segment assets	₱259,078,089	₱267,425,944	₱273,301,565
Segment liabilities	111,402,250	114,597,482	112,048,129
Depreciation	20,828	27,522	15,868

5. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	₱3,403,587	₱9,039,050
Short-term investments	10,573,311	12,436,759
	₱13,976,898	₱21,475,809

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 Group and earn interest at the respective short-term investment rates.

Interest income earned from cash in banks and short-term investments amounted to ₱0.1 million in 2021 (₱0.9 million and ₱4.7 million in 2020 and 2019, respectively).

6. Receivables

This account consists of:

	2021	2020
Advances to AKHI	₱2,498,666	₱3,482,649
Advances to officers and employees	10,268	180,906
Others	134,435	38,718
	₱2,643,369	₱3,702,273

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

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

No provision for ECL on receivables was recognized in 2021 (2020 and 2019).

7. Financial Assets at Fair Value Through Other Comprehensive Income

The Parent Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱2,734,370 as at December 31, 2021 (and ₱2,829,755 as at December 31, 2020).

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

	2021	2020
Balance at beginning of year	₱2,829,755	₱3,624,630
Change in fair value	(95,385)	(794,875)
Balance at end of year	₱2,734,370	₱2,829,755

The table below presents the cumulative change in fair value of financial assets at FVOCI attributable to the shareholders of the Parent Company (presented in the equity section of the consolidated statement of financial position):

	2021	2020
Balance at beginning of year	₱1,981,754	₱2,776,629
Change in fair value	(95,385)	(794,875)
Balance at end of year	₱1,886,369	₱1,981,754

The Group received dividend income from PLC shares amounting to ₱0.3 million in 2021 (₱0.3 million in 2020 and 2019).

8. Property and Equipment

This account consists of office and other equipment:

	2021	2020
Cost		
Balance at beginning and end of year	₱1,676,615	₱1,676,615
Accumulated depreciation		
Balance at beginning of year	1,641,903	1,614,381
Depreciation	20,828	27,522
Balance at end of year	1,662,731	1,641,903
Carrying amount	₱13,884	₱34,712

Fully depreciated property and equipment with a total cost of ₱1.6 million as at December 31, 2021 (and 2020) are still being used in the operations.

9. Investment Properties

The movement of this account follows:

	2021	2020
Balance at beginning of year	₱12,048,000	₱10,028,870
Gain on change in fair value	—	2,019,130
Balance at end of year	₱12,048,000	₱12,048,000

Investment properties pertain to parcels of land which are being held by the Group for capital appreciation.

No income was earned and no cost was incurred for the investment properties in 2021 (2020 and 2019).

The fair value of the investment properties was determined by an independent appraiser. The appraiser is an industry specialist in valuing these types of investment properties. 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 latest independent appraiser's report is dated January 4, 2021. The Group did not obtain an appraisal valuation as at December 31, 2021 because the management has assessed that the fair value of the investment properties as at December 31, 2021 did not materially differ from the last valuation performed and the amount reported as at December 31, 2020.

Fair value hierarchy disclosures for investment properties have been provided in Note 19 to the consolidated financial statements.

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

A. Highest and Best Use

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.

B. 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.

10. Deferred Exploration Costs

This account consists of:

	2021	2020
Cost:		
KGP	₱218,054,455	₱218,013,500
Other exploration costs	63,664,924	63,664,924
Mining rights	48,254,908	48,254,908
	329,974,287	329,933,332
Allowance for impairment losses	(111,919,832)	(111,919,832)
Carrying amount	₱218,054,455	₱218,013,500

The movements of KGP are as follows:

	2021	2020
Balance at beginning of year	₱218,013,500	₱111,520,001
Additions	40,955	106,493,499
Balance at end of year	₱218,054,455	₱218,013,500

Deferred exploration costs relate to geothermal projects. The ability of the Group to recover its deferred exploration costs would depend on the success of exploration activities and on the commercial viability of the reserves (see Note 1).

The Group incurred exploration costs amounting to ₱40,955 in 2021 (and ₱106.5 million in 2020) in connection with the exploration activities, engineering design and technical feasibility of its Geothermal Kalinga Project (see Note 1).

On January 15, 2020, APEC received a cash call from AKHI amounting to USD2.1 million (₱106.5 million) for 5% share of the USD42.08 million appraisal drilling budget. There were no cash calls made in 2021 (see Note 1).

As at December 31, 2021 (and 2020), deferred exploration costs relating to mining rights and other exploration costs were fully provided with allowance.

11. Trade and Other Payables

This account consists of:

	2021	2020
Trade	₱4,996,241	₱4,878,817
Payable to third parties	13,095,193	12,967,994
Nontrade payables	8,735,254	8,735,254
Accrued expenses:		
Professional fees	729,905	1,304,826
Others	385,255	748,271
Statutory payables	20,039	17,682
Others	180,078	–
	₱28,141,965	₱28,652,844

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

Payable to third parties mostly pertains to payables that are noninterest-bearing and are due and demandable.

Nontrade payables are noninterest-bearing and payable on demand.

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

Statutory payables include withholding taxes payable and payables to various government agencies which are normally settled within the following month.

12. Equity

- a. Details of authorized, issued and outstanding capital stock as at December 31, 2021 (and 2020) follows:

	Number of Shares	Amount
Authorized:		
Common stock - ₱0.01 par value	14,000,000,000	₱140,000,000
Preferred stock - ₱0.01 par value	6,000,000,000	60,000,000
	20,000,000,000	₱200,000,000
Issued - Common stock	5,998,149,059	₱59,981,491
Subscribed - Common stock	1,513,660,938	15,136,609
	7,511,809,997	75,118,100
Less subscription receivable	–	(11,237,312)
	7,511,809,997	63,880,788
Treasury stock - Common stock	(7,606,000)	(29,435,220)
Outstanding stock	7,504,203,997	₱34,445,568

As at December 31, 2021 (and 2020), subscription receivable amounted to ₱1,123.7 million (including amount reclassified under additional paid-in capital of ₱1,112.5 million in 2020).

- b. The cumulative convertible preference shares are redeemable and 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 February 21, 2022, the Parent Company's BOD has not authorized any issuance of preferred shares.
- c. The following summarizes the information on the Parent Company'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
October 16, 1996	Additional subscription	1,814,700,000,000	0.01
April 30, 1997	Increase of par value	(1,980,000,000,000)	1.00
		20,000,000,000	

The total number of shareholders is 591 as at December 31, 2021 (592 as at December 31, 2020).

On August 9, 2017, the Parent Company's BOD approved the reduction of the par value of the Parent Company's capital stock from ₱1.00 to ₱0.01 per share. This was approved by the Parent Company's stockholders on September 27, 2017.

On February 20, 2020, the SEC approved the decrease in the authorized capital stock of the Parent Company from ₱20,000.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares with par value of ₱1.00 per share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both with par value of ₱0.01 per share.

On February 20, 2020, the SEC approved the equity restructuring of the Parent Company primarily to write-off Parent Company's deficit as at December 31, 2018 amounting to ₱7,793.8 million against the additional paid in capital of ₱7,938.1 million, consequently, the remaining additional paid in capital of ₱144.3 million is not allowed to be applied for future losses that may be incurred by the Parent Company without prior approval of the SEC.

- d. Additional paid in capital as at December 31, 2021 (and 2020) consists of the following:

	Amount
Subscription in excess of par value	₱1,256,789,894
Less subscription receivable	(1,112,493,936)
	₱144,295,958

The movements in additional paid in capital are as follows:

	2021	2020
Balance at beginning of year	₱144,295,958	₱1,613,942,096
Equity restructuring:		
Reclassification of excess in par value from capital stock	—	7,436,691,897
Reclassification of subscription receivables from capital stock	—	(1,112,493,936)
Reclassification to retained earnings	—	(7,793,844,099)
	₱144,295,958	₱144,295,958

- e. Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2021 (and 2020), public ownership over the Parent Company is 51%.

13. Related Party Transactions

The Group, in its regular conduct of business, has transactions and balances with a related party. Transactions between members of the Group and the related balances are eliminated at consolidation and are no longer included in the consolidated financial statements.

The following table summarized the transactions with a related party and the outstanding balance arising from these transactions.

	Nature of Transaction	Transactions during the Year		Outstanding Balance	
		2021	2020	2021	2020
Advances from a related party					
<i>Stockholder</i>	Advances	₱—	₱—	₱79,406,947	₱79,406,947
	Share in expenses	—	—	571,684	571,684
				₱79,978,631	₱79,978,631

Terms and Conditions of Transactions with Related Parties

Outstanding balance of transactions with a related party is noninterest-bearing, unsecured, payable on demand and is normally settled in cash.

Compensation of Key Management Personnel

Compensation of key management personnel presented as part of “Salaries and employee benefits” under “General and administrative expenses” account in the consolidated statement of comprehensive income for the year ended December 31, 2021 (2020 and 2019) consist of the following:

	2021	2020	2019
Salaries and short-term employee benefits	₱1,529,500	₱1,944,667	₱2,304,000
Retirement costs	205,316	345,507	190,543
	₱1,734,816	₱2,290,174	₱2,494,543

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions

All individual material related party transactions (MRPT) and those involving directors and/or officers shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the MRPT. In case that a majority of the independent directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate related party transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

14. Retirement Benefits

The Group 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.

Under the existing regulatory framework, Republic Act (RA) No. 7641, an act amending Article 287 of Presidential Decree (PD) No. 442, as amended, otherwise known as the Labor Code of the Philippines, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The latest valuation of retirement plan was performed by an independent actuary for the year ended December 31, 2021.

The components of retirement costs recognized under "General and administrative expenses" account in the consolidated statement of comprehensive income are as follows (see Note 15):

	2021	2020	2019
Current service cost	₱585,938	₱576,420	₱108,845
Interest cost	220,742	199,274	162,246
	₱806,680	₱775,694	₱271,091

Changes in present value of retirement liability are as follows:

	2021	2020
Balance at beginning of year	₱5,966,007	₱3,441,697
Current service cost	585,938	576,420
Interest cost	220,742	199,274
Remeasurement loss (gain) recognized in OCI:		
Experience adjustments	(2,761,348)	823,624
Changes in financial assumptions	(710,454)	924,992
Changes in demographic assumptions	(19,231)	—
Balance at end of year	₱3,281,654	₱5,966,007

Movements in the retirement liability are as follows:

	2021	2020
Balance at beginning of year	₱5,966,007	₱3,441,697
Retirement cost	806,680	775,694
Remeasurement loss (gain) recognized in OCI	(3,491,033)	1,748,616
Balance at end of year	₱3,281,654	₱5,966,007

The cumulative remeasurement loss recognized in OCI amounted to ₱0.5 million as at December 31, 2021 (₱4.0 million as at December 31, 2020).

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

	2021	2020
Discount rate	4.37%	3.70%
Future salary increase rate	4.00%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2021 assuming if all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost
Discount rate	1.00%	(₱125,631)
	(1.00%)	135,769
Future salary increase rate	1.00%	134,922
	(1.00%)	(127,237)

The following are other defined benefit plan information:

	2021	2020
A. Weighted average duration of present value of defined benefit obligation	4.0 years	8.5 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	₱946,759	₱746,262
More than one year up to 5 years	2,145,692	2,452,353
C. Plan membership information		
Number of active plan members	4	6
Average attained age	54.2 years	46.7 years
Average past service	13.2 years	10.7 years
Average future service	5.8 years	13.3 years

15. General and Administrative Expenses

This account consists of:

	Note	2021	2020	2019
Salaries and employee benefits		₱2,015,657	₱2,548,262	₱4,441,668
Taxes and licenses		1,459,076	332,280	335,566
Professional fees		1,075,404	2,829,612	2,302,035
Entertainment, amusement and recreation		1,066,870	1,162,550	1,293,790
Filing fees		889,870	—	—
Retirement costs	14	806,680	775,694	271,091
Transportation and travel		776,693	835,430	987,307
Dues and subscriptions		131,008	109,199	140,590
Insurance		119,070	78,299	—
Outside services		113,208	104,788	—
Rental		53,571	53,572	53,571
Depreciation	8	20,828	27,522	15,868
Others		421,557	309,939	423,090
		₱8,949,492	₱9,167,147	₱10,264,576

16. Income Tax

There was no provision for income tax in 2021 (2020 and 2019).

No deferred income tax assets were recognized for the deductible temporary differences and carryforward benefits of the excess of MCIT over RCIT and NOLCO because management has assessed that it is not probable that sufficient future taxable profit against which the deferred income tax assets can be utilized.

	2021	2020	2019
Allowance for impairment of deferred exploration costs and mining rights	₱111,919,832	₱111,919,832	₱111,919,832
NOLCO	23,141,011	29,447,251	40,725,019
Accrued retirement costs	3,281,654	5,966,007	3,441,697
Excess of MCIT over RCIT	—	—	890
	₱138,342,497	₱147,333,090	₱156,087,438
Unrecognized deferred tax assets	₱28,972,613	₱44,199,927	₱46,826,854

As at December 31, 2021, the Group's unused NOLCO which can be carried forward and claimed as deduction against future regular taxable income are as follows:

Year Incurred	Balance at beginning of year	Incurred	Applied /Expired	Balance at end of year	Valid Until
2021	₱—	₱7,200,702	₱—	₱7,200,702	2026
2020	7,223,403	—	—	7,223,403	2025
2019	8,716,906	—	—	8,716,906	2022
2018	13,506,942	—	(13,506,942)	—	2021
	₱29,447,251	₱7,200,702	(₱13,506,942)	₱23,141,011	

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(b) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation of benefit from income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statement of comprehensive income is as follows:

	2021	2020	2019
Benefit from income tax computed at the statutory income tax rate	(₱2,126,790)	(₱1,764,445)	(₱1,588,030)
Change in unrecognized deferred tax assets	(15,227,314)	(3,151,512)	(4,387,804)
Change in tax rates	13,816,061	—	—
Tax effects of:			
Expired NOLCO and MCIT	3,373,681	5,552,891	7,078,825
Nondeductible expenses	264,666	348,765	388,137
Dividend income exempt from income tax	(64,782)	(95,843)	(95,843)
Interest income subjected to final tax	(35,522)	(284,117)	(1,395,500)
Change in fair value of investment property	—	(605,739)	—
Others	—	—	215
Benefit from income tax computed at the effective income tax rate	₱—	₱—	₱—

On March 26, 2021, the Corporate Recovery and Tax Incentive for Enterprise (CREATE) Bill was approved and signed into law by the country’s President. Under the CREATE Law, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

The approval of the CREATE Bill into law and the changes in the income tax rates did not have an impact on the Company because of its net loss and taxable loss position in 2020.

The Philippine income tax rates used in preparing the consolidated financial statements is 25% and 20% as at and for the year ended December 31, 2021 (and 30% as at and for the year ended December 31, 2020).

