From: Philippine Stock Exchange <no-reply@pse.com.ph>
Date: April 13, 2023 at 2:19:25 PM GMT+8
Subject: Annual Report

Dear Sir/Madam:

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

Company Name: APC Group, Inc.
Reference Number: 0012674-2023
Date and Time: Thursday, April 13, 2023 14:19 PM
Template Name: Annual Report
Report Number: CR02160-2023

Best Regards,
PSE EDGE

If verification is required, please request for a hard copy.

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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

CR02160-2023

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, 2022

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

790,121,848.94

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

-

APC GROUP INC.

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, 2022
Currency	Philippine Peso

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	19,629,827	16,636,207
Total Assets	259,630,432	259,078,089
Current Liabilities	108,830,998	108,120,596
Total Liabilities	112,312,205	111,402,250
Retained Earnings/(Deficit)	-23,189,323	-22,322,828
Stockholders' Equity	147,318,227	147,675,839
Stockholders' Equity - Parent	154,332,769	154,669,371
Book Value Per Share	0.02	0.02

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Gross Revenue	0	0
Gross Expense	0	0
Non-Operating Income	5,814,558	401,221
Non-Operating Expense	6,702,063	8,949,492

Income/(Loss) Before Tax	-887,505	-8,548,271
Income Tax Expense	0	0
Net Income/(Loss) After Tax	-887,505	-8,548,271
Net Income/(Loss) Attributable to Parent Equity Holder	-866,495	-8,419,648
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, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
; ; Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	0.18	0.15
; ; Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.18	0.15
; ; Solvency Ratio	**Total Assets / Total Liabilities**	-0.01	-0.08
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**	1.76	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	-0.03
; ; Return on Equity	**Net Income / Total Stockholders' Equity**	-0.01	-0.06
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	-1,784	-196.1

Other Relevant Information
None.

Filed on behalf by:

Name	Ian Jason Aguirre
Designation	President and CEO

APC GROUP INC.

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 2022

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 2022**

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 [**x**] 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 [**x**] No [ ]

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

13. The aggregate market value of the voting stock held by non-affiliates of the registrant as of 31 December 2022: ₱790,121,848.94

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 P0.206 per share on December 31, 2022.

APC GROUP INC.

TABLE OF CONTENTS

Contents

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

APC Group, Inc. (the Parent Company or APC) and subsidiaries (the Group) were incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on October 15, 1993 and was originally organized to engage in the oil and gas exploration and development.

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:

Company	Nature of Business	Date of Incorporation	Percentage of Ownership
Aragorn Power and Energy Corporation (APEC)	Energy	January 6, 2005	97.6%
PRC-Magma Energy Resources Inc. (PRC - Magma)*	Energy	June 10, 2009	85%
APC Cement Corporation (APC Cement)	Manufacturing	November 15, 1994	100%
APC Energy Resources, Inc. (APCERI)	Mining	January 31, 2005	100%
APC Mining Corporation (APC Mining)	Mining	March 17, 2005	83.3%

**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.

Status of Operations

The following is the status of operations of the Group:

a. Aragorn Power and Energy Corporation (APEC)

APEC 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 geothermalservice area, was secured. The GSC was converted into a Geothermal Renewable Service Contract (GRESC) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESC 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. As at December 31, 2022 and 2021, APEC and GMC each has 5% participation as provided under the FOA.

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 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. The results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

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 US$300.0 million.

On January 15, 2020, APEC contributed US$2.1 million (P=106.5 million) to AllFirst Kalinga Holdings Inc. (AKHI) equivalent to the 5% share of the US$42.08 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.

On October 13, 2020, APEC secured an extension of the GRESC exploration period from the 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 drilling of PAS-02 with commercial temperature and encouraging chemistry.

On March 12, 2021, KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended on 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.

After the evaluation and study, the results of the 3G established the presence of multiple independent systems within the KGP prospect. Three potentially exploitable systems have been discovered located in the areas of Liwang, Caigutan, and Dananao. All three systems are located within the existing contract area. The KGP Conceptual Model was updated accordingly into an Integrated Resource Assessment (IRA) report and was submitted to the DOE on June 29, 2022.

On June 23, 2022, APEC secured a suspension of obligations under the GRESC recognizing the COVID-19 restrictions and the typhoons and landslides/rockslides incidents that occurred throughout 2020 as force majeure. Effectively, the suspension allows for consideration of the impacted days to be added to the GRESC exploration period moving the end date from October 12, 2022 to May 28, 2023.

On January 26, 2023, APEC secured from DOE its acknowledgement of the proposal for application for New Investment on the newly discovered potentially exploitable systems of Caigutan and Dananao as stated in the submitted and received IRA report. DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GRESC as Southwest Kalinga Geothermal Power Project (SW KGPP).

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 28, 2023, 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. 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.

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 2021-2022, KGP has already extended scholarships to 380 grantees and has produced 297 graduates in various courses, which includes 54 licensed professionals, scholarship accounts for 27% 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 under the SW KGPP GRESC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling planning. Meanwhile, in anticipation of existing KGP GRESC exploration period ending May 28, 2023, an extension will be sought to support the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area. As at report date, APEC is in the process of completing the necessary documents for the facilitation of the New Investment, the awarding of the SW KGPP GRESC, and the expected renewal of the KGP GRESC.

b. APC Energy Resources Inc. (APC Energy)

APC Energy was established to engage in exploration, development and utilization of renewable energy resources. APC Energy's Coal Operating Contracts with the DOE in both Masbate and Isabela were terminated in 2013 and 2015, 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 was granted a minig permit for the exploration of chromite, copper and nickel deposits in Alubijid, Misamis Oriental. In 2013, APC Mining gave up its exploration permit because the area has low prospect for chromite, copper and nickel.

d. APC Cement Corporation (APC Cement)

APC Cement was established to engage in the manufacture of cement. As at December 31, 2022, 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 2010, the PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESC) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. In 2015, the service contracts were 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.