17. Basic / Diluted Loss Per Common Share

The calculation of loss per share for the year ended December 31 follow:

	2021	2020	2019
Net loss attributable to equity holders of the Parent Company (a)	(P8,419,648)	(P5,869,322)	(P5,274,618)
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 (b)	7,504,203,997	7,504,203,997	7,504,203,997
Basic / diluted loss per share (a/b)	(P0.001122)	(P0.000782)	(P0.000703)

There were no dilutive potential common shares for purposes of calculation of loss per share in 2021 (2020 and 2019).

18. Financial Risk Management Objectives and Policies

General

The Group has risk management policies that systematically view the risks that could prevent the Group from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Group's objectives are achieved. The Group's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. It is also established to identify and manage the Group's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the established business objectives. The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Group.

The Group's principal financial instruments comprise of cash and cash equivalents, receivables, security deposits, financial assets at FVOCI, trade and other payables (excluding statutory payables), and advances from a related party.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks. These are summarized below.

Credit Risk

Credit risk is the risk that the obligations of the Group will not be repaid on time and in full as contracted, resulting in a financial loss. It is inherent to the business as potential losses may arise due to the failure of its customers and counter parties to fulfill their obligations on maturity dates or due to adverse market conditions. Exposure to credit risk arises primarily from its financing activities.

Generally, the credit risk of the Group is attributable to financial assets at amortized cost. The Group maintains credit policies and continuously monitors defaults of customers and other counter parties, identified either individually or by group, and incorporate this information into its credit risk controls. Managing credit risk has both qualitative and quantitative aspects. Credit officers must evaluate the credit quality of the counterparties and assign internal credit ratings upon this evaluation.

The Group defines credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations based on original contractual terms. The Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. Credit risk from cash in banks is mitigated by transacting only with reputable banks duly approved by management.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Group using internal credit ratings such as high grade, standard grade, past due but not impaired and impaired.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying customers, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

Past due but not impaired - pertains to financial assets where contractual payments are past due but the Group believes that impairment is not appropriate based on the probability of collection of amounts owed to the Group.

Credit impaired - pertains to financial assets for which the Group determines that it is probable that it will not be able to collect the amount due based on the contractual terms and agreements.

The tables below summarize the analysis of the Group's financial assets as at December 31:

	2021				Total
	Neither Past Due nor Impaired High Grade	Standard Grade	Past due but not impaired	Credit Impaired	
Cash and cash equivalents*	₱13,969,150	₱—	₱—	₱—	₱13,969,150
Receivables:					
Advances to AKHI	—	2,498,666	—	—	2,498,666
Advances to officers and employees	—	10,268	—	—	10,268
Others	—	134,435	—	—	134,435
Security deposits**	23,822	—	—	—	23,822
Financial assets at FVOCI	2,734,370	—	—	—	2,734,370
	₱16,727,342	₱2,643,369	₱—	₱—	₱19,370,711

*Excluding cash on hand amounting to ₱7,748.

**Presented under "Other noncurrent assets" account.

	2020				
	Neither Past Due nor High Grade	Impaired Standard Grade	Past due but not impaired	Credit Impaired	Total
Cash and cash equivalents*	₱21,465,809	₱—	₱—	₱—	₱21,465,809
Receivables:					
Advances to AKHI	—	3,482,649	—	—	3,482,649
Advances to officers and employees	—	180,906	—	—	180,906
Others	—	38,718	—	—	38,718
Security deposits**	23,822	—	—	—	23,822
Financial assets at FVOCI	2,829,755	—	—	—	2,829,755
	₱24,319,386	₱3,702,273	₱—	₱—	₱28,021,659

*Excluding cash on hand amounting to ₱10,000.

**Presented under "Other noncurrent assets" account.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Group's credit standing.

The Group seeks to manage its liquid funds through cash planning on a weekly basis. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

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

	2021				Total
	On demand	Less than 3 months	3 to 12 months	Over 1 year	
Trade and other payables*	₱21,830,447	₱6,291,479	₱—	₱—	₱28,121,926
Advances from a related party	79,978,631	—	—	—	79,978,631
	₱101,809,078	₱6,291,479	₱—	₱—	₱108,100,557

*Excluding statutory liabilities to the government.

	2020				Total
	On demand	Less than 3 months	3 to 12 months	Over 1 year	
Trade and other payables*	₱21,703,248	₱6,931,914	₱—	₱—	₱28,635,162
Advances from a related party	79,978,631	—	—	—	79,978,631
	₱101,681,879	₱6,931,917	₱—	₱—	₱108,613,793

*Excluding statutory liabilities to the government.

Equity Price Risk

The Group's investments in equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group 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 Group's senior management on a regular basis. The Group's BOD reviews and approves all equity investment decisions.

The Group's exposure to quoted securities amounted to ₱2.7 million as at December 31, 2021 (₱2.8 million as at December 31, 2020) (see Note 7).

The Group's assessment of reasonably possible change, based on its expectations, is presented below:

	Change in Equity Price*	Effect on Equity
2021	13% (13%)	₱346,922 (346,922)
2020	2% (2%)	62,883 (62,883)

*Based on PSE market index

19. Fair Value Measurements

The following table provides the fair value hierarchy of assets and liabilities with carrying amounts which approximate its fair value or measured at fair value:

2021				
	Valuation Date	Total	Level 1	Level 2
Assets measured at fair value:				
Investment properties	December 31, 2020	₱12,048,000	₱—	₱12,048,000
Financial assets at FVOCI	December 31, 2021	2,734,370	2,734,370	—
		₱14,782,370	₱2,734,370	₱12,048,000
2020				
	Valuation Date	Total	Level 1	Level 2
Assets measured at fair value:				
Investment properties	December 31, 2020	₱12,048,000	₱—	₱12,048,000
Financial assets at FVOCI	December 31, 2020	2,829,755	2,829,755	—
		₱14,877,755	₱2,829,755	₱12,048,000

Cash and Cash Equivalents, Receivables, Trade and Other Payables, and Advances from a Related Party. Due to the short-term nature of the transactions, the carrying values approximate the fair values at reporting dates.

Security Deposits. The carrying value of security deposits does not materially differ from the fair value as at December 31, 2021 (and 2020).

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 11.

Financial Assets at FVOCI. The fair values of quoted equity securities were determined by reference to market bid quotes as at reporting dates.

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 year ended December 31, 2021 (and 2020.)

20. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong credit rating and stable capital ratios in order to support its business and maximize shareholders' value. The Group manages its capital structure and makes adjustments to it, based on the changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to externally-imposed capital requirements.

The Group considers the equity attributable to the equity holders of the Parent Company as presented in the consolidated statement of financial position as its core capital. As at December 31, 2021 (and 2020), the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2021 (and 2020).

21. Supplemental Disclosure of Noncash Activities

In 2020, noncash activities related to the Parent Company's equity restructuring pertain to the following:

- Reclassification of the excess of subscription amount over par value of capital stock from capital stock to additional paid in capital amounting to ₱7,436.7 million as a result of SEC's approval of the Parent Company's decrease in par value of capital stock (see Note 12).
- Reclassification of subscription receivables from capital stock to additional paid in capital amounting to ₱1,112.5 million (see Note 12).
- Reclassification of additional paid in capital to retained earnings amounting to ₱7,436.7 million to wipe out Parent Company's deficit as at December 31, 2018 in accordance with the approval of the SEC on the Parent Company's equity restructuring (see Note 12).

There were no noncash activities in 2021 (and 2019).



REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
APC Group, Inc. and Subsidiaries
G/F MyTown New York Bldg.
General E. Jacinto St. cor. Capas St.
Brgy. Guadalupe Nuevo, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of APC Group, Inc. and Subsidiaries (the Group) as at and for the year ended December 31, 2021 included in this Form 17-A and have issued our report thereon dated February 21, 2022. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplementary schedules as at December 31, 2021 are the responsibility of the Group's management. These supplementary schedules include the following:

- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company
- Schedules required by Part II of the Revised Securities Regulation Code (SRC) Rule 68
- Conglomerate Map

These schedules are presented for purposes of complying with the Revised SRC Rule 68 and are not part of the consolidated financial statements. These information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, including comparing and tracing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves. In our opinion, the information is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8851706

Issued January 3, 2022, Makati City

February 21, 2022
Makati City, Metro Manila



**INDEPENDENT AUDITORS REPORT ON
COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
APC Group, Inc. and Subsidiaries
G/F MyTown New York Bldg.
General E. Jacinto St. cor. Capas St.
Brgy. Guadalupe Nuevo, Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of APC Group, Inc. and Subsidiaries (the Group) as at and for the year ended December 31, 2021 included in this Form 17-A and have issued our report thereon dated February 21, 2022. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedules on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the year ended December 31, 2021 and no material exceptions were noted.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8851706

Issued January 3, 2022, Makati City

February 21, 2022
Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT DECEMBER 31, 2021

Ratio	Formula	2021	2020
Current Ratio	Total current assets	₱16,636,207	₱25,191,452
	Divided by: Total current liabilities	108,120,596	108,628,909
	Current Ratio	0.15	0.23
Acid Test Ratio	Total current assets	₱16,636,207	₱25,191,452
	Less: other current assets	15,940	15,940
	Quick assets	16,620,267	25,175,512
	Divide by: Total current liabilities	108,120,596	108,628,909
	Acid Test Ratio	0.15	0.23
Solvency Ratio	Net income after depreciation and amortization	(₱8,548,271)	(₱5,881,483)
	Add: Depreciation and amortization	20,828	27,522
	Net income before depreciation and amortization	(8,527,443)	(5,853,961)
	Divided by: Total liabilities	111,402,250	114,594,916
	Solvency Ratio	(0.08)	(0.05)
Asset-to-Equity Ratio	Total assets	₱259,078,089	₱267,423,378
	Divided by: Total equity	147,675,839	152,828,462
	Asset-to-Equity Ratio	1.75	1.75
Return on Equity	Net income	(₱8,548,271)	(₱5,881,483)
	Divided by: Total equity	147,675,839	152,828,462
	Return on Equity	(0.06)	(0.04)
Return on Assets	Net income	(₱8,548,271)	(₱5,881,483)
	Divided by: Average total assets	263,250,734	267,425,944
	Return on Assets	(0.03)	(0.02)
Debt-to-Equity Ratio	Total liabilities	₱111,402,250	₱114,597,482
	Divided by: Total equity	147,675,839	152,828,462
	Debt-to-Equity Ratio	0.75	0.75

(Forward)

Ratio	Formula	2021	2020
Interest Rate Coverage Ratio	Pretax income before interest Divided by: Interest expense	Not applicable	
	Interest Rate Coverage Ratio		
Net Profit Margin	Net income Divided by: Revenue	Not applicable	
	Net Profit Margin		

APC GROUP, INC. AND SUBSIDIARIES
SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF
THE REVISED SRC RULE 68
DECEMBER 31, 2021

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<i>Schedule</i>	<i>Description</i>	<i>Page</i>
A	Financial Assets	<u>1</u>
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	<u>2</u>
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	<u>3</u>
D	Long-Term Debt	<u>N/A</u>
E	Indebtedness to Related Parties	<u>4</u>
F	Guarantees of Securities of Other Issuers	<u>N/A</u>
G	Capital Stock	<u>5</u>

D & F - None to report.

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE A – FINANCIAL ASSETS

DECEMBER 31, 2021

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Value based on market quotation at end of reporting period	Income received or accrued
Financial assets at amortized costs				
Cash and cash equivalents	₱13,976,898	₱13,976,898	N/A	₱142,092
Receivables	2,643,369	2,643,369	N/A	–
Deposits	23,822	23,822	N/A	–
	16,644,089	16,644,089	–	₱142,092
Financial assets at fair value through other comprehensive income				
Premium Leisure Corp	6,359,000	2,734,370	2,734,370	259,129
		₱19,378,459	₱2,734,370	₱401,221

APC GROUP, INC. AND SUBSIDIARIES

**SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2021**

	Balance at beginning of year	Additions	Deductions		Balance at end of year		Balance at end of year
			Collections	Write off	Current	Noncurrent	
Officers and employees	P180,906	P10,268	P180,906	P—	P10,268	P—	P10,268

APC GROUP, INC. AND SUBSIDIARIES

**SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2021**

	Balance at beginning	Additions	Deductions		Balance at end of year		Balance at end
	of year		Collections	Allowance for Doubtful Accounts	Current	Noncurrent	of year
Aragorn Power and Energy Corporation	P5,864,439	P—	(P335,260)	P—	P—	P 5,529,179	P5,529,179
APC Energy Resources, Inc.	7,642,123	45,820	—	(7,687,943)	—	—	—
APC Mining Corporation	78,575,607	45,019	—	(78,620,626)	—	—	—
APC Cement Corporation	5,695,409	45,375	—	(5,740,784)	—	—	—
PRC_ Magma Energy Resources, Inc.	16,195	62,787	—	(78,982)	—	—	—
	P97,793,773	P199,001	(P335,260)	(P92,128,335)	P—	P5,529,179	P5,529,179

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2021

	Balance at beginning	Additions	Deductions		Balance at end of year		Balance at end
	of year		Collections	Write off	Current	Noncurrent	of year
Belle Corporation	₱79,978,631	₱–	₱–	₱–	₱79,978,631	₱–	₱79,978,631

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2021

<u>Title of issue</u>	Number of shares authorized	Number of shares issued and outstanding as shown under the statement of financial position caption	Number of shares reserved for options, warrants, conversion & other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Public
Common stock	14,000,000,000	7,511,809,997*	N/A	3,665,722,334	2,938,707	3,835,542,956
Preferred stock	6,000,000,000	–	N/A	–	–	–

**Inclusive of Treasury shares - 7,606,000*

APC GROUP, INC. AND SUBSIDIARIES

**PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR
DIVIDEND DECLARATION
DECEMBER 31, 2021**

	Amount
Unappropriated retained earnings, as at December 31, 2020	(P10,797,554)
Less: Unrealized cumulative fair value gain on investment properties*	(2,019,130)
Unappropriated retained earnings (deficit) available for dividend distribution as at January 1, 2021, as restated	(12,816,684)
Net loss during the period closed to retained earnings	(5,942,003)
Net loss actually incurred during the year	(18,758,687)
Treasury shares	(29,435,220)
Total retained earnings (deficit), available for dividend declaration, ending	(P48,193,907)

Reconciliation:

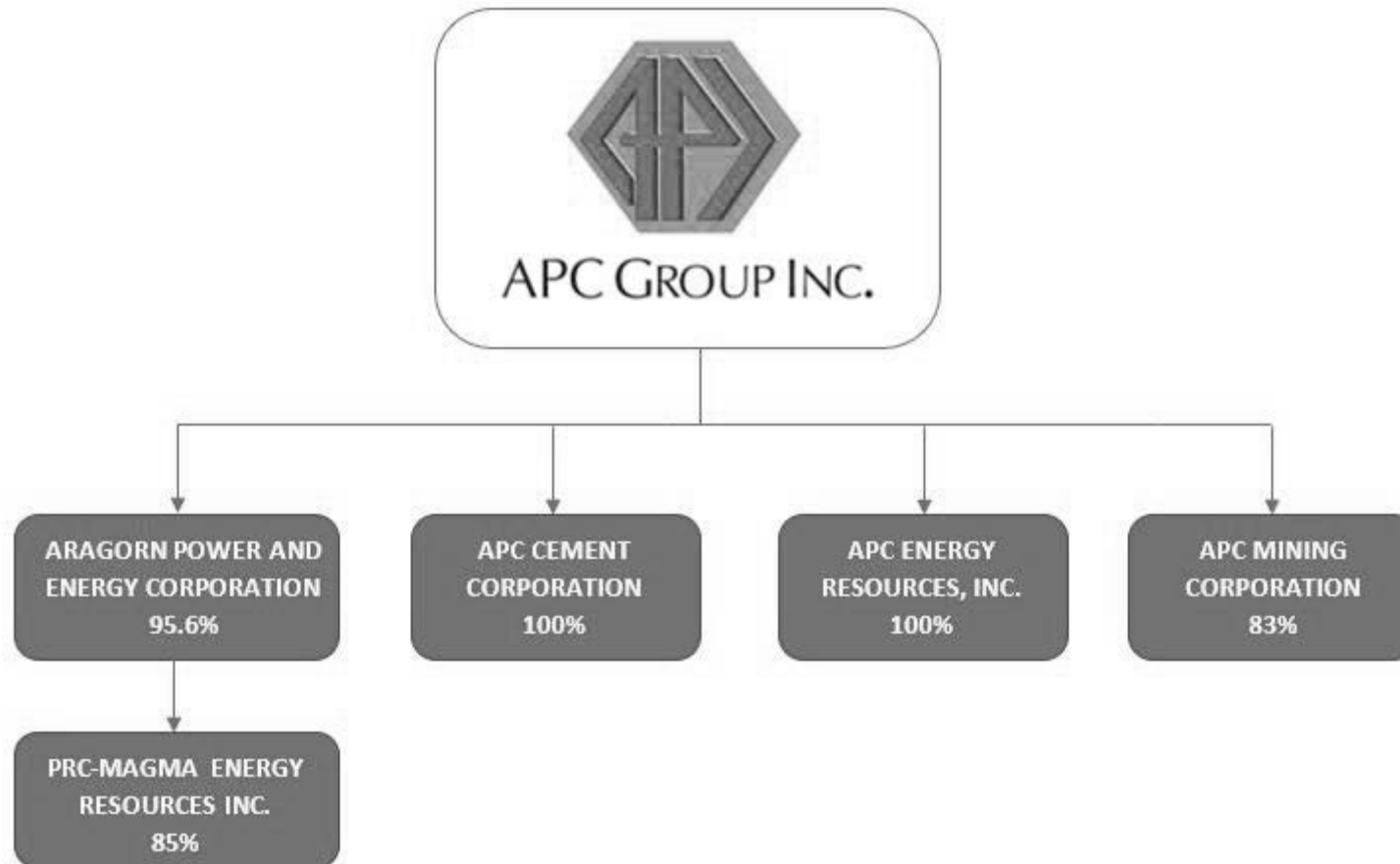
Unappropriated retained earnings (deficit) as shown in the financial statements at end of year	(P18,758,687)
Treasury shares	(29,435,220)
Total unappropriated retained earnings (deficit) available for dividend declaration at end of year	(P48,193,907)

**Net of P10,028,870 which was offset upon equity restructuring.*

APC GROUP, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2021



APC Group, Inc.

Sustainability Reporting Template

Contextual Information

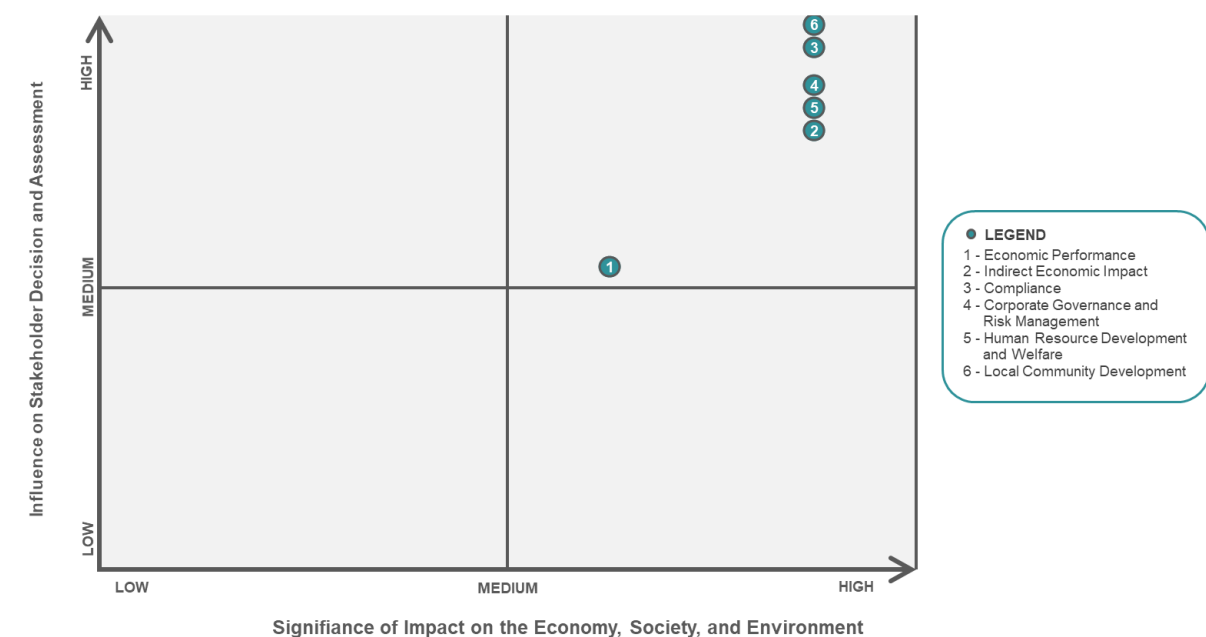
Company Details	
Name of Organization	APC Group, Inc. (APC or the "Company")
Location of Headquarters	G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe Nuevo, Makati City
Location of Operations	APC's principal address is at G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe Nuevo, Makati City.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	Within APC only (parent only)
Business Model, including Primary Activities, Brands, Products, and Services	Originally organized to engage in the oil and gas exploration and development in the Philippines, APC was incorporated in the Philippines and is registered with the Philippine Securities and Exchange Commission (SEC) on October 15, 1993. The SEC approved the change in the primary purpose of the Company to that of a holding company on April 30, 1997. The Company's shares of stock are publicly traded in the Philippine Stock Exchange, Inc. (PSE).
Reporting Period	January 1 to December 31, 2021
Highest Ranking Person responsible for this report	Mr. Ian Jason R. Aguirre, President and Chief Executive Officer

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.					
To identify our Company's material economic, environmental, social, and governance (EESG) topics, we underwent through the following process:					
	1	2	3	4	5
Steps Taken	Build Corporate Capacity	Review of Business Model with Senior Management and Employees	Identify Material Topics	Prioritize Material Topics	Process Review

Description	Participation and attendance to SEC workshop on sustainability reporting and internal training	Review of mission and vision, operations, policies and practices, and identification of aspects that have critical impact on the EESG	Identification of material topics based on review of business	Engagement with internal and external stakeholders through dialogues and online surveys	Review of material topics and existing disclosures
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Materiality Matrix



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	399,173	PhP
Direct economic value distributed:	5,789,879	
a. Operating costs	3,096,088	PhP
b. Employee wages and benefits	2,015,657	PhP
c. Payments to suppliers, other operating costs	0	PhP
d. Dividends given to stockholders and interest payments to loan providers	0	PhP
e. Taxes given to government	678,134	PhP
f. Investments to community (e.g. donations, CSR)	0	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Primary business operations and supply chain caused by the organization	Employees, investors/shareholders, suppliers and business partners, government	<p>Despite being in a pre-operating state, APC acknowledges the importance of sustainability to its businesses. It aims to create a direct economic impact through the economic value it will eventually distribute to its stakeholders in its primary business operations and supply chain.</p> <p>To be able to uphold its sustainable programs, the Group, through its parent company, Belle Corporation ("Belle"), has adopted a global standard guiding principle aligned to the United Nations Global Compact to ensure proper implementation of current practices and to seek for further enhancements.</p> <p>Led by our Management, the Company pursues to touch base with stakeholders in order to protect and advance their interests.</p> <p>In solidarity with Belle and other co-subsidiaries, and as part of the SM Group, the Company anchored its sustainable</p>

		<p>development strategy to the seventeen (17) Sustainable Development Goals of the United Nations.</p> <p>This approach intends to have a strategic and focused portfolio of businesses that delivers stable and reliable economic returns, which take into consideration social development and environmental protection.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Credit, liquidity and equity price risks; environmental risks that could hamper the exploration works, and endanger its employees</p>	<p>Subsidiaries; employees; business partners; suppliers; host communities</p>	<p>The Board reviews and approves while the Management implements policies that protect the interests of the Company, its subsidiaries and other stakeholders. Programs and policies on safety are established, and observance of such by the employees and business partners is required.</p> <p>APC maintains a safe, productive and conducive workplace and comply with all applicable health, safety and environmental laws.</p> <p>The Company endeavors to adhere to sustainable practices that ensure the protection of the environment and seeks to deliver maximum growth with minimal and responsible consumption of natural resources.</p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Increase of APC's shareholder value for partners and investors by seeking other renewable energy developments and investment opportunities</p>	<p>Employees, host community members, suppliers/business partners, and investors/shareholders</p>	<p>To be open to partnerships or joint ventures as the Company pursues exploration works for its Kalinga project, which will provide jobs to the locals</p>

Climate-related risks and opportunities¹

Not material to the Company

Governance	Strategy	Risk Management	Metrics and Targets
Not material			
Recommended Disclosures			
Not material			
Not material			
Not material			

Procurement Practices

Proportion of spending on local suppliers

- Not material to the Company

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	<i>Not material</i>	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%

¹ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Established anti-corruption policies, standards and practices due to information dissemination campaigns</i>	<i>Employees, host community members, suppliers/business partners, and investors/shareholders</i>	<p><i>In order to provide continued protection to the interests of its stakeholders, the Board is regularly presented with updates on best corporate governance practices and instructs the Management to update and cascade the policies to the employees for implementation.</i></p> <p><i>The Board has approved a policy on whistle-blowing that encourages employees to participate and work towards creating an environment where concerns can be freely raised regarding possible violations of the Company's Code of Business Conduct and Ethics, policies and laws without fear of retaliation.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Reputational risk</i>	<i>Employees, suppliers and business partners</i>	<i>The Company regularly reviews, updates and cascades its good governance policies. It also ensures its strict implementation and application of sanctions as it deems fit.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach

<i>To maintain and increase stakeholders' trust and confidence to the Company, which can possibly influence potential investors and business partners, and be recognized a strong supporter of good governance practices.</i>	<i>Employees, host community members, suppliers/business partners, and investors/shareholders</i>	<p><i>The Company actively updates and cascades to its employees its policies, processes, and procedures, especially on corporate governance, particularly on anti-corruption.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies</p>
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Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Primary business operations and supply chain caused by the organization and through its business relationship</i>	<i>Employees, host community members, suppliers, business partners, and investors/shareholders</i>	<p><i>In order to provide continued protection to the interests of its stakeholders, the Board is regularly presented with updates on best corporate governance practices and instructs the Management to update and cascade the policies to the employees for implementation.</i></p> <p><i>The Board has approved a policy on whistle-blowing that encourages employees to participate and work towards creating an environment where concerns can be freely raised regarding possible violations of the Company's Code of Business Conduct and Ethics, policies and laws without fear of retaliation.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies</p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Reputational risk</i>	<i>Employees, suppliers, business partners, investors, shareholders</i>	<i>The Company regularly reviews, updates and cascades its good governance policies. It also ensures its strict implementation and application of sanctions as it deems fit.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>To maintain and increase stakeholders' trust and confidence to the Company, which can possibly influence potential investors and business partners, and be recognized a strong supporter of good governance practices</i>	<i>Employees, host community members, suppliers, business partners, and investors/shareholders</i>	<i>The Company actively updates and cascades to its employees its policies, processes, and procedures, especially on corporate governance, and particularly on anti-corruption.</i> http://www.apcaragorn.net/index.php/corporate-governance/company-policies

ENVIRONMENT

Resource Management

Energy consumption within the organization:

- Not material to the Company

Disclosure	Quantity	Units
Energy consumption (renewable sources)	<i>Not material</i>	GJ
Energy consumption (gasoline)	<i>Not material</i>	GJ
Energy consumption (LPG)	<i>Not material</i>	GJ
Energy consumption (diesel)	<i>Not material</i>	GJ
Energy consumption (electricity)	<i>Not material</i>	kWh

Reduction of energy consumption

- Not material to the Company

Disclosure	Quantity	Units
Energy reduction (gasoline)	Not material	GJ
Energy reduction (LPG)	Not material	GJ
Energy reduction (diesel)	Not material	GJ
Energy reduction (electricity)	Not material	kWh
Energy reduction (gasoline)	Not material	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Water consumption within the organization

- Not material to the Company

Disclosure	Quantity	Units
Water withdrawal	<i>Not material</i>	Cubic meters
Water consumption	<i>Not material</i>	Cubic meters
Water recycled and reused	<i>Not material</i>	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Materials used by the organization

- Not material to the Company

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	<i>Not material</i>	kg/liters
• non-renewable	<i>Not material</i>	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	<i>Not material</i>	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

- Not material to the Company

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<i>(identify all sites)</i> <i>Not material</i>	
Habitats protected or restored	<i>Not material</i>	Ha
IUCN2 Red List species and national conservation list species with habitats in areas affected by operations	<i>(list)</i> <i>Not material</i>	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

² International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

- Not material to the Company

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	<i>Not material</i>	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	<i>Not material</i>	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	<i>Not material</i>	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Air pollutants

- Not material to the Company

Disclosure	Quantity	Units
NOx	<i>Not material</i>	kg
SOx	<i>Not material</i>	kg
Persistent organic pollutants (POPs)	<i>Not material</i>	kg
Volatile organic compounds (VOCs)	<i>Not material</i>	kg
Hazardous air pollutants (HAPs)	<i>Not material</i>	kg
Particulate matter (PM)	<i>Not material</i>	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Solid and Hazardous Wastes

Solid Waste

- Not material to the Company

Disclosure	Quantity	Units
Total solid waste generated	<i>Not material</i>	kg
Reusable	<i>Not material</i>	kg
Recyclable	<i>Not material</i>	kg
Composted	<i>Not material</i>	kg
Incinerated	<i>Not material</i>	kg
Residuals/Landfilled	<i>Not material</i>	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Hazardous Waste

- Not material to the Company

Disclosure	Quantity	Units
Total weight of hazardous waste generated	<i>Not material</i>	kg
Total weight of hazardous waste transported	<i>Not material</i>	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Effluents

- Not material to the Company

Disclosure	Quantity	Units
Total volume of water discharges	<i>Not material</i>	Cubic meters
Percent of wastewater recycled	<i>Not material</i>	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