As at December 31, 2022 and 2021 the Group is still evaluating new business opportunities for its non-operating subsidiaries.

Employees

APC Group Inc. had a total of 2 employees as of December 31, 2022.

Item 2. Properties

Description of Property

Company/Owner	Location	Description
APC Group, Inc.	Ginatilan, Cebu City	Various lots with a total estimated area of 70,897 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:

	2022		2021	
Share Prices	High	Low	High	Low
First Quarter	₱ 0.270	₱ 0.220	₱ 0.590	₱ 0.375
Second Quarter	0.255	0.195	0.415	0.350
Third Quarter	0.239	0.171	0.400	0.255
Fourth Quarter	0.208	0.171	0.275	0.210

The price information as of December 31, 2022 is ₱0.206, with market capitalization of ₱ 1,547,432,859.38.

Holders

The number of shareholders of record as of December 31, 2022 was 591. Common shares outstanding as of December 31, 2022 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	2,324,939,165	30.9818
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 RESOURCESCORPORATION	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. DEV. 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-EDGEDPROPERTIES	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, 2022

		Number of Shares
Number of Issued and Outstanding Shares		7,511,809,997
Less: Number of Treasury Shares (if any)		7,606,000
Number of Outstanding Shares		**7,504,203,997**
Less:		
	% to Total Outstanding Shares	**Common**
Directors and Officers	0.0392%	2,938,707
Principal Stockholders	46.6405%	3,500,000,000
Affiliates	2.2084%	165,722,334
Total	**48.8881%**	**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, 2022

$$\frac{3{,}835{,}542{,}956}{7{,}504{,}203{,}997} \text{ shares} \quad 51.112\%$$

Number of Issued Shares	=	7,511,809,997
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	=	541,353,564
Foreign Ownership Level (%)	=	7.2140%
Foreign Ownership Limit (%)	=	40%

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

For The Financial Year Ended 2022 compared to Year Ended 2021

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31 2022	Dec 31 2021	Increase (Decrease) Amount	%	2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	**17,969,394**	13,976,898	3,992,496	*29%*	*7%*	*5%*
Receivables	**1,618,021**	2,643,369	(1,025,348)	*-39%*	*1%*	*1%*
Other current assets	**42,412**	15,940	26,472	*166%*	*0%*	*0%*
Total current assets	**19,629,827**	16,636,207	2,993,620	*18%*	*8%*	*6%*
Noncurrent Assets						
Deferred exploration costs	**218,054,455**	218,054,455	-	*0%*	*84%*	*84%*
Investment properties	**9,156,000**	12,048,000	(2,892,000)	*-24%*	*4%*	*5%*
Financial assets at FVOCI	**3,020,525**	2,734,370	286,155	*10%*	*1%*	*1%*
Other noncurrent assets - net	**9,769,625**	9,605,057	164,568	*2%*	*4%*	*4%*
Total noncurrent assets	**240,000,605**	242,441,882	(2,441,277)	*-1%*	*92%*	*94%*
Total Assets	**259,630,432**	259,078,089	552,343	*0%*	*100%*	*100%*
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	**28,852,367**	28,141,965	710,402	*3%*	*11%*	*11%*
Advances from related parties	**79,978,631**	79,978,631	-	*0%*	*31%*	*31%*
Total current liabilities	**108,830,998**	108,120,596	710,402	*1%*	*42%*	*42%*
Noncurrent Liabilities						
Retirement Liability	**3,481,207**	3,281,654	199,553	*6%*	*1%*	*1%*
Total Liabilities	**112,312,205**	111,402,250	909,955	*1%*	*43%*	*43%*
Equity Attributable to Equity Holders of the Parent Company						
Capital Stock	**63,880,788**	63,880,788	-	*0%*	*25%*	*25%*
Additional paid-in capital	**144,295,958**	144,295,958	-	*0%*	*56%*	*56%*
Deficit	**(23,189,323)**	(22,322,828)	(866,495)	*4%*	*-9%*	*-9%*
Treasury stock	**(29,435,220)**	(29,435,220)	-	*0%*	*-11%*	*-11%*
Equity reserves	**(1,219,434)**	(1,749,327)	529,893	*-30%*	*0%*	*-1%*
Total Equity Attributable to Parent Company	**154,332,769**	154,669,371	(336,602)	*0%*	*59%*	*60%*
Non-controlling interests	**(7,014,542)**	(6,993,532)	(21,010)	*0%*	*-3%*	*-3%*
Total Equity	**147,318,227**	147,675,839	(357,612)	*0%*	*57%*	*57%*
Total Liabilities and Equity	**259,630,432**	259,078,089	552,343	*0%*	*100%*	*100%*

Assets

The Company recorded consolidated assets of ₱259.6 million as at December 31, 2022, higher by 0.2% from ₱ 259.1 million in 2021. The main movements in the balance sheet are as follows:

- Cash and cash equivalents increased by 29% from ₱14.0 million as at December 31, 2021 to ₱18.0 million as at December 31, 2022. This increase is mainly due to proceeds from the partial sale of land owned by the Company located in Ginatillan, Cebu, cash earned as interest and dividend income. Partly, this increase was offset by payment of the Company’s expenses.

- Financial assets at FVOCI increased by 10% as a result of the movement in stock prices of the shares held by the Company as of December 31, 2022.

- Investment property pertains to land owned by the Company located in Ginatillan, Cebu. Lot no. 335 valued at ₱2.9 million was sold for ₱8.2 million resulting to a gain on sale amounting to ₱5.3 million. There is no change in the value of remaining properties.

Liabilities

Total liabilities as at December 31, 2022 of the Company amounted to ₱112.3 million, increased by 1% or ₱0.9 million versus liabilities as at December 31, 2021 mainly due to the taxes payable related to the partial sale of land and 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 at ₱1.00 a share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both at ₱0.01 par value a share.

On February 20, 2020, the SEC approved the equity restructuring of the Parent Company primarily to write-off the 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 cannot is not allowed to be applied for future losses that may be incurred by the Parent 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 0.2% from ₱147.7 million in 2021 to ₱147.3 million in 2022 due to the incurred net loss in 2022 amounting to ₱0.9 million, offset by other comprehensive gains recognized in 2022 amounting to ₱0.5 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 2023.

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 2022	Dec 31 2021	Increase (Decrease) Amount	%	2022	2021
Interest Income	**186,082**	142,092	43,990	*31%*	*37%*	*35%*
Dividend Income	**319,476**	259,129	60,347	*23%*	*63%*	*65%*
Total Revenue	**505,558**	401,221	104,337	*26%*	*100%*	*100%*
General and Administrative Expenses	**(6,702,063)**	(8,949,492)	2,247,429	*-25%*	*-1326%*	*-2231%*
Total Costs and Expenses	**(6,702,063)**	(8,949,492)	2,247,429	*-25%*	*-1326%*	*-2231%*
Gain on sale of properties	**5,309,000**	-	5,309,000	*0%*	*1050%*	*0%*
Total Other Income(Loss)	**5,309,000**	-	5,309,000	*0%*	*1050%*	*0%*
Net Loss	**(887,505)**	(8,548,271)	7,660,766	*-90%*	*-176%*	*-2131%*
Net Loss Attributable to:						
Equity holders of the Parent Company	**(866,495)**	(8,419,648)	7,553,153	*-90%*	*-171%*	*-2099%*
Non-controlling interests	**(21,010)**	(128,623)	107,613	*-84%*	*-4%*	*-32%*
	(887,505)	(8,548,271)	7,660,766	*-90%*	*-176%*	*-2131%*
Other Comprehensive Income (Loss)						
Unrealized gain/(loss) on fair value changes of financial assets at FVOCI	**286,155**	(95,385)	381,540	*-400%*	*57%*	*-24%*
Remeasurement gain/(loss) on defined benefit obligation	**243,738**	3,491,033	(3,247,295)	*-93%*	*48%*	*870%*
Total Comprehensive Loss for the period	**(357,612)**	(5,152,623)	4,795,011	*-93%*	*-71%*	*-1284%*
Total Comprehensive Loss Attributable to:						
Equity holders of the Parent Company	**(336,602)**	(5,024,000)	4,687,398	*-93%*	*-67%*	*-1252%*
Non-controlling interests	**(21,010)**	(128,623)	107,613	*-84%*	*-4%*	*-32%*
	(357,612)	(5,152,623)	4,795,011	*-93%*	*-71%*	*-1284%*

APC Group, Inc. reported consolidated net loss of ₱0.9 million for 2022, 90% lower than the ₱8.5 million net loss reported in the previous year.

Revenue

The Company recorded revenues of ₱0.5 million for the year ended 2022, 26% higher than the ₱0.4 million revenues recognized in 2021. This increase is brought about by the higher interest income from cash and money market placements for 2022 due to higher amount of cash. Dividends received from the Company's financial assets through FVOCI is also higher.

Costs and Expenses

The Company recorded ₱6.7 million in costs and expenses for the year, 25% lower than the ₱8.9 million in 2021 due to optimization of expenses, lower personnel costs and absence of filing fees and taxes related to the increase in authorized capital stock of APEC.

Other Income (Loss)

Other income of the Company in 2022 pertains to the ₱5.3 million gain in the sale of parcel of land with a carrying amount of ₱2.9 million for ₱8.2 million. There is no revaluation in 2022 and 2021.

Other Comprehensive Income (Loss)

Other comprehensive income of the Group represents fair value changes on financial assets at FVOCI and remeasurement losses on retirement liability. In 2022, there is ₱0.3 million unrealized gain on fair value changes of financial assets at FVOCI and ₱0.2 million remeasurement gain on retirement liability. Total other comprehensive gain for the year is at ₱0.5 which is ₱3.2 million lower than last year's gain of ₱3.4 million.

As of December 31, 2022, 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 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) Amount	%	2021	2020
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%*
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 ₱259.1 million as at December 31, 2021, lower by 3% from ₱267.4 million in 2020. The main movements in the balance sheet are as follows:

- Cash and cash equivalents decreased by 35% from ₱21.5 million as at December 31, 2020 to ₱14.0 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 2022.