Environmental compliance

Non-compliance with Environmental Laws and Regulations

- Not material to the Company

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	<i>Not material</i>	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	<i>Not material</i>	#
No. of cases resolved through dispute resolution mechanism	<i>Not material</i>	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>Not material</i>		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees ³	4	
a. Number of female employees	0	#
b. Number of male employees	4	#
Attrition rate ⁴	0%	rate
Ratio of lowest paid employee against minimum wage	<i>Not available</i>	ratio

³ Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

⁴ Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0%	50%
PhilHealth	Y	0%	50%
Pag-ibig	Y	0%	50%
Parental leaves	Y	0%	0%
Vacation leaves	Y	0%	100%
Sick leaves	Y	0%	100%
Medical benefits (aside from PhilHealth))	Y	-	100%
Housing assistance (aside from Pag-ibig)	N	-	-
Retirement fund (aside from SSS)	Y	0%	0%
Further education support	N	-	-
Company stock options	N	-	-
Telecommuting	N	-	-
Flexible-working Hours	Y	0%	100%
(Others)	N	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Primary business operations caused by the organization – Having an average of 7 years of retention among employees</i></p>	<p><i>APC values and gives importance to its employees by empowering them and fulfilling their career aspirations to help progress their capabilities, and to encourage loyalty, dedication, passion and productivity at work. The Company also believes that investing in its people and developing a diverse talent pool are critical to its success and growth. APC provides resources, services and facilities to equip its employees with the necessary knowledge and skills to better perform their duties as well as offer them various opportunities to continuously enhance their professional knowledge and skills, and to improve themselves as individuals and as members of the community.</i></p> <p><i>The Company also exerts its best efforts to maintain a climate conducive to working and provides a substantial level of job security,</i></p>

	<i>benefits and personal rewards for their employees. The performance evaluation system has been designed and established to provide a common and equitable basis for evaluating the performance of individual employees. It also implements policies on promotions and salary adjustments in support of APC's aim to empower and fulfill career aspirations of employees.</i>
What are the Risk/s Identified?	Management Approach
<i>Higher attrition rate which could affect the business operations and delivery of services; additional costs to be incurred due to the need to train employees</i>	<i>APC treats its employees fairly by providing them with opportunities for career development and advancement based on merit, regardless of gender, age, religion.</i> http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics
What are the Opportunity/ies Identified?	Management Approach
<i>To motivate talents, and to assure internal equity in pay</i>	<i>Constant exploration of human resource developments and enhancements, particularly on employment, benefits and other perquisites.</i>

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	0	hours
b. Male employees	0	hours
Average training hours provided to employees		
a. Female employees	0	hours/employee
b. Male employees	0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Primary business operations caused by the organization – having a pool of highly skilled team players</i>	<i>APC values and gives importance to its employees by empowering them and fulfilling their career aspirations to help progress their capabilities, and to encourage loyalty, dedication, passion and productivity at work. The Company also believes that investing in its people and developing a diverse talent pool are critical to its success and growth. APC provides resources, services and</i>

	<p><i>facilities to equip its employees with the necessary knowledge and skills to better perform their duties as well as offer them various opportunities to continuously enhance their professional knowledge and skills, and to improve themselves as individuals and as members of the community.</i></p> <p><i>Upon being hired, an employee undergoes induction and orientation as may be determined by the Company. Each newly hired employee is introduced to the organization and is oriented on the personnel policies, guidelines and benefits through a Corporate Orientation Program. An annual mandated Corporate Training is also done to refresh employees on Company Codes and Policies. Specific technical training and compliance to Continuing Professional Development are among Management's approach to ensure the continuous learning and development of employees.</i></p>
What are the Risk/s Identified?	Management Approach
<i>Higher attrition rate that may affect the business operations and delivery of services; additional costs incurred due to the training of new employees</i>	<p><i>APC treats its employees fairly by providing them with opportunities for career development and advancement based on merit, regardless of gender, age, religion.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>
What are the Opportunity/ies Identified?	Management Approach
<i>Obtaining homegrown professionals who are equipped for career advancement and succession</i>	<i>Constant exploration of human resource development and enhancements, particularly on employee training and upskilling</i>

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Primary business operations caused by the organization and through the business relationship – effective cooperation between the management and labor workforce</i>	<p><i>Open communication lines among the Company's directors and management, and management and employees are maintained.</i></p> <p><i>It is also a goal and part of the mission of the Company to enhance the positive atmosphere of open communication and the maintenance of a productive work environment conducive to high performance and harmonious employer-employee relationship.</i></p>
What are the Risk/s Identified?	Management Approach
<i>Disagreements between management and employees leading to disruption of business operations and ultimately suspension of services</i>	<p><i>Code of Business Conduct and Ethics (the "CBCE") was established to serve as a guideline for employee discipline and forms the grounds for disciplinary actions.</i></p> <p><i>The CBCE was also put in place to serve as a guide for directors, management, employees and other concerned stakeholders relative to the performance of their duties and responsibilities, as well as for all business dealings with the Company.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>
What are the Opportunity/ies Identified?	Management Approach
<i>A clear and coherent dissemination of directions to attain the Company's goals</i>	<i>Preserved communication mechanisms and continuously innovating for improvement</i>

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	0%	%
% of male workers in the workforce	100%	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Primary business operations caused by the organization – Variety of equally treated individuals with diverse approach and viewpoints to realize a common goal</i></p>	<p><i>The Company provides equal opportunities for its employees, regardless of age, gender, or creed and adopted policies that promote and observe diversity and equality throughout the organization.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/company-policies</p> <p><i>APC encourages respect among its employees by setting policies and codes that support diversity in the workplace. It adheres to labor standards that support vulnerable sectors of the community (RA 9710), (RA 9262), and etc.</i></p>
What are the Risk/s Identified?	Management Approach
<p><i>Discrimination in the workplace</i></p>	<p><i>Whether in the selection of the countries and markets where the Company operates, hiring and promotion of employees, selection of suppliers and contractors – the Company decides on the basis of merit and value to shareholders and does not discriminate on the basis of race, ethnicity, religion, or gender.</i></p> <p><i>All board members, officers, and employees are prohibited from practicing any form of discrimination or harassment in the workplace. This obligation to refrain from such behavior extends to contractors, vendors, suppliers, or visitors, to the extent that their conduct affects the work environment.</i></p> <p>http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics</p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Capturing different perspectives and ideas, with equal appreciation, with the intention of achieving the Company's goals</i></p>	<p><i>Interminable improvement of the Company's policies on governance, particularly on diversity and equality</i></p>

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	11,016*	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work related ill-health	0	#
No. of safety drills	0	#

*full year

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Primary business operations caused by the organization – having active and fit employees, and a safe working environment	<p>Strict compliance of the Company's safety, health and welfare policy.</p> <p>The Company provides medical and clinical benefits to all employees. Employees are entitled to a free standard check-up in the Medical Clinic and are provided available medicine and supplies at the facility.</p> <p>The Company also implements and conducts various health-related activities and programs including but not limited to Drug-Free Workplace, Family Welfare Program, HIV and AIDS Prevention and Control in the Workplace Program, Workplace Policy on Hepatitis B, Program on Tuberculosis Prevention and Control in the Workplace, COVID-19 tests, among others.</p>
What are the Risk/s Identified?	Management Approach
Due to the nature of our operations, the risk of injury is minimal.	While there is nominal risk identified, continuous review and updating, as needed, of requirements to compliance are done.
What are the Opportunity/ies identified?	Management Approach
A more motivating and secure working atmosphere for employees	Continuing feedback mechanisms to consider and acknowledge insights from employees

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	<i>The Company's Code of Business Conduct and Ethics espouses the adherence to and compliance with best corporate governance practices and standards, and applicable laws, rules and regulations. This covers ethical practices such as but not limited to support for diversity and non-discrimination, employee welfare, among others. The Company also has policies that are regularly updated and uploaded in its website.</i> http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics http://www.apcaragorn.net/index.php/corporate-governance/company-policies
Child labor	Y	
Human Rights	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Good standing for moral values for recognizing labor laws and human rights	Pursue observance to pertinent rules, and regular oversight for relevant issuances http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance
What are the Risk/s Identified?	Management Approach
Risk of violation of labor laws leading to possible filing of lawsuits; loss of confidence from investors; demoralized employees	APC adheres to labor laws and protection of human rights; zero tolerance on employee violations http://www.apcaragorn.net/index.php/corporate-governance/manual-on-corporate-governance
What are the Opportunity/ies Identified?	Management Approach

<i>To further the employees and other stakeholders' certainty and optimism towards the Management's labor laws and human rights initiatives</i>	<i>Issuance of certification of full compliance, and confirmation of data with zero complaints, through various reports</i>
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Supply Chain Management

- Not material to the Company

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	<i>Not material</i>	
Forced labor	<i>Not material</i>	
Child labor	<i>Not material</i>	
Human rights	<i>Not material</i>	
Bribery and corruption	<i>Not material</i>	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Relationship with Community

Significant Impacts on Local Communities

Not material to the Company

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
Not material					

*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: _____

Certificates	Quantity	Units
FPIC process is still undergoing	Not material	#
CP secured	Not material	#

What are the Risk/s Identified?	Management Approach
Not material	
What are the Opportunity/ies Identified?	Management Approach
Not material	

Customer Management

Customer Satisfaction

- Not material to the Company

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	<i>Not material</i>	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Health and Safety

- Not material to the Company

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	<i>Not material</i>	#
No. of complaints addressed	<i>Not material</i>	#

*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Marketing and labelling

- Not material to the Company

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	<i>Not material</i>	#
No. of complaints addressed	<i>Not material</i>	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Customer privacy

- Not material to the Company

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	<i>Not material</i>	#
No. of complaints addressed	<i>Not material</i>	#
No. of customers, users and account holders whose information is used for secondary purposes	<i>Not material</i>	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Data Security

- Not material to the Company

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	<i>Not material</i>	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<i>Not material</i>	
What are the Risk/s Identified?	Management Approach
<i>Not material</i>	
What are the Opportunity/ies Identified?	Management Approach
<i>Not material</i>	

Compliance

Non-compliance with Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Full compliance with the Company's Manual on Corporate Governance, which mandates the adherence to best corporate governance practices and standards, and applicable laws, rules and regulations.</i>	<i>Employees, host community members, suppliers, business partners, investors/shareholders, and regulators</i>	<i>The Board has been identifying areas of continuing education on corporate governance topics. To keep the Board and key officers well informed of good governance practices and standards, regular annual education programs are conducted in coordination with its parent company and training providers duly accredited by the SEC, while employees</i>

		<i>and business partners are being informed of the Company's governance-related policies and practices upon onboarding and timely updates.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<i>Although laws and regulations are enacted for the common benefit, changes to these laws and regulations may create negative effects to the operating and financial condition of APC.</i>	<i>Employees, host community members, suppliers, business partners, investors/shareholders, and regulators</i>	<i>In order to mitigate compliance risks, the Company continues to be abreast of the latest regulatory developments and adopts what it considers conservative financial and operational controls.</i>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<i>To maintain and increase stakeholders' trust and confidence to the Company, which can possibly influence potential investors and business partners, and be recognized as one of the leading companies for its compliance and good governance practices.</i>	<i>Employees, host community members, suppliers, business partners, and investors/shareholders</i>	<i>The Company continues to seek for improvements on its policies, processes, procedures on corporate governance and sustainability as it affirms its commitment to the enhancement of stakeholder value.</i>

Local Community Development

Not material to the Company

Disclosure	Quantity	Units
Number of direct beneficiaries of corporate social responsibility initiative/s	<i>Not material</i>	#
Number of communities benefitted from corporate social responsibility initiative/s	<i>Not material</i>	#
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach	
<i>Not material</i>		
What are the Risk/s Identified?	Management Approach	
<i>Not material</i>		
What are the Opportunity/ies Identified?	Management Approach	

Not material

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Please refer to the Business Model, including Primary Activities, Brands, Products, and Services, under Contextual Information of this Report	SDG 1: No Poverty <i>P678,134 taxes paid in 2021</i>	<i>In spite the Company's contributions, it can only cover limited areas</i>	<i>To pay taxes that help provide sustainable and inclusive growth</i>
	SDG 8: Decent Work and Economic Growth <i>P399,173 revenues generated in 2021</i>	<i>Insufficient opportunities for vulnerable sector</i>	<i>The Company prioritizes the welfare of its employees, recognizes its top performers and provides a safe and healthy working environment. It also aspires to be an employer of choice by providing benefits, career growth, training and work-life balance, engagement programs, among others.</i> <i>APC also developed various policies to implement and ensure that overall employee and other stakeholders' welfare and interests are being valued.</i>

* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.



APC GROUP INC.

**"STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN"**

The Management of **APC Group, Inc.** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2021. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2021 and the accompanying Annual Income Tax Return are in accordance with the books and records of **APC Group, Inc.**, complete and correct in all material respects. Management likewise affirms that:

- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;
- (c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature:

Willy N. Ocier
Chairman of the Board

Signature:

Ian Jason R. Aguirre
President and Chief Executive Officer

Signature

Marie Joy T. Co
Treasurer and Financial Controller

Signed this 21st day of February 2022

DOC. NO. 262
PAGE NO. 26
BOOK NO. 26
SERIES NO. 26

12 APR 2022

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY

Commission No. Adm. Matter No. NP 204 (2021-2022)

IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022

PTR O.R. No. 2463255D 1/3/22 / Roll No. 33832 / TIN# 129-871-100

MCLE No. VI-0029583 valid from 12/16/19 valid until 04/14/22 Quezon City

Address: 31-F Harvard St. Cubao, Q.C.