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) Amount	%	2021	2020
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.

KEY PERFORMANCE INDICATORS

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

1. **Return on Assets Ratio (ROA).** ROA is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's annual earnings by its total assets.

2. **Return on Equity Ratio (ROE).** ROE measures how much profit is generated with the money shareholders have invested in the Company. It is expressed as a percentage and calculated by dividing net income by total Stockholders' Equity.

3. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.

4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.

5. **Asset-to-Equity Ratio (AER).** AER is computed using total assets divided by the total stockholders' equity. This ratio shows the relationship of the total assets of the firm owned by shareholders and an indicator of the leverage used to finance the Company.

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

Financial Ratios	YTD 31 December 2022	YTD 31 December 2021
Return on Assets Ratio	(0.00)	(0.03)
Return on Equity Ratio	(0.01)	(0.06)
Current Ratio	0.18	0.15
Debt to Equity Ratio	0.76	0.75
Asset to Equity Ratio	1.76	1.75

Discussion on the key performance indicators

Return on Assets Ratio and Return on Equity Ratio

The Company's ROA and ROE for 2022 and 2021 are negative due to the reported a net losses for both years. There is no significant movement in these ratios from 2021 to 2022.

Current Ratio

Current Ratio increased from 0.15 in 2021 to 0.18 in 2022 due to the increase in cash generated from the sale of parcel of land under investment propery.

Debt to Equity Ratio

There is a slight increase in the Company’s debt to equity ratio from 0.75 as of December 31, 2021 to 0.76 as of December 31, 2022 due to recordning of taxes payable related to the partial sale of land and increase in the Company’s defined benefit obligation based on the latest actuarial valuation obtained by the Company from a third party.

Assets to Equity Ratio

There is a slight increase in the Company’s assets to equity ratio from 0.75 as of December 31, 2021 to 0.76 as of December 31, 2022 due to increase in cash from partial sale of investment property and decrease in equity due to loss incurred for the year.

Key Variables and other Qualitative and Quantitative Factors

The Company expects no material commitments for capital expenditures and expected funds in 2022. 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 of the Group comprise the financial statements of the Parent Company and the following subsidiaries (collectively referred to as the "Company"):

	Percentage of Ownership		
Subsidiaries	**Direct**	**Indirect**	**Total**
Aragorn Power and Energy Corporation (APEC) (1)	97.6%	-	97.6%
PRC-Magma Energy Resources Inc. (PRC - Magma) (2)	-	85%	85%
APC Cement Corporation (APC Cement) (2)	100%	-	100%
APC Energy Resources, Inc. (APCERI) (2)	100%	-	100%
APC Mining Corporation (APC Mining) (2)	83.3%	-	83.3%

(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 counter parties to fulfill their obligations on maturity dates or due to adverse market conditions.

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 credit 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 counterparties, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal.

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:

	2022				
	Neither Past Due nor Impaired		**Past due but not impaired**	**Credit Impaired**	**Total**
	High Grade	**Standard Grade**			
Cash and cash equivalents*	**₱17,966,044**	**₱–**	**₱–**	**₱–**	**₱17,966,044**
Receivables:					
Nontrade receivables	**–**	**1,490,413**	**–**	**–**	**1,490,413**
Advances to officers and employees	**–**	**38,174**	**–**	**–**	**38,174**
Others	**–**	**89,434**	**–**	**–**	**89,434**
Security deposits**	**23,822**	**–**	**–**	**–**	**23,822**
Financial assets at FVOCI	**3,020,525**	**–**	**–**	**–**	**3,020,525**
	₱21,010,391	**₱1,618,021**	**₱–**	**₱–**	**₱22,628,412**

**Excluding cash on hand amounting to ₱3,350.*
***Presented under "Other noncurrent assets" account.*

	2021				
	Neither Past Due nor Impaired		Past due but not impaired	Credit Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	₱13,969,150	₱–	₱–	₱–	₱13,969,150
Receivables:					
Nontrade receivables	–	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.*

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:

	2022				
	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
Trade and other payables*	**₱21,674,160**	**₱7,153,976**	**₱–**	**₱–**	**₱28,828,136**
Advances from a related party	**79,978,631**	**–**	**–**	**–**	**79,978,631**
	₱101,652,791	**₱7,153,976**	**₱–**	**₱–**	**₱108,806,767**

**Excluding statutory liabilities to the government.*

	2021				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
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.*

<u>Equity Price Risk</u>

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 ₱3.0 million and ₱2.7 million as at December 31, 2022 and 2021, respectively (see Note 9).

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

	Change in Equity Price*	Effect on Equity
2022	**8%**	**₱234,472**
	(8%)	**(234,472)**
2021	13%	₱346,922
	(13%)	(346,922)

**Based on PSE market index*

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:

	2022			
	Valuation Date	**Total**	**Level 1**	**Level 2**
Assets measured at fair value:				
Investment properties	**December 31, 2020**	**₱9,156,000**	**₱–**	**₱9,156,000**
Financial assets at FVOCI	**December 31,2022**	**3,020,525**	**3,020,525**	**–**
		₱12,176,525	**₱3,020,525**	**₱9,156,000**

		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

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, 2022 and 2021.

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 8.

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, 2022 and 2021.

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 statements of financial position as its core capital. As at December 31, 2022 and 2021, the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2022 and 2021.

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3. <u>OTHER REQUIRED DISCLOSURES</u>

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, 2022.