From: eafs@bir.gov.ph
To: AIVYTABARNILLA.APC@GMAIL.COM
Cc: AIVEBEL.TABARNILLA@PREMIUMLEISURECORP.COM
Subject: Your BIR AFS eSubmission uploads were received
Date: Wednesday, April 13, 2022 4:08:53 PM

Hi APC GROUP, INC.,

Valid files

- EAFS002834075AFSTY122021.pdf
- EAFS002834075ITRTY122021.pdf
- EAFS002834075RPTTY122021.pdf
- EAFS002834075OTHTY122021.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-4YRVYT2W0MQ1WVT4SNSYP2P4M022YQPRR4**
Submission Date/Time: **Apr 13, 2022 03:53 PM**
Company TIN: **002-834-075**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

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Reference No : 462200047249691
Date Filed : April 13, 2022 09:39 AM
Batch Number : 0





Republic of the Philippines
Department of Finance
Bureau of Internal Revenue

For BIR
Use Only: BCS/
Item:


BIR Form No. 1702-RT January 2018(ENCS) Page 1		Annual Income Tax Return For Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate <i>Enter all required information in CAPITAL LETTERS. Mark applicable boxes with an "X".</i> <i>Two Copies MUST be filed with the BIR and one held by the taxpayer.</i>		 1702-RT 01/18ENCS P1	
1 For <input checked="" type="radio"/> Calendar <input type="radio"/> Fiscal 2 Year Ended (MM/20YY) 12/2021		3 Amended Return? <input type="radio"/> Yes <input checked="" type="radio"/> No		4 Short Period Return? <input type="radio"/> Yes <input checked="" type="radio"/> No	
5 Alphanumeric Tax Code (ATC) IC055 Minimum Corporate Income Tax (MCIT) <input checked="" type="checkbox"/> IC010 <input checked="" type="checkbox"/> DOMESTIC CORPORATION IN GENERAL <input checked="" type="checkbox"/>					
Part I - Background Information					
6 Taxpayer Identification Number (TIN) 002 - 834 - 075 - 000 7 RDO Code 050					
8 Registered Name (Enter only 1 letter per box using CAPITAL LETTERS) APC GROUP, INC.					
9A Registered Address (Indicate complete registered address) G/F MYTOWN NEW YORK BLDG., GEN GUADALUPE NUEVO CITY OF MAKATI, NCR, FOURTH DI					
9B Zipcode 1212					
10 Date of Incorporation/Organization (MM/DD/YYYY) 10/15/1993					
11 Contact Number 86628888 12 Email Address aivytarnilla.apc@gmail.com					
13 Method of Deductions <input checked="" type="radio"/> Itemized Deductions [Section 34 (A-J), NIRC] <input type="radio"/> Optional Standard Deduction (OSD) - 40% of Gross Income [Section 34(L), NIRC as amended by RA No. 9504]					
Part II - Total Tax Payable (Do NOT enter Centavos)					
14 Total Income Tax Due (Overpayment) (From Part IV Item 43) 0					
15 Less: Total Tax Credits/Payments (From Part IV Item 55) 0					
16 Net Tax Payable (Overpayment) (Item 14 Less Item 15) (From Part IV Item 56) 0					
Add Penalties					
17 Surcharge 0					
18 Interest 0					
19 Compromise 0					
20 Total Penalties (Sum of Items 17 to 19) 0					
21 TOTAL AMOUNT PAYABLE (Overpayment) (Sum of Item 16 and 20) 0					
If Overpayment, mark "X" one box only (Once the choice is made, the same is irrevocable) <input type="radio"/> To be refunded <input type="radio"/> To be issued a Tax Credit Certificate (TCC) <input type="radio"/> To be carried over as tax credit next year/quarter					
We declare under the penalties of perjury, that this annual return has been made in good faith, verified by us, and to the best of our knowledge and belief, is true and correct pursuant to the provisions of the National Internal Revenue Code, as amended, and the regulations issued under authority thereof. (If Authorized Representative, attach authorization letter and indicate TIN)					
Signature over printed name of President/Principal Officer/Authorized Representative				Signature over printed name of Treasurer/Assistant Treasurer	
Title of Signatory		TIN		22	
PRESIDENT		225068852		Number of Attachments	
				4	


Part III - Details of Payment						
Particulars	Drawee Bank/Agency	Number	Date (MM/DD/YYYY)		Amount	
23 Cash/Bank Debit Memo						0
24 Check						0
25 Tax Debit Memo						0
26 Others (Specify Below)						0
Machine Validation/Revenue Official Receipts Details (if not filed with an Authorized Agent Bank)						
					Stamp of receiving Office/AAB and Date of Receipt (RO's Signature/Bank Teller's Initial)	


BIR Form No. 1702-RT January 2018(ENCS) Page 2	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P2
Taxpayer Identification Number (TIN) 002 - 834 - 075 - 000		Registered Name APC GROUP, INC.
Part IV - Computation of Tax (Do NOT enter Centavos)		
27 Sales/Receipts/Revenues/Fees		0
28 Less: Sales Returns, Allowances and Discounts		0
29 Net Sales/Receipts/Revenues/Fees (Item 27 Less Item 28)		0
30 Less: Cost of Sales/Services		0
31 Gross Income from Operation (Item 29 Less Item 30)		0
32 Add: Other Taxable Income Not Subjected to Final Tax		0
33 Total Taxable Income (Sum of Items 31 and 32)		0
Less: Deductions Allowable under Existing Law		
34 Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	4,475,831	
35 Special Allowable Itemized Deductions (From Part VI Schedule II Item 5)	0	
36 NOLCO (only for those taxable under Sec. 27(A to C); Sec. 28(A)(1) & (A)(6)(b) of the tax Code) (From Part VI Schedule III Item 8)	0	
37 Total Deductions (Sum of Items 34 to 36)	4,475,831	
OR [in case taxable under Sec 27(A) & 28(A)(1)]		
38 Optional Standard Deduction (40% of Item 33)	0	
39 Net Taxable Income/(Loss) (If Itemized: Item 33 Less Item 37; If OSD: Item 33 Less Item 38)		(4,475,831)
40 Applicable Income Tax Rate		25%
41 Income Tax Due other than Minimum Corporate Income Tax (MCIT) (Item 39 x Item 40)		0
42 MCIT Due (2% of Item 33)		0
43 Tax Due (Normal Income Tax Due in Item 41 OR the MCIT Due in Item 42, whichever is higher) (To Part II Item 14)		0
Less: Tax Credits/Payments (attach proof)		
44 Prior Year's Excess Credits Other Than MCIT		0
45 Income Tax Payment under MCIT from Previous Quarter/s		0
46 Income Tax Payment under Regular/Normal Rate from Previous Quarter/s		0
47 Excess MCIT Applied this Current Taxable Year (From Part VI Schedule IV Item 4)		0
48 Creditable Tax Withheld from Previous Quarter/s per BIR Form No. 2307		0
49 Creditable Tax Withheld per BIR Form No. 2307 for the 4th Quarter		0
50 Foreign Tax Credits, if applicable		0
51 Tax Paid in Return Previously Filed, if this is an Amended Return		0
52 Special Tax Credits (To Part V Item 58)		0
Other Credits/Payments (Specify)		
53		0
54		0
<input checked="" type="checkbox"/>		
55 Total Tax Credits/Payments (Sum of Items 44 to 54) (To Part II Item 15)		0
56 Net Tax Payable / (Overpayment) (Item 43 Less Item 55) (To Part II Item 16)		0
Part V - Tax Relief Availment		
57 Special Allowable Itemized Deductions (Item 35 of Part IV x Applicable Income Tax Rate)		0
58 Add: Special Tax Credits (From Part IV Item 52)		0
59 Total Tax Relief Availment (Sum of Items 57 and 58)		0

<div>BIR Form No. 1702-RT January 2018(ENCS) Page 3</div>	<div>Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate</div>	<div> 1702-RT 01/18ENCS P3</div>
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Taxpayer Identification Number (TIN)	Registered Name
002 - 834 - 075 - 000	APC GROUP, INC.

Schedule I - Ordinary Allowable Itemized Deductions <i>(Attach additional sheet/s, if necessary)</i>	
1 Amortizations	0
2 Bad Debts	0
3 Charitable Contributions	0
4 Depletion	0
5 Depreciation	20,828
6 Entertainment, Amusement and Recreation	0
7 Fringe Benefits	0
8 Interest	0
9 Losses	0
10 Pension Trust	0
11 Rental	53,571
12 Research and Development	0
13 Salaries, Wages and Allowances	2,015,657
14 SSS, GSIS, Philhealth, HDMF and Other Contributions	0
15 Taxes and Licenses	285,368
16 Transportation and Travel	770,463
17 Others (Deductions Subject to Withholding Tax and Other Expenses) <i>[Specify below; Add additional sheet(s), if necessary]</i>	
a Janitorial and Messengerial Services	0
b Professional Fees	470,604
c Security Services	0
d MEETING EXPENSES	282,091
e DUES AND SUBSCRIPTION	131,008
f COMMUNICATION	22,842
g REPAIRS AND MAINTENANCE	1,000
h PROVISION FOR IMPAIRMENT	116,555
i OTHERS	305,844
	
18 Total Ordinary Allowable Itemized Deductions <i>(Sum of Items 1 to 17i) (To Part IV Item 34)</i>	
4,475,831	

Schedule II - Special Allowable Itemized Deductions <i>(Attach additional sheet/s, if necessary)</i>		
Description	Legal Basis	Amount
1		0
2		0
3		0
4		0
		
5 Total Special Allowable Itemized Deductions <i>(Sum of Items 1 to 4) (To Part IV Item 35)</i>		0

BIR Form No. 1702-RT January 2018(ENCS) Page 4	Annual Income Tax Return Corporation, Partnership and Other Non-Individual Taxpayer Subject Only to REGULAR Income Tax Rate	 1702-RT 01/18ENCS P4
Taxpayer Identification Number (TIN)		Registered Name
002 - 834 - 075 - 000		APC GROUP, INC.

Schedule III - Computation of Net Operating Loss Carry Over (NOLCO)	
1 Gross Income (From Part IV Item 33)	0
2 Less: Ordinary Allowable Itemized Deductions (From Part VI Schedule I Item 18)	4,475,831
3 Net Operating Loss (Item 1 Less Item 2) (To Schedule IIIA, Item 7A)	(4,475,831)

Schedule IIIA - Computation of Available Net Operating Loss Carry Over (NOLCO) (DO NOT enter Centavos; 49 Centavos or Less drop down; 50 or more round up)

Net Operating Loss		B) NOLCO Applied Previous Year
Year Incurred	A) Amount	
4 2021	4,475,831	0
5 2020	7,020,706	0
6 2019	8,330,074	0
7 2018	12,544,931	0

Continuation of Schedule IIIA (Item numbers continue from table above)

C) NOLCO Expired	D) NOLCO Applied Current Year	E) Net Operating Loss (Unapplied) [E = A Less (B + C + D)]
4 0	0	4,475,831
5 0	0	7,020,706
6 0	0	8,330,074
7 12,544,931	0	0
8 Total NOLCO (Sum of Items 4D to 7D) (To Part IV, Item 36)	0	

Schedule IV - Computation of Minimum Corporate Income Tax (MCIT)

Year	A) Normal Income Tax as adjusted	B) MCIT	C) Excess MCIT over Normal Income Tax
1	0	0	0
2	0	0	0
3	0	0	0

Continuation of Schedule IV (Item numbers continue from table above)

D) Excess MCIT Applied/Used in Previous Years	E) Expired Portion of Excess MCIT	F) Excess MCIT Applied this Current Taxable Year	G) Balance of Excess MCIT Allowable as Tax Credit for Succeeding Year/s [G = C Less (D + E + F)]
1 0	0	0	0
2 0	0	0	0
3 0	0	0	0
Total Excess MCIT Applied (Sum of Items 1F to 3F) (To Part IV Item 47)		0	

Schedule V - Reconciliation of Net Income per Books Against Taxable Income (attach additional sheet/s, if necessary)

1 Net Income/(Loss) per books	(5,942,003)
Add: Non-deductible Expenses/Taxable Other Income	
2 REPRESENTATION EXPENSE	1,058,665
3 RETIREMENT EXPENSE	806,680
4 Total (Sum of Items 1 to 3)	(4,076,658)
Less: A) Non-Taxable Income and Income Subjected to Final Tax	
5 INTEREST INCOME SUBJECTED TO FINAL TAX	140,044
6 INTERCOMPANY DIVIDENDS	259,129

B) Special Deductions	
7	0
8	0
	
9 Total (Sum of Items 5 to 8)	399,173
10 Net Taxable Income/(Loss) (Item 4 Less Item 9)	(4,475,831)



APC GROUP INC.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR
SEPARATE FINANCIAL STATEMENTS**

The Management of **APC Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the separate financial statements, including the schedules attached therein, for the years ended **December 31, 2021 and 2020**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.


In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible in overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the separate financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co. and Sycip Gorres Velayo & Co., the independent auditors appointed by the stockholders for the years ended December 31, 2021 and 2020, respectively, have audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Signature:


Willy N. Ocier
Chairman of the Board

Signature:


Ian Jason R. Aguirre
President and Chief Executive Officer


Signature


Marie Joy T. Co
Treasurer and Financial Controller

Signed this 21st day of February 2022

DOC. NO. 287
PAGE NO. ncf
BOOK NO. 44
SERIES OF 22

12 APR 2022


ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
Commission No. Adm. Matter No. NP 204 (2021-2022)
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 2463255D 1/3/22 / Roll No. 33832 / TIN# 129-871-008
MCLE No. VI-0029583 valid from 12/18/19 valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

for
AUDITED FINANCIAL STATEMENTS

A	S	9	3	0	0	8	1	2	7
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[illegible][illegible]

A	A	S	F	S
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C	R	M	D
---	---	---	---

N	/	A
---	---	---

C O M P A N Y I N F O R M A T I O N		
Company's Email Address	Company's Telephone Number/s	Mobile Number
apc_governance@bellecorp.com	(02) 8662-8888 loc. 2144	+63 917-5691734
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
591	Second Thursday of June	December 31

CONTACT PERSON INFORMATION	
NAME	_____
PHONE	_____
EMAIL	_____
ADDRESS	_____
CITY	_____
STATE	_____
ZIP	_____

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ian Jason R. Aguirre	apc_governance@bellicorp.com	(02) 8662-8888 loc. 2144	—

CONTACT PERSON'S ADDRESS	
CONTACT PERSON'S NAME: _____ ADDRESS: _____ CITY: _____ STATE: _____ ZIP: _____ PHONE: _____ FAX: _____ E-MAIL: _____	

G/F MyTown New York Bldg., General E. Jacinto St. cor. Capas St., Brgy. Guadalupe Nuevo, Makati City

2: All boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
APC Group, Inc.
G/F MyTown New York Bldg.
General E. Jacinto St., cor. Capas St.
Brgy. Guadalupe Nuevo, Makati City

Opinion

We have audited the accompanying separate financial statements of APC Group, Inc. (the Company), which comprise the separate statement of financial position as at December 31, 2021, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the separate financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The separate financial statements of the Company as at and for the year ended December 31, 2020 were audited by another auditor whose report dated March 1, 2021 expressed an unmodified opinion on those separate financial statements.



Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements

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

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8851706

Issued January 3, 2022, Makati City

February 21, 2022

Makati City, Metro Manila

APC GROUP, INC.

SEPARATE STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Comparative Figures for 2020)

	Note	2021	2020
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱12,521,684	₱16,583,369
Receivables	5	4,033,408	5,687,743
Prepayments		15,942	15,942
Total Current Assets		16,571,034	22,287,054
Noncurrent Assets			
Property and equipment	8	13,884	34,712
Investment properties	9	12,048,000	12,048,000
Financial assets at fair value through other comprehensive income (FVOCI)	6	2,734,370	2,829,755
Investments in and advances to subsidiaries	7	243,313,182	243,648,442
Input value-added tax (VAT)		7,259,333	7,021,052
Security deposits	17	23,822	23,822
Total Noncurrent Assets		265,392,591	265,605,783
		₱281,963,625	₱287,892,837
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	₱25,310,463	₱26,008,967
Advances from a related party	12	79,978,631	79,978,631
Total Current Liabilities		105,289,094	105,987,598
Noncurrent Liabilities			
Retirement liability	13	3,281,654	5,966,007
Subscription payable	12	10,000,000	10,000,000
Total Noncurrent Liabilities		13,281,654	15,966,007
Total Liabilities		118,570,748	121,953,605
Equity			
Capital stock	11	63,880,788	63,880,788
Additional paid-in capital	11	144,295,958	144,295,958
Deficit		(16,739,557)	(10,797,554)
Cumulative change in fair value of financial assets at FVOCI	6	1,886,369	1,981,754
Cumulative remeasurement loss on defined benefit obligation	13	(495,461)	(3,986,494)
Treasury stock	11	(29,435,220)	(29,435,220)
Total Equity		163,392,877	165,939,232
		₱281,963,625	₱287,892,837

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)

	Note	2021	2020
INCOME			
Dividend Income	6	₱259,129	₱319,476
Interest Income	4	140,044	931,011
		399,173	1,250,487
GENERAL AND ADMINISTRATIVE EXPENSES	14	(6,341,176)	(9,023,729)
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	9	–	2,019,130
NET LOSS		(5,942,003)	(5,754,112)
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Remeasurement gain (loss) on defined benefit obligation	13	3,491,033	(1,748,616)
Change in fair value of financial assets at FVOCI	6	(95,385)	(794,875)
		3,395,648	(2,543,491)
TOTAL COMPREHENSIVE LOSS		(₱2,546,355)	(₱8,297,603)

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)

	Note	2021	2020
CAPITAL STOCK	11		
Balance at beginning of year		₱63,880,788	₱6,388,078,749
Effect of equity restructuring		–	(6,324,197,961)
Balance at end of year		63,880,788	63,880,788
ADDITIONAL PAID-IN CAPITAL	11		
Balance at beginning of year		144,295,958	1,613,942,096
Effect of equity restructuring		–	(1,469,646,138)
Balance at end of year		144,295,958	144,295,958
DEFICIT			
Balance at beginning of year		(10,797,554)	(7,798,887,541)
Net loss		(5,942,003)	(5,754,112)
Effect of equity restructuring	11	–	7,793,844,099
Balance at end of year		(16,739,557)	(10,797,554)
Cumulative change in fair value of financial asset at FVOCI	6		
Balance at beginning of year		1,981,754	2,776,629
Unrealized loss on fair value changes		(95,385)	(794,875)
Balance at end of year		1,886,369	1,981,754
Cumulative remeasurement gain (loss) on defined benefit obligation	13		
Balance at beginning of year		(3,986,494)	(2,237,878)
Remeasurement gain (loss)		3,491,033	(1,748,616)
Balance at end of year		(495,461)	(3,986,494)
		1,390,908	(2,004,740)
TREASURY STOCK			
Balance at beginning and end of year	11	(29,435,220)	(29,435,220)
		₱163,392,877	₱165,939,232

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Figures for 2020)

	Note	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		(₱5,942,003)	(₱5,754,112)
Adjustments for:			
Retirement costs	13	806,680	775,694
Dividend income	6	(259,129)	(319,476)
Interest income	4	(140,044)	(931,011)
Provision for impairment	14	116,555	64,779
Depreciation	8	20,828	27,522
Gain on change in fair value of investment properties	9	–	(2,019,130)
Operating loss before working capital changes		(5,397,113)	(8,155,734)
Decrease (increase) in:			
Receivables		1,654,335	(64,430)
Input VAT		(238,281)	(307,691)
Prepayments		–	(13,357)
Increase (decrease) in trade and other payables		(698,504)	55,653
Net cash used for operations		(4,679,563)	(8,485,559)
Dividend received		259,129	319,476
Interest received		140,044	931,011
Net cash used in operating activities		(4,280,390)	(7,235,072)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net decrease in advances to related parties	12	218,705	1,099,961
Increase in investments in subsidiaries	7	–	(112,813,182)
Cash provided by (used in) investing activities		218,705	(111,713,221)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,061,685)	(118,948,293)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		16,583,369	135,531,662
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱12,521,684	₱16,583,369

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS (With Comparative Information for 2020)

1. General Information

Corporate Information

APC Group, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on October 15, 1993 to engage in the oil and gas exploration and development in the Philippines.

On April 30, 1997, the SEC approved the change in the primary purpose of the Company to that of a holding company. The Company's shares of stock are publicly traded in the Philippine Stock Exchange (PSE).

The Company has the following subsidiaries:

Subsidiaries	Nature of Business	Percentage of Ownership		
		Direct	Indirect	Total
Aragorn Power and Energy Corporation (APEC)	Energy	95.6	—	95.6
APC Energy Resources, Inc. (APC Energy)	Mining	100.0	—	100.0
APC Mining Corporation (APC Mining)	Mining	83.0	—	83.0
APC Cement Corporation (APC Cement)	Manufacturing	100.0	—	100.0
PRC - Magma Energy Resources, Inc. (PRC-Magma)*	Energy	—	85.0	85.0

*A direct subsidiary of APEC

APEC

As of report date, APEC is still in the exploration stage. It was established to engage in renewable energy resource exploration, development and utilization.

Kalinga Apayao Geothermal Service Project

In 2008, APEC was granted a Geothermal Service Contract (GSC) by the Republic of the Philippines, through the Department of Energy (DOE), for the exploration, development and exploitation of geothermal resources covering a total area of 26,139 hectares located in the Province of Kalinga (the "Kalinga Geothermal Project" or "KGP"). The GSC was granted after a Certificate Precondition from the National Commission of Indigenous People, covering a major portion of the geothermal service area, was secured. The GSC was converted into a Geothermal Renewable Service Contract (GRESK) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESK has a term of not exceeding 25 years (including the used term under the GSC) and renewable for not more than 25 years. The total period from pre-development stage to the development/commercial stage shall not exceed 50 years.

The KGP involves the development of steam fields that can generate around 120 megawatts (MW) of new capacity, providing an additional source of clean, indigenous and reliable baseload power to the Luzon grid. A 120 MW geothermal project will approximately cost more than USD300.0 million.

As at December 31, 2021, APEC is still in the exploration stage of the KGP.

APC Energy

APC Energy was established to engage in exploration, development and utilization of renewable energy resources. The Company signed two (2) Coal Operating Contracts (COCs) with the DOE location in Isabela (three blocks) and Masbate (two blocks). One block is equivalent to one thousand (1,000) hectares. The Isabela project was put on hold because of the anti-mining sentiment of the local government units and the community. Partial exploration works have been conducted. In 2013 and 2015, COCs with the DOE in both Masbate and Isabela were terminated, respectively.

APC Mining

APC Mining was organized to engage in mining, processing, manufacturing, buying and selling of all kinds of ores, metals and minerals. It applied permits with the DENR for the exploration of chromite, copper and nickel deposits in Zambales, Palawan and Mindoro areas and was granted a mining permit in Alubijid, Misamis Oriental. APC Mining later found that the latter area has low prospect for chromite, copper and nickel. And as such, on September 17, 2013, APC Mining wrote a letter to the Mines and Geosciences Bureau of the DENR informing the agency that it is giving up its exploration permit in Alubijid.

APC Cement

APC Cement was established to engage in the manufacture of cement. As at December 31, 2021, the Company is still in the pre-operating stage.

PRC Magma

PRC Magma was established 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 March 2010, the PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESK) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. 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 were also performed. The two (2) GRESKs were given a five-year Pre-Development Stage until 24 March 2015. On November 2015, the DOE sent a letter to inform PRC-Magma that the service contracts were automatically terminated due to the delays in the implementation of the approved work program and failure to make any discovery before the end of the fifth (5th) Contract Year.

The registered office address of the Company is G/F MyTown New York Bldg., General E. Jacinto St., cor. Capas St., Brgy. Guadalupe Nuevo, Makati City.

Approval of Separate Financial Statements

The separate financial statements of the Company as at and for the year ended December 31, 2021 (with comparative figures and information for 2020) were authorized and approved for issuance by the Board of Directors (BOD) on February 21, 2022, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting Policies

Basis of Preparation

The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

The Company also prepares and issues consolidated financial statements for the same period in accordance with PFRS. In the consolidated financial statements, the subsidiary undertakings have been fully consolidated. Users of these separate financial statements should read them together with the consolidated financial statements in order to obtain full information on the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group. The consolidated financial statements may be obtained at the Company's registered office address and at the SEC.

Measurement Bases

The separate financial statements are presented in Philippine Peso (Peso), which is the Company's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The separate financial statements of the Company have been prepared under the historical cost basis, except for the Company's investment in equity securities and investment properties which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

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:

- In the principal market for the asset or liability, or
- 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 best economic interest.

A fair value measurement of a nonfinancial 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 separate 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 separate 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 date.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities 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.

Further information about the assumptions made in measuring fair value is included in Notes 6, 9 and 17 to the separate financial statements.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2021 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments will replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments include an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement will ensure that the liabilities recognized in a business combination will remain the same as those recognized applying the current requirements in PFRS 3. The amendments also clarified that an acquirer shall not recognize contingent assets acquired in a business combination. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applied the amendments.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Annual Improvements to PFRS 2018 to 2020 Cycle:
 - Amendments to PFRS 9, *Financial Instruments - Fees in the '10 percent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 percent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.
 - Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure Initiative – Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS

Practice Statement 2, *Making Materiality Judgments*, is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information. The amendments should be applied prospectively. Earlier application is permitted.

- Amendments to PAS 8, *Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods. Earlier application is permitted.
- Amendments to PAS 12, *Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing amended PFRS is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the separate statement of financial position when the Company becomes a party to those contractual provisions of a financial 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.

Initial Recognition and Measurement. 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 for those designated at fair value through profit and loss (FVPL), includes transaction cost.

“Day 1” Difference. Where the transaction price in a non-active market is different from the fair value of 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 profit or loss. In cases where there is no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes “Day 1” difference in profit or loss 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.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at fair value through other comprehensive income (FVOCI) and, (c) financial assets at FVPL. The classification of a financial asset largely depends on the Company's business model and its contractual cash flow characteristics. Financial liabilities, on the other hand, are classified as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2021 (and 2020), the Company does not have financial assets and liabilities at FVPL.

Financial Assets at Amortized Cost. A financial asset shall be measured at amortized cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

Cash and cash equivalents, receivables, security deposits and advances to subsidiaries (included under "Investment in and advances to subsidiaries" account in the separate statements of financial position) are classified under this category.

Financial Assets Designated at FVOCI. The Company may irrevocably designate an equity instrument that is not held for trading to be measured at FVOCI.

Financial assets at FVOCI are initially measured at fair value plus transaction costs.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Foreign currency gains or losses and unrealized gains or losses from equity instruments are recognized in OCI and presented in the equity section of the separate statement of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods. On disposal of these equity instruments, any cumulative valuation gains or losses will be reclassified to retained earnings.

Investment in equity securities are classified under this category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either 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 its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

Trade and other payables (excluding statutory payables) and advances from a related party are classified under this category.

Reclassification

The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in OCI.

A financial asset that has been designated at FVOCI may no longer be reclassified to a different category.

Impairment of Financial Assets at Amortized Cost

The Company recognizes an allowance for expected credit loss (ECL) based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For financial assets at amortized cost, the Company applies the general approach in measuring the ECL. The ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information, that is available without undue cost or effort, and that is indicative of significant increases in credit risk since initial recognition.

The Company shall directly reduce the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

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:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Company has transferred its right to receive cash flows from the financial 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 right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company’s continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

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 profit or loss.

Offsetting of Financial Assets and Liabilities

Financial assets and financial liabilities are offset and the net amount reported in the separate statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the separate statement of financial position.

Classification of Financial Instrument between Liability and Equity

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

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- 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.

Value-Added Tax (VAT)

VAT represents the net amount of VAT recoverable from or payable to the tax authorities. Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax 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 tax included.

The net amount of VAT recoverable from or payable to the tax authorities is presented as part of “Other noncurrent assets” or “Statutory payables” under “Trade and other payables” account in the separate statement of financial position.

Prepayments

Prepayments represent expenses not yet incurred but already paid in cash. Prepayments are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to expense as these are consumed in operations or expire with the passage of time. Prepayments that are expected to be incurred no more than 12 months after the reporting date are classified as current assets. Otherwise these are classified as noncurrent assets.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any accumulated impairment in value.

The initial cost of property and equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operations, such as repairs and maintenance, are normally charged to expense in the period the 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 an additional cost of property and equipment.

Depreciation is computed using the straight-line method over one (1) to five (5) years for office and other equipment.

The estimated useful lives and depreciation and amortization methods are reviewed periodically to ensure that the periods and methods of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are retired or otherwise disposed of, both the cost and related accumulated depreciation amortization are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Fully-depreciated and amortized assets are retained as property and equipment until these are no longer in use.

Investment Properties

Investment properties comprise of parcels of land held by the Company for capital appreciation and/or future development. These properties are not held to be used in production or sale in the ordinary course of business.

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 as determined by independent appraisers. Gain or loss arising from changes in fair value of investment properties is included in profit or loss in the year in which it arises.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy on property and equipment up to the date of change in use.

Investment properties are derecognized when either these have been disposed of or when the investment properties are permanently withdrawn from use and no further economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Investments in Subsidiaries

Investments in subsidiaries are accounted for under the cost method, less any allowance for impairment losses. The Company recognizes income when its right to receive the dividends is established. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of the investment.

A subsidiary is an entity in which the Company has control. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Company has less than majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangement; and
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Impairment of Nonfinancial Assets

Nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company assesses at each reporting date whether there is an indication that an asset 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. Impairment losses of continuing operations are recognized in profit or loss in those 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, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After the reversal, the depreciation and amortization charge is 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 (APIC)

Capital stock is measured at the par value for all shares issued. Proceeds or fair value of consideration received in excess of par value are recognized as APIC. Incremental costs, net of tax, incurred that are directly attributable to the issuance of new shares are recognized in equity as a reduction from related APIC or retained earnings.

Deficit

Deficit represents the cumulative balance of the net income or loss, net of any dividend declaration.

OCI

OCI comprises of items of income and expenses that are not recognized in profit or loss for the year in accordance with PFRS. The OCI of the Company represents cumulative unrealized gain on fair value changes on financial assets at FVOCI and cumulative remeasurement loss on defined benefit obligation.

Treasury Stock

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the separate 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 APIC. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them.

Revenue Recognition

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

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

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability, other than distributions to equity participants, has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed as incurred.

Employee Benefits

Short-term Benefits. Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

Retirement Benefit Costs. The Company has an unfunded, noncontributory defined benefit plan covering all qualified employees. The retirement liability is determined using the projected unit credit method which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs and interest costs in profit or loss.

Current service costs pertain to the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Interest on the retirement liability is the change during the period in the retirement liability that arises from the passage of time which is determined by applying the discount rate based on government bonds to the retirement liability. Interest is calculated by applying the discount rate to the retirement liability.

Remeasurements comprising actuarial gains and losses are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The present value of the defined benefit liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the separate financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Company assesses whether the contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified assets for a period of time, the Company assesses whether, throughout the period of use, it has both of the following:

- a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and
- b) the right to direct the use of the identified asset.

If the Company has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Company also assesses whether a contract contains a lease for each potential separate lease component.

The Company as a Lessee. At the commencement date, the Company recognizes ROU assets and lease liabilities for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value, in which case the lease payments associated with those leases are recognized as an expense in profit or loss on a straight-line basis.