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, 2022 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, 2022 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 2022 are filed as part of this Form 17A.

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

Consolidated Financial Statements

Statement of Management's Responsibility for Financial Statements	Report
Report of Independent Auditors	
Consolidated Statement of Financial Position as of December 31, 2022 and 2021	CSFP
Consolidated Statements Comprehensive Income for the years ended December 31, 2022, 2021 and 2020	CSCI
Consolidated Statements of Changes in Equity for the years ended December 31, 2022, 2021 and 2020	CSCE
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020	CSCF
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 June 09, 2022. Representatives of RT are expected to be present at the 2023 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 (ID)	Chairman
Jerry C. Tiu (ID)	Member
Jackson T. Ongsip	Member

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

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

External Audit Fees and Services

1. Audit fees for the audit of the Company's annual financial statements amounted to ₱220,000 in 2022 and ₱220,000 in 2021.
2. a. No other assurance and related services were rendered in 2022 and 2021.
   b. No tax services were rendered by the external auditor in 2022 and 2021.
   c. There were no other fees paid to the external auditor in 2022 and 2021.
   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' StandardsReview 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 June 09, 2022 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	66	Chairman	Filipino
Ian Jason R. Aguirre	48	President/CEO//Director	Filipino
Edmundo L. Tan	77	Director	Filipino
Jackson T. Ongsip	49	Director	Filipino
Virginia A. Yap	71	Director	Filipino
Jerry C. Tiu	65	Independent Director	Filipino
Rafael M. Alunan III	74	Lead Independent Director	Filipino
Richard Anthony D. Alcazar	52	Corporate Secretary	Filipino
Nicole Bernadette C. Dulay	31	Assistant Corporate Secretary	Filipino
Marie Joy T. Co	41	Treasurer and Compliance Officer	Filipino
Anna Josefina G. Esteban	55	Chief Audit Executive	Filipino
Michelle Angeli T. Hernandez	51	Chief Risk Officer	Filipino

The Company's Board of Directors are vested by the By-laws of the Company over-all responsibility for the management of the Company's business. The Board 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:

Willy N. Ocier, Filipino, 66, is the Chairman and Director of the Company. He is an Executive Director and Chairman of Belle Corporation. He is also the Chairman and Director of Premium Leisure Corp., Pacific Online Systems Corporation, Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and one of the Directors of Tagaytay Highlands International 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., 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, Filipino, 49, is a Non-Executive Director of APC Group. He is also the President and Chief Executive Officer of Belle Corporation and Pacific Online Systems Corporation, and Vice President for Portfolio Investments of SM Investments Corporation. Mr. Ongsip is 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 10 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, 77, 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, 71, 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 Non-Executive 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*, 74, 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.

Mr. Jerry C. Tiu*, 65, Filipino, is an independent director of APC Group, Inc. He is likewise an independent director of Premium Leisure Corp. He is a 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.

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”

Atty. Richard Anthony D. Alcazar, 52, 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.

Atty. Nicole Bernadette M. Dulay, 31, 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, 41, 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.

Ms. Anna Josefina G. Esteban, 55, 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.

Ms. Michelle Angeli T. Hernandez, 51, Filipino, is the Chief Risk Officer of the Company. She is the Compliance Officer, Chief Risk Officer and Vice President for Governance of Belle Corporation, and Compliance Officer 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/yrs	Date First Elected	Position	Nationality
Willy N. Ocier	66	Year 1999 to present	Chairman	Filipino
Ian Jason R. Aguirre	49	August 13, 2015 to November 5, 2021	EVP-CFO/Compliance Officer/CRO/Treasurer	Filipino
		November 5, 2021 to present	President, CEO and Executive Director	
Richard Anthony D. Alcazar	52	May 31, 2017 to present	Corporate Secretary	Filipino
Nicole Bernadette M. Dulay	31	July 22, 2021 to present	Assistant Corporate Secretary	Filipino
Marie Joy T. Co	41	November 5, 2021 to present	Treasurer , Financial Controller and Compliance Officer	Filipino
Michelle Angeli T. Hernandez	51	July 22, 2021 to present	Chief Risk Officer	Filipino
Anna Josefina G. Esteban	55	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, Financial Controller 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 Belle Corporation	Executive Director, President and CEO 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	2023 (estimate)	₱1,300,000
	2022 (actual)	1,300,000
	2021 (actual)	1,889,500
All Other officers as a group unnamed	2023 (estimate)	–
	2022 (actual)	–
	2021 (actual)	–

[1]*CEO and Most Highly Compensated Executive Officers*

(2) Compensation of Directors

Directors	Gross Allowances for Board Meetings attended in 2022 (PHP)
Willy N. Ocier	40,000.00
Ian Jason R. Aguirre	40,000.00
Jackson T. Ongsip	40,000.00
Edmundo L. Tan	40,000.00
Jerry C. Tiu	40,000.00
Virginia A. Yap	40,000.00
Rafael M. Alunan III	40,000.00

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, 2022:

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 5th Floor, Tower A, Two E-Com Center, Palm Coast Avenue, Mall of Asia Complex, Pasay City, Metro Manila (**Parent**)	(Note 1)	Filipino	3,5000,000,000 (direct)	46.64%
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (**Stockholde**r)	(Note 2)	Filipino	1,899,685,601	25.3150%
Common	PCD Nominee Corp G/F Makati Stock Exchange, Ayala Ave. Makati City (**Stockholde**r)	(Note 2)	Non-Filipino	425,253,564	5.6669%

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, 2022.

Title Class	Name of Beneficial Owner	Citizenship	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	Filipino	1	Direct	Voting	1	-
Common	Edmundo L. Tan	Filipino	234,701	Direct / Indirect	Voting	234,701	-
Common	Jerry C. Tiu	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

(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.

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	
		2022	2021	**2022**	2021
Nontrade receivables					
Entity under common management	Reimbursements	**₱471,194**	₱-	**₱1,490,413**	₱2,498,666
Advances from a related party					
Stockholder	Advances	**₱–**	₱–	**₱79,406,947**	₱79,406,947
	Share in expenses	**–**	–	**571,684**	571,684
				₱79,978,631	₱79,978,631

Compensation of key management personnel presented as part of "Salaries and employee benefits" under "General and administrative expenses" account in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021 (and 2020) consist of the following:

	2022	2021	2020
Salaries and short-term employee benefits	**₱1,240,190**	₱1,529,500	₱1,944,667
Retirement costs	**123,294**	205,316	345,507
	₱1,363,484	₱1,734,816	₱2,290,174

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, 2022	2021 Audited Financial Statement
April 07, 2022	Notice of 2022 Annual or Special Stockholders' Meeting
June 09, 2022	Results of 2022 Annual or Special Stockholders' Meeting
June 09, 2022	Results of Organizational Meeting of the Board of Directors

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.

<u>Board Attendance</u>

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 2022, each of the Company's directors have complied with the requirements.

The schedules for the 2023 Board and Committee meetings were approved by the Board in November 2022.

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

Board of Directors	21-Feb-22	7-Apr-22	4-May-22	9-Jun-22[1]	9-Jun-22[2]	4-Aug-22	10-Nov-22	7-Dec-22
Ocier, Willy	✓	✓	✓	✓	✓	✓	x	✓
Aguirre, Ian Jason R.	✓	✓	✓	✓	✓	✓	✓	✓
Alunan, Rafael M. III (ID)	✓	✓	✓	✓	✓	✓	✓	✓
Ongsip, Jackson T.	✓	✓	✓	✓	✓	✓	✓	✓
Tan, Emundo L.	✓	✓	✓	✓	✓	✓	✓	x
Tiu, Jerry C. (ID)	✓	✓	✓	✓	✓	✓	✓	✓
Yap, Virginia A.	✓	✓	✓	✓	✓	✓	✓	✓

[1] - *Annual Stockholders' Meeting*

[2] - *Board Organizational Meeting*

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 2022 performance was conducted within the first quarter of 2023. 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 2022 as shown below.

Name	Training Provider	Date	Topic
Willy N. Ocier	BDO	20-Jul-22	Sustainability and the Role of Boards Geopolitical Risk
Ian Jason R. Aguirre	BDO	20-Jul-22	
Jackson T. Ongsip	BDO	20-Jul-22	
Edmundo L. Tan	BDO	20-Jul-22	
Virginia A. Yap	BDO	20-Jul-22	
Jerry C. Tiu	BDO	20-Jul-22	
Rafael M. Alunan III	BDO	20-Jul-22	
Marie Joy T. Co	BDO	20-Jul-22	
Richard Anthony D. Alcazar	BDO	20-Jul-22	
Anna Josefina G. Esteban	BDO	20-Jul-22	
Nicole Bernadette M. Dulay	GGAPP	10-Nov-22	8th Annual Forum on Governance, Ethics and Compliance
Michelle Angeli T. Hernandez	BDO	20-Jul-22	Sustainability and the Role of Boards Geopolitical Risk

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 disclsoure 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 2022 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 2022.

Below is the list of Board Committee meetings in 2022:

Executive Committee	21-Feb-22
Chairman	Ocier, Willy N.
Member	Aguirre, Jason R.
Member	Yap, Virginia A.

Audit Committee	21-Feb-22	7-Apr-22	4-May-22	4-Aug-22	10-Nov-22	7-Dec-22
Chairman (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III
Member	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.

Corporate Governance Committee	21-Feb-22	7-Apr-22	10-Nov-22	7-Dec-22
Chairman (ID)	Jerry C. Tiu	Jerry C. Tiu	Jerry C. Tiu	Alunan, Rafael M. III
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III	Ongsip, Jackson T.
Member	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.	Tiu, Jerry C.

Compensation and Remuneration Committee	21-Feb-22	4-Aug-22
Chairman	Ocier, Willy N.	Ocier, Willy N.
Member	Tan, Edmundo L.	Tan, Edmundo L.
Member	Yap, Virginia A.	Yap, Virginia A.

Risk Oversight Committee	21-Feb-22	10-Nov-22	7-Dec-22
Chairman	Ongsip, Jackson T.	Ongsip, Jackson T.	Alunan, Rafael M. III
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.	Ongsip, Jackson T.
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Tiu, Jerry C.

Related Party Transactions Committee	21-Feb-22	4-Aug-22
Chairman (ID)	Tiu, Jerry C.	Tiu, Jerry C.
Member	Ongsip, Jackson T.	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**	Accoun-ting / Audit	Anti-Money Launde-ring	Bank-ing	Corp. Gov.	Econo-mics	Finance	Hospit a-lity / Leisure	IT / Comm	Insu-rance	Invest-ment	Internal Control	Law	Manag e-ment	Manufa c-turing	Mining	Real Estate	Retail	Risk Manag e-ment	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, 2022 is shown below:

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@bellecorp.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 04, 2023.