For leases with lease terms of 12 months or less but with an option to extend the lease, the management assesses whether there is reasonable certainty that the Company will extend the lease, by considering all relevant facts and circumstances that create an economic incentive for the lessee to extend or terminate the lease, to determine the appropriate lease term.

Income Taxes

Current Tax. Current tax is the expected tax payable on the taxable income for the year, using the tax rate enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided 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. Deferred tax assets are recognized for all deductible temporary differences and carry forward benefits of unused tax credits from net operating loss carry-over (NOLCO) and excess of minimum corporate income taxes (MCIT) over regular corporate income tax (RCIT) to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax credits from NOLCO and excess of MCIT over RCIT can be utilized.

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 future 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 assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws in effect at the reporting date.

Deferred tax is recognized in profit or loss, except to the extent that it relates to items directly recognized in OCI.

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

Related Parties

A related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity, or between, and/or among the reporting entity and its key management personnel, directors or its stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely to the legal form.

A related party transaction is a transfer of resources, services or obligation between a reporting entity and a related party.

A related party transaction is considered material if the transaction/s, either individually, or in aggregate over a twelve-month period with the same related party, amounts to ten percent (10%) or higher of a Company's total assets based on its latest financial statements. Details of transactions entered into by the Company with related parties are reviewed in accordance with the Company's related party transactions policy.

Provisions and Contingencies

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.

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at the end of reporting year (adjusting events) are reflected in the separate financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to separate financial statements when material.

3. Significant Judgment, Estimates and Assumption

The preparation of the Company's separate financial statements in accordance with PFRS requires management to make judgment, accounting estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the separate financial statements at the reporting date. The judgment and accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the separate financial statements. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated

amounts. Actual results could differ from such estimates. Such estimates will be adjusted accordingly when the results become determinable.

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

Judgment

In the process of applying the Company's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the separate financial statements:

Establishing Control over Subsidiaries. The Company determines that it has control over its subsidiaries by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns. The following factors are also considered:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Company's voting rights and potential voting rights

Management has assessed that it has control over its subsidiaries as at December 31, 2021 (and 2020).

Estimates and Assumptions

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

Assessing the ECL on Financial Assets at Amortized Cost. The Company applies the general approach in measuring the ECL for its financial assets. The Company assessed that cash and cash equivalents are deposited with reputable counterparty banks that possess good credit ratings. For security deposits, the Company considered the financial capacity of the debtors to refund the deposits once the agreements have been terminated. For related party transactions, the Company considered the available liquid assets of the related parties, letter of support from the stockholders and the mitigation of credit exposure through legally enforceable rights.

The Company assesses that a financial asset is considered credit impaired when one or more events that have a detrimental effect on the estimated future cash flows of the asset have occurred, such as significant financial difficulty of the borrower.

The Company recognized provision for impairment on advances to subsidiaries amounting to ₱116,555 in 2021 (₱64,779 in 2020) (see Note 14).

The carrying amounts of financial assets at amortized cost are as follows:

	Note	2021	2020
Cash and cash equivalents*	4	₱12,513,936	₱16,573,369
Receivables	5	4,033,408	5,687,743
Security deposits		23,822	23,822
Advances to subsidiaries	7	—	335,260

*Excluding cash on hand amounting to ₱7,748 as at December 31, 2021 (₱10,000 as at December 31, 2020).

Assessing the Impairment of Nonfinancial Assets. The Company assesses impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. The factors that the Company considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

Except for investment in subsidiaries, management has assessed that there are no indications of impairment on the nonfinancial assets in 2021 (and 2020).

The carrying amounts of these nonfinancial assets are as follows:

	Note	2021	2020
Input VAT		₱7,259,333	₱7,021,052
Investment in subsidiaries	7	243,313,182	243,313,182
Property and equipment	8	13,884	34,712

Determining the Fair Value of Investment Properties. The Company engaged an independent appraiser to determine the fair value of investment properties. The fair value of investment properties as at December 31, 2020 was based on an independent appraiser's report dated January 4, 2021 applying the market data approach.

Management evaluated that the fair value of investment properties determined on appraisal date approximates the fair value as at the reporting date since there were no significant changes in the condition of the properties and economic environment between those dates. In market data 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.

Further information about the assumptions made in measuring the fair value of the investment properties are discussed in Notes 9 and 17 to the separate financial statements.

The properties pertain to parcels of land in the Municipality of Ginatilan, Cebu. The fair value of investment properties amounted to ₱12.0 million as at December 31, 2021 (and 2020) (see Note 9).

Estimating the Retirement Costs. The determination of the liability and costs of retirement benefits is dependent on the assumptions used by the actuary in calculating such amounts. Actual results that differ from the Company's assumptions are accumulated and recorded in OCI. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement liability.

Retirement costs amounted to ₱0.8 million in 2021 (and 2020). Remeasurement gain amounted to ₱3.5 million in 2021 (remeasurement loss amounted to ₱1.7 million in 2020). Accrued retirement costs amounted to ₱3.3 million as at December 31, 2021 (and ₱6.0 million as at December 31, 2020) (see Note 13).

Assessing the Realizability of Deferred Tax Assets. The carrying amount of deferred tax assets at each reporting date are reviewed 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 within the period allowed by the tax regulations. The Company's assessment on the recognition of deferred tax assets on deductible temporary differences is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Company's past results and future expectations on revenue and expenses.

The Company did not recognize deferred tax assets amounting to ₱7.3 million as at December 31, 2021 (and ₱10.9 million as at December 31, 2020) (see Note 15). The Company has assessed that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

4. Cash and Cash Equivalents

This account consists of:

	2021	2020
Cash on hand and in banks	₱1,948,373	₱4,146,610
Short-term investments	10,573,311	12,436,759
	₱12,521,684	₱16,583,369

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 ₱0.1 million in 2021 (₱0.9 million in 2020).

5. Receivables

This account consists of:

	Note	2021	2020
Receivables from related parties	12	₱10,497,857	₱12,042,554
Others		48,926	158,564
		10,546,783	12,201,118
Allowance for ECL		(6,513,375)	(6,513,375)
		₱4,033,408	₱5,687,743

Receivables from related parties are noninterest-bearing and collectible on demand. No provision for ECL on receivables was recognized in 2021 (and 2020).

6. Financial Assets at Fair Value Through Other Comprehensive Income

The Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱2,734,370 as at December 31, 2021 (and ₱2,829,755 as at December 31, 2020).

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

	2021	2020
Balance at beginning of year	₱2,829,755	₱3,624,630
Change in fair value	(95,385)	(794,875)
Balance at end of year	₱2,734,370	₱2,829,755

The table below presents the cumulative change in fair value of financial assets at FVOCI attributable to the shareholders of the Company (presented in the equity section of the separate statement of financial position):

	2021	2020
Balance at beginning of year	₱1,981,754	₱2,776,629
Change in fair value	(95,385)	(794,875)
Balance at end of year	₱1,886,369	₱1,981,754

The Company received dividend income from PLC shares amounting to ₱0.3 million in 2021 and 2020.

7. Investments in and Advances to Subsidiaries

This account consists of the following:

	Note	2021	2020
Investments in subsidiaries		₱243,313,182	₱243,313,182
Advances to subsidiaries	12	—	335,260
		₱243,313,182	₱243,648,442

Investments in subsidiaries consist of the following:

	2021	2020
APEC	₱243,313,182	₱243,313,182
APC Cement	32,500,000	32,500,000
APC Energy	25,000,000	25,000,000
APC Mining	24,748,696	24,748,696
	325,561,878	325,561,878
Less allowance for impairment losses	(82,248,696)	(82,248,696)
	₱243,313,182	₱243,313,182

The movements of investments in subsidiaries are as follows:

	2021	2020
Balance at beginning of year	₱325,561,878	₱212,748,696
Additions	—	112,813,182
Balance at end of year	325,561,878	325,561,878
Allowance for impairment losses	(82,248,696)	(82,248,696)
	₱243,313,182	₱243,313,182

Advances to subsidiaries consist of the following:

	2021	2020
Advances to subsidiaries	₱85,614,960	₱ 85,833,665
Allowance for impairment losses	(85,614,960)	(85,498,405)
	₱—	₱335,260

The movements of allowance for impairment of advances to subsidiaries are as follows:

	2021	2020
Balance at beginning of year	₱85,498,405	₱85,433,626
Provision for impairment	116,555	64,779
Balance at end of year	₱85,614,960	₱85,498,405

Investments in and advances to APC Cement, APC Energy, and APC Mining were fully provided with allowance as management assessed that these may not be recoverable as at December 31, 2021 (and 2020).

8. Property and Equipment

This account consists of office and other equipment:

	2021	2020
Cost		
Balance at beginning and end of year	₱1,676,615	₱1,676,615
Accumulated depreciation		
Balance at beginning of year	1,641,903	1,614,381
Depreciation	20,828	27,522
Balance at end of year	1,662,731	1,641,903
Carrying amount	₱13,884	₱34,712

Fully depreciated property and equipment with a total cost of ₱1.6 million as at December 31, 2021 (and 2020) are still being used in the operations.

9. Investment Properties

The movement of this account follows:

	2021	2020
Balance at beginning of year	₱12,048,000	₱10,028,870
Gain on change in fair value	–	2,019,130
Balance at end of year	₱12,048,000	₱12,048,000

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

No income was earned and no cost was incurred for the investment properties in 2021 and 2020.

The fair value of the investment properties was determined by an independent appraiser. The appraiser is an industry specialist in valuing these types of investment properties. 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 latest independent appraiser's report is dated January 4, 2021. The Company did not obtain an appraisal valuation as at December 31, 2021 because the management has assessed that the fair value of the investment properties as at December 31, 2021 did not materially differ from the last valuation performed and the amount reported as at December 31, 2020.

Fair value hierarchy disclosures for investment properties have been provided in Note 17 to the separate financial statements.

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

A. Highest and Best Use

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.

B. 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.

10. **Trade and Other Payables**

This account consists of:

	2021	2020
Trade	₱2,598,153	₱2,440,729
Nontrade	20,814,242	20,814,242
Statutory payables	21,409	52,724
Accrued expenses	1,876,659	2,701,272
	₱25,310,463	₱26,008,967

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

Nontrade payables are noninterest-bearing and payable on demand.

Statutory payables include withholding taxes payable and payables to various government agencies which are normally settled within the following month.

Accrued expenses are noninterest-bearing and are normally settled within the next financial year.

11. **Equity**

- a. Details of authorized, issued and outstanding capital stock as at December 31, 2021 (and 2020) follows:

	Number of Shares	Amount
Authorized:		
Common stock - ₱0.01 par value	14,000,000,000	₱140,000,000
Preferred stock - ₱0.01 par value	6,000,000,000	60,000,000
	20,000,000,000	₱200,000,000
Issued - Common stock	5,998,149,059	₱59,981,491
Subscribed - Common stock	1,513,660,938	15,136,609
	7,511,809,997	75,118,100
Less subscription receivable	—	(11,237,312)
	7,511,809,997	63,880,788
Treasury stock - Common stock	(7,606,000)	(29,435,220)
Outstanding stock	7,504,203,997	₱34,445,568

As at December 31, 2021 (and 2020), subscription receivable amounted to ₱1,123.7 million (including amount reclassified under additional paid-in capital of ₱1,112.5 million in 2020).

- b. The cumulative convertible preference shares are redeemable and may be issued from time to time by the 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 Company. As at February 21, 2022, the Company's BOD has not authorized any issuance of preferred shares.
- c. The following summarizes the information on the Company'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
October 16, 1996	Additional subscription	1,814,700,000,000	0.01
April 30, 1997	Increase of par value	(1,980,000,000,000)	1.00
		20,000,000,000	

The total number of shareholders is 591 as at December 31, 2021 (592 as at December 31, 2020).

On August 9, 2017, the Company's BOD approved the reduction of the par value of the Company's capital stock from ₱1.00 to ₱0.01 per share. This was approved by the Company's stockholders on September 27, 2017.

On February 20, 2020, the SEC approved the decrease in the authorized capital stock of the Company from ₱20,000.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares with par value of ₱1.00 per share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both with par value of ₱0.01 per share.

On February 20, 2020, the SEC approved the equity restructuring of the Company primarily to write-off Company's deficit as at December 31, 2018 amounting to ₱7,793.8 million against the additional paid in capital of ₱7,938.1 million, consequently, the remaining additional paid in capital of ₱144.3 million is not allowed to be applied against future losses that may be incurred by the Company without prior approval of the SEC.

- d. Additional paid in capital as at December 31, 2021 (and 2020) consists of the following:

	Amount
Subscription in excess of par value	₱1,256,789,894
Less subscription receivable	(1,112,493,936)
	₱144,295,958

The movements in additional paid in capital are as follows:

	2021	2020
Balance at beginning of year	₱144,295,958	₱1,613,942,096
Equity restructuring:		
Reclassification of excess in par value from capital stock	–	7,436,691,897
Reclassification of subscription receivables from capital stock	–	(1,112,493,936)
Reclassification to retained earnings	–	(7,793,844,099)
Balance at end of year	₱144,295,958	₱144,295,958

- e. Pursuant to the PSE's rules on minimum public ownership, at least 10% of the issued and outstanding shares of a listed company must be owned and held by the public. As at December 31, 2021 (and 2020), public ownership over the Company is 51%.

12. Related Party Transactions

The Company, in its regular conduct of business, has transactions and balances with related parties. The following table summarized the transactions with a related party and the outstanding balance arising from these transactions.

	Nature of Transaction	Transactions during the Year		Outstanding Balance	
		2021	2020	2021	2020
Receivables					
<i>Subsidiaries</i>	Share in expenses	₱—	₱—	₱10,497,857	₱12,042,554
	Allowance for impairment	—	—	(6,513,375)	(6,513,375)
				₱3,984,482	₱5,529,179
Advances to subsidiaries					
<i>Subsidiaries</i>	Advances	₱3,236,298	₱64,779	₱85,614,960	₱85,833,665
	Allowance for impairment	116,555	64,779	(85,614,960)	(85,498,405)
				₱—	₱335,260
Advances from a related party					
<i>Stockholder</i>	Advances	₱—	₱—	₱79,406,947	₱79,406,947
	Share in expenses	—	—	571,684	571,684
				₱79,978,631	₱79,978,631
Other noncurrent liabilities					
<i>Subsidiary</i>	Subscription payable	₱—	₱—	₱10,000,000	₱10,000,000

Subscription Payable

Subscription payable represents unpaid subscription in APC Energy as at December 31, 2021 (and 2020).

Terms and Conditions of Transactions with Related Parties

Outstanding balances are noninterest-bearing, unsecured, and are collectible/payable on demand and are normally settled in cash.