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, Compiance

Richard Anthony D. Alcazar
Officer Corporate Secretary

SUBSCRIBED AND SWORN to before me this APR 11 2023 at MAKATI CITY, 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	[illegible]	[illegible]	[illegible]
Ian Jason R. Aguirre	[illegible]	[illegible]	[illegible]
Marie Joy T. Co	[illegible]	[illegible]	[illegible]
Richard Anthony D. Alcazar	[illegible]	[illegible]	[illegible]

Notary Public

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
B. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

Doc. No. 57
Page No. 12
Book No. 7
Series of 2023

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, 2022, 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 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., the independent auditor appointed by the stockholders for the years ended December 31, 2022 and 2021, 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

MARIE JOY T. CO
Treasurer and Financial Controller

IAN JASON R. AGUIRRE
President and Chief Executive Officer

February 28, 2023

FEB 2 8 2023 MAKATI CITY

SUBSCRIBED AND SWORN to before me this ______________ at ___________ 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			
Ian Jason R. Aguirre			
Marie Joy T. Co			

DOC. NO. 155
PAGE NO. 32
BOOK NO. 57
SERIES OF 2023

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2023
Appointment No. M-019-(2022-2023)
PTR No. 9563523 Jan. 3, 2023 / Makati City
IBP Lifetime No. 04897 Roll No. 45790
MCLE Compliance No. VI-0016565
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	3	8	1	2	7		

C O M P A N Y   N A M E

A P C   G R O U P ,   I N C .   A N D   S U B S I D I A R I E S

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

G / F   M y T o w n   N e w   Y o r k   B l d g . ,   G e n e r a l   E .   J a c i n t o   S t .   c o r .   C a p a s   S t . ,   B r g y .   G u a d a l u p e   N u e v o ,   M a k a t i   C i t y

Form Type	Department requiring the report	Secondary License Type, If Applicable
A A C F S	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

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ian Jason R. Aguirre	apcgrpinc@gmail.com	(02) 8662-8888 loc. 2144	–

CONTACT PERSON'S ADDRESS

G/F MyTown New York Bldg., General E. Jacinto St. cor. Capas St., Brgy. Guadalupe Nuevo, Makati City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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. 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 statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). 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, 2022. 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.

<u>Assessing Recoverability of Deferred Exploration Costs</u>
As at December 31, 2022, the Group has deferred exploration costs amounting to ₱218.1 million, which represent 84.0% 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 (GRESC) 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 recoverability of deferred exploration costs when facts and circumstances suggest that the carrying amount exceeds the recoverable amount. The assessment of the 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, the review of 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 7 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, 2022, 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, 2022 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 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 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 PSAs 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 PSAs, 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.

- 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. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱17,969,394**	₱13,976,898
Receivables	6	**1,618,021**	2,643,369
Prepayments		**42,412**	15,940
Total Current Assets		**19,629,827**	16,636,207
Noncurrent Assets			
Deferred exploration costs	7	**218,054,455**	218,054,455
Investment properties	8	**9,156,000**	12,048,000
Financial assets at fair value through other comprehensive income (FVOCI)	9	**3,020,525**	2,734,370
Other noncurrent assets	10	**9,769,625**	9,605,057
Total Noncurrent Assets		**240,000,605**	242,441,882
		₱259,630,432	₱259,078,089
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**₱28,852,367**	₱28,141,965
Advances from a related party	13	**79,978,631**	79,978,631
Total Current Liabilities		**108,830,998**	108,120,596
Noncurrent Liabilities			
Retirement liability	14	**3,481,207**	3,281,654
Total Liabilities		**112,312,205**	111,402,250
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
Deficit		**(23,189,323)**	(22,322,828)
Treasury stock	12	**(29,435,220)**	(29,435,220)
Equity reserves		**(1,219,434)**	(1,749,327)
Total Equity Attributable to Equity Holders of the Parent Company		**154,332,769**	154,669,371
Non-controlling Interests		**(7,014,542)**	(6,993,532)
Total Equity		**147,318,227**	147,675,839
		₱259,630,432	₱259,078,089

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Figures for 2020)

	Note	**2022**	2021	2020
INCOME				
Dividend	9	**₱319,476**	₱259,129	₱319,476
Interest	5	**186,082**	142,092	947,058
		505,558	401,221	1,266,534
GENERAL AND ADMINISTRATIVE EXPENSES	15	**(6,702,063)**	(8,949,492)	(9,167,147)
GAIN ON SALE OF INVESTMENT PROPERTY	8	**5,309,000**	–	–
GAIN ON CHANGE IN FAIR VALUE OF INVESTMENT PROPERTIES	8	**–**	–	2,019,130
NET LOSS		**(887,505)**	(8,548,271)	(5,881,483)
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent periods:				
Unrealized gain (loss) on fair value changes of financial assets at FVOCI	9	**286,155**	(95,385)	(794,875)
Remeasurement gain (loss) on retirement liability	14	**243,738**	3,491,033	(1,748,616)
		529,893	3,395,648	(2,543,491)
TOTAL COMPREHENSIVE LOSS		**(₱357,612)**	(₱5,152,623)	(₱8,424,974)
Net Loss Attributable to:				
Equity holders of the Parent Company	17	**(₱866,495)**	(₱8,419,648)	(₱5,869,322)
Non-controlling interests		**(21,010)**	(128,623)	(12,161)
		(₱887,505)	(₱8,548,271)	(₱5,881,483)
Total Comprehensive Loss Attributable to:				
Equity holder of the Parent Company		**(₱336,602)**	(₱5,024,000)	(₱8,412,813)
Non-controlling interests		**(21,010)**	(128,623)	(12,161)
		(₱357,612)	(₱5,152,623)	(₱8,424,974)
Basic/Diluted Loss Per Common Share	17	**(₱0.000115)**	(₱0.001122)	(₱0.000782)

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(With Comparative Figures for 2020)

	Note	**2022**	2021	2020
CAPITAL STOCK	12			
Balance at beginning of year		**₱63,880,788**	₱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	63,880,788
ADDITIONAL PAID-IN CAPITAL	12			
Balance at beginning of year		**144,295,958**	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	144,295,958
DEFICIT				
Balance at beginning of year		**(22,322,828)**	(13,903,180)	(7,801,877,957)
Net loss		**(866,495)**	(8,419,648)	(5,869,322)
Effect of equity restructuring	12	**–**	–	7,793,844,099
Balance at end of year		**(23,189,323)**	(22,322,828)	(13,903,180)
TREASURY STOCK				
Balance at beginning and end of year		**(29,435,220)**	(29,435,220)	(29,435,220)
EQUITY RESERVES				
Cumulative Changes in Fair Value of Financial Asset at FVOCI	9			
Balance at beginning of year		**1,886,369**	1,981,754	2,776,629
Unrealized gain (loss) on fair value changes		**286,155**	(95,385)	(794,875)
Balance at end of year		**2,172,524**	1,886,369	1,981,754
Cumulative Remeasurement Losses on Retirement Liability	14			
Balance at beginning of year		**(495,461)**	(3,986,494)	(2,237,878)
Remeasurement gain (loss)		**243,738**	3,491,033	(1,748,616)
Balance at end of year		**(251,723)**	(495,461)	(3,986,494)
Other Equity Reserve				
Balance at beginning and end of year		**(3,140,235)**	(3,140,235)	(3,140,235)
		(1,219,434)	(1,749,327)	(5,144,975)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**154,332,769**	154,669,371	159,693,371
NON-CONTROLLING INTEREST				
Balance at beginning of year		**(6,993,532)**	(6,864,909)	(6,852,748)
Net loss		**(21,010)**	(128,623)	(12,161)
Balance at end of year		**(7,014,542)**	(6,993,532)	(6,864,909)
		₱147,318,227	₱147,675,839	₱152,828,462

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Figures for 2020)

	Note	**2022**	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss		**(₱887,505)**	(₱8,548,271)	(₱5,881,483)
Adjustments for:				
Gain on sale of investment property	8	**(5,309,000)**	–	–
Retirement costs	14	**443,291**	806,680	775,694
Dividend income	9	**(319,476)**	(259,129)	(319,476)
Interest income	5	**(186,082)**	(142,092)	(947,058)
Depreciation	10	**13,884**	20,828	27,522
Gain on change in fair value of investment properties	8	**–**	–	(2,019,130)
Operating loss before working capital changes		**(6,244,888)**	(8,121,984)	(8,363,931)
Decrease (increase) in:				
Receivables		**1,025,348**	1,058,904	(2,117,079)
Input VAT		**(178,452)**	(285,218)	(319,245)
Prepayments		**(26,472)**	–	(13,354)
Increase (decrease) in trade and other payables		**710,402**	(510,879)	25,043
Net cash used for operations		**(4,714,062)**	(7,859,177)	(10,788,566)
Dividend received		**319,476**	259,129	319,476
Interest received		**186,082**	142,092	947,058
Net cash used in operating activities		**(4,208,504)**	(7,457,956)	(9,522,032)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment property	8	**8,201,000**	–	–
Additions to deferred exploration costs		**–**	(40,955)	(106,493,499)
Net cash provided by (used in) investing activities		**8,201,000**	(40,955)	(106,493,499)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,992,496**	(7,498,911)	(116,015,531)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**13,976,898**	21,475,809	137,491,340
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱17,969,394**	₱13,976,898	₱21,475,809

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(With Comparative Information for 2020)

1. **General Information**

Corporate Information

APC Group, Inc. (the Parent Company or APC) and subsidiaries (the Group) were incorporated in the Philippines and are registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on October 15, 1993 and was originally organized to engage in the oil and gas exploration and development.

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:

		Percentage of Ownership					
	Nature of	**2022**			2021		
Subsidiaries	Business	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
Aragorn Power and Energy Corporation (APEC)	Energy	**97.6**	**–**	**97.6**	97.6	–	97.6
APC Energy Resources, Inc. (APC Energy)	Mining	**100.0**	**–**	**100.0**	100.0	–	100.0
APC Mining Corporation (APC Mining)	Mining	**83.3**	**–**	**83.3**	83.3	–	83.3
APC Cement Corporation (APC Cement)	Manufacturing	**100.0**	**–**	**100.0**	100.0	–	100.0
PRC - Magma Energy Resources, Inc. (PRC-Magma)*	Energy	**–**	**85.0**	**85.0**	–	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, 2022 and 2021 (with comparative figures for 2020) were authorized and approved for issuance by the Board of Directors (BOD) on February 28, 2023, as reviewed and recommended for approval