Compensation of Key Management Personnel

Compensation of key management personnel presented as part of “Salaries and employee benefits” under “General and administrative expenses” account in the separate statement of comprehensive income for the year ended December 31, 2021 and 2020 consist of the following:

	2021	2020
Salaries and short-term employee benefits	₱1,529,500	₱1,944,667
Retirement costs	205,316	345,507
	₱1,734,816	₱2,290,174

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions

All individual material related party transactions (MRPT) and those involving directors and/or officers shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the MRPT. In case that a majority of the independent directors’ vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate related party transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

13. Retirement Benefits

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.

Under the existing regulatory framework, Republic Act (RA) No. 7641, an act amending Article 287 of Presidential Decree (PD) No. 442, as amended, otherwise known as the Labor Code of the Philippines, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee’s retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The latest valuation of retirement plan was performed by an independent actuary for the year ended December 31, 2021.

The components of retirement costs recognized under “General and administrative expenses” account in the separate statement of comprehensive income are as follows (see Note 14):

	2021	2020
Current service cost	₱585,938	₱576,420
Interest cost	220,742	199,274
	₱806,680	₱775,694

Changes in present value of retirement liability are as follows:

	2021	2020
Balance at beginning of year	₱5,966,007	₱3,441,697
Current service cost	585,938	576,420
Interest cost	220,742	199,274
Remeasurement loss (gain) recognized in OCI:		
Experience adjustments	(2,761,348)	823,624
Changes in financial assumptions	(710,454)	924,992
Changes in demographic assumptions	(19,231)	—
Balance at end of year	₱3,281,654	₱5,966,007

Movements in the retirement liability are as follows:

	2021	2020
Balance at beginning of year	₱5,966,007	₱3,441,697
Retirement cost	806,680	775,694
Remeasurement loss (gain) recognized in OCI	(3,491,033)	1,748,616
Balance at end of year	₱3,281,654	₱5,966,007

The cumulative remeasurement loss recognized in OCI amounted to ₱0.5 million as at December 31, 2021 (₱4.0 million as at December 31, 2020).

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

	2021	2020
Discount rate	4.37%	3.70%
Future salary increase rate	4.00%	8.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at December 31, 2021 assuming if all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost	
		2021	2020
Discount rate	1.00%	(₱125,631)	(₱474,499)
	(1.00%)	135,769	544,506
Future salary increase rate	1.00%	134,922	516,213
	(1.00%)	(127,237)	(460,797)

The following are other defined benefit plan information:

	2021	2020
A. Weighted average duration of present value of defined benefit obligation	4.0 years	8.5 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	₱946,759	₱746,262
More than one year up to 5 years	2,145,692	2,452,353
C. Plan membership information		
Number of active plan members	4	6
Average attained age	54.2 years	46.7 years
Average past service	13.2 years	10.7 years
Average future service	5.8 years	13.3 years

14. General and Administrative Expenses

This account consists of:

	Note	2021	2020
Salaries and employee benefits		₱2,015,657	₱2,548,262
Representation		1,058,665	1,162,550
Retirement costs	13	806,680	775,694
Transportation and travel		770,463	830,971
Professional fees		470,604	2,601,025
Taxes and licenses		285,368	284,712
Meeting expenses		282,091	260,031
Dues and subscriptions		131,008	109,198
Provision for impairment	7	116,555	64,779
Insurance		113,465	78,299
Outside services		113,208	104,788
Rental		53,571	53,571
Communication		22,842	21,409
Depreciation	8	20,828	27,522
Supplies		11,425	22,790
Others		68,746	78,128
		₱6,341,176	₱9,023,729

15. Income Tax

There was no provision for income tax in 2021 and 2020.

No deferred income tax assets were recognized for the deductible temporary differences and carryforward benefits of the excess of MCIT over RCIT and NOLCO because management has assessed that it is not probable that sufficient future taxable profit against which the deferred income tax assets can be utilized.

	2021	2020
NOLCO	₱19,826,611	₱27,895,711
Allowance for impairment losses	6,513,375	6,513,375
Accrued retirement costs recognized in profit or loss	2,786,193	1,979,513
	₱29,126,179	₱36,388,599
Unrecognized deferred tax assets	₱7,281,545	₱10,916,580

As at December 31, 2021, the Company's unused NOLCO which can be carried forward and claimed as deduction against future regular taxable income are as follows:

Year Incurred	Balance at beginning of year	Incurred	Applied /Expired	Balance at end of year	Valid Until
2021	₱—	₱4,475,831	₱—	₱4,475,831	2026
2020	7,020,706	—	—	7,020,706	2025
2019	8,330,074	—	—	8,330,074	2022
2018	12,544,931	—	(12,544,931)	—	2021
	₱27,895,711	₱4,475,831	(₱12,544,931)	₱19,826,611	

On September 30, 2020, the Bureau of Internal Revenue (BIR) issued Revenue Regulations No. 25-2020 implementing Section 4(b) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

The reconciliation of benefit from income tax computed at the statutory income tax rate to the provision for income tax shown in the separate statement of comprehensive income is as follows:

	2021	2020
Benefit from income tax computed at the statutory income tax rate	(₱1,485,501)	(₱1,726,234)
Change in unrecognized deferred tax assets	(3,635,035)	(2,921,893)
Change in tax rates	1,819,430	—
Tax effects of:		
Expired NOLCO	3,136,233	5,259,923
Nondeductible expenses	264,666	368,199
Dividend income exempt from income tax	(64,782)	(95,843)
Interest income subjected to final tax	(35,011)	(279,303)
Change in fair value of investment properties	—	(605,739)
Expired MCIT	—	890
Benefit from income tax computed at the effective income tax rate	₱—	₱—

On March 26, 2021, the Corporate Recovery and Tax Incentive for Enterprise (CREATE) Bill was approved and signed into law by the country's President. Under the CREATE Law, the RCIT of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the MCIT was changed from 2% to 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

The approval of the CREATE Bill into law and the changes in the income tax rates did not have an impact on the Company because of its net loss and taxable loss position in 2020.

The Philippine income tax rates used in preparing the separate financial statements is 25% as at and for the year ended December 31, 2021 (and 30% as at and for the year ended December 31, 2020).

16. Financial Risk Management Objectives and Policies

General

The Company has risk management policies that systematically view the risks that could prevent the Company from achieving its objectives. These policies are intended to manage risks identified in such a way that opportunities to deliver the Company's objectives are achieved. The Company's risk management takes place in the context of day-to-day operations and normal business processes such as strategic planning and business planning. It is also established to identify and manage the Company's exposure to financial risks, to set appropriate transaction limits and controls, and to monitor and assess risks and compliance to internal control policies.

Management has identified each risk and is responsible for coordinating and continuously improving risk strategies, processes and measures in accordance with the established business objectives. The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management policies and structure are reviewed regularly to reflect changes in market conditions and the activities of the Company.

The Company's principal financial instruments comprise of cash and cash equivalents, receivables, security deposits, financial assets at FVOCI, advances to subsidiaries, trade and other payables (excluding statutory payables), and advances from a related party.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and interest rate risk. The BOD reviews and approves policies for managing these risks. These are summarized below.

Credit Risk

Credit risk is the risk that the obligations of the Company will not be repaid on time and in full as contracted, resulting in a financial loss. It is inherent to the business as potential losses may arise due to the failure of its customers and counter parties to fulfill their obligations on maturity dates or due to adverse market conditions. Exposure to credit risk arises primarily from its financing activities.

Generally, the credit risk of the Company is attributable to financial assets at amortized cost. The Company maintains credit policies and continuously monitors defaults of counter parties, identified either individually or by group, and incorporate this information into its credit risk controls. Managing credit risk has both qualitative and quantitative aspects. Credit officers must evaluate the credit quality of the counterparties and assign internal credit ratings upon this evaluation.

The Company defines credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations based on original contractual terms. The Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. Credit risk from cash in banks is mitigated by transacting only with reputable banks duly approved by management.

Credit Quality of Financial Assets. The credit quality of financial assets is managed by the Company using internal credit ratings such as high grade, standard grade, past due but not impaired and impaired.

High Grade - pertains to deposits or placements to counterparties with good credit rating or bank standing. For receivables, this covers accounts of good paying customers, with good credit standing and are not expected by the Company to default in settling its obligations, thus credit risk exposure is minimal. This normally includes large prime financial institutions, companies and government agencies.

Standard Grade - other financial assets not belonging to high quality financial assets are included in this credit rating.

Past due but not impaired - pertains to financial assets where contractual payments are past due but the Company believes that impairment is not appropriate based on the probability of collection of amounts owed to the Company.

Credit impaired - pertains to financial assets for which the Company determines that it is probable that it will not be able to collect the amount due based on the contractual terms and agreements.

The tables below summarize the analysis of the Company's financial assets as at December 31:

	2021				
	Neither Past Due nor Impaired		Past due but not impaired	Credit Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	₱12,513,936	₱-	₱-	₱-	₱12,513,936
Receivables:					
Receivables from related parties	-	3,984,482	-	6,513,375	10,497,857
Others	-	48,926	-	-	48,926
Security deposits	23,822	-	-	-	23,822
Advances to subsidiaries	-	-	-	85,614,960	85,614,960
Financial assets at FVOCI	2,734,370	-	-	-	2,734,370
	₱15,272,128	₱4,033,408	₱-	₱92,128,335	₱111,433,871

*Excluding cash on hand amounting to ₱7,748.

	2020				
	Neither Past Due nor Impaired		Past due but not impaired	Credit Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	₱16,573,369	₱-	₱-	₱-	₱16,573,369
Receivables:					
Receivables from related parties	-	5,529,179	-	6,513,375	12,042,554
Others	-	158,564	-	-	158,564
Security deposits	23,822	-	-	-	23,822
Advances to subsidiaries	-	335,260	-	85,498,405	85,833,665
Financial assets at FVOCI	2,829,755	-	-	-	2,829,755
	₱19,426,946	₱6,023,003	₱-	₱92,011,780	₱117,461,729

*Excluding cash on hand amounting to ₱10,000.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objectives to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking adverse effect to the Company's credit standing.

The Company seeks to manage its liquid funds through cash planning on a weekly basis. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

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

	2021				Total
	On demand	Less than 3 months	3 to 12 months	Over 1 year	
Trade and other payables*	₱20,814,242	₱4,474,812	₱—	₱—	₱25,289,054
Advances from a related party	79,978,631	—	—	—	79,978,631
	₱100,792,873	₱4,474,812	₱—	₱—	₱105,267,685

*Excluding statutory liabilities to the government.

	2020				Total
	On demand	Less than 3 months	3 to 12 months	Over 1 year	
Trade and other payables*	₱20,814,242	₱5,142,001	₱—	₱—	₱25,956,243
Advances from a related party	79,978,631	—	—	—	79,978,631
	₱100,792,873	₱5,142,001	₱—	₱—	₱105,934,874

*Excluding statutory liabilities to the government.

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 ₱2.7 million as at December 31, 2021 (₱2.8 million as at December 31, 2020) (see Note 7).

The Company's assessment of reasonably possible change, based on its expectations, is presented below:

	Change in Equity Price*	Effect on Equity
2021	13% (13%)	₱346,922 (346,922)
2020	2% (2%)	62,883 (62,883)

*Based on PSE market index

17. Fair Value Measurements

The following table provides the fair value hierarchy of assets and liabilities with carrying amounts which approximate its fair value or measured at fair value as at December 31:

	2021		
	Total	Level 1	Level 2
Assets measured at fair value:			
Investment properties	₱12,048,000	₱—	₱12,048,000
Financial assets at FVOCI	2,734,370	2,734,370	—
	₱14,782,370	₱2,734,370	₱12,048,000

	2020		
	Total	Level 1	Level 2
Assets measured at fair value:			
Investment properties	₱12,048,000	₱—	₱12,048,000
Financial assets at FVOCI	2,829,755	2,829,755	—
	₱14,877,755	₱2,829,755	₱12,048,000

Cash and Cash Equivalents, Receivables, Advances to Subsidiaries, Trade and Other Payables (excluding Statutory Payables), and Advances from a Related Party. Due to the short-term nature of the transactions, the carrying values approximate the fair values at reporting dates.

Security Deposits. The carrying value of security deposits does not materially differ from the fair value as at December 31, 2021 (and 2020).

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 9.

Financial Assets at FVOCI. The fair values of quoted equity securities were determined by reference to market bid quotes as at reporting dates.

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 year ended December 31, 2021 (and 2020).

18. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong credit rating and stable capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it, based on the changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company is not subject to externally-imposed capital requirements.

The Company considers the equity attributable to the equity holders of the Company as presented in the separate statement of financial position as its core capital. As at December 31, 2021 (and 2020), the Company was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2021 (and 2020).

19. Supplemental Disclosure of Noncash Activities

In 2020, noncash activities related to the Company's equity restructuring pertain to the following:

- Reclassification of the excess of subscription amount over par value of capital stock from capital stock to additional paid in capital amounting to ₱7,436.7 million as a result of SEC's approval of the Company's decrease in par value of capital stock (see Note 11).
- Reclassification of subscription receivables from capital stock to additional paid in capital amounting to ₱1,112.5 million (see Note 11).
- Application of additional paid in capital against deficit amounting to ₱7,436.7 million to wipe out Company's deficit as at December 31, 2018 in accordance with the approval of the SEC on the Company's equity restructuring in 2020 (see Note 11).

There were no noncash activities in 2021.



**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Stockholders and the Board of Directors
APC Group, Inc.
G/F MyTown New York Bldg.
General E. Jacinto St., cor. Capas St.
Brgy. Guadalupe Nuevo, Makati City

We have audited in accordance with Philippine Standards on Auditing, the separate financial statements of APC Group, Inc. (the Company) as at and for the year ended December 31, 2021, and have issued our report thereon dated February 21, 2022. Our audit was made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Retained Earnings Available for Dividend Declaration as at December 31, 2021 is the responsibility of the Company's management.

The supplementary schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic separate financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & Co.

BELINDA B. FERNANDO

Partner

CPA Certificate No. 81207

Tax Identification No. 102-086-538-000

BOA Accreditation No. 4782; Valid until April 13, 2024

SEC Accreditation No. 81207-SEC Group A

Issued January 30, 2020

Valid for Financial Periods 2019 to 2023

BIR Accreditation No. 08-005144-004-2019

Valid until October 16, 2022

PTR No. 8851706

Issued January 3, 2022, Makati City

February 21, 2022
Makati City, Metro Manila

APC GROUP, INC.

**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2021**

	Amount
Unappropriated retained earnings (deficit), as at December 31, 2020	(P10,797,554)
Less: Unrealized cumulative fair value gain on investment properties*	(2,019,130)
Unappropriated retained earnings (deficit) available for dividend distribution as at January 1, 2021, as adjusted	(12,816,684)
Net loss during the period closed to retained earnings	(5,942,003)
Net loss actually incurred during the year	(18,758,687)
Treasury shares	(29,435,220)
Total retained earnings (deficit), available for dividend declaration, ending	(P48,193,907)

Reconciliation:

Unappropriated retained earnings (deficit) as shown in the financial statements at end of year	(P18,758,687)
Treasury shares	(29,435,220)
Total unappropriated retained earnings (deficit) available for dividend declaration at end of year	(P48,193,907)

*Net of P10,028,870 which was offset upon equity restructuring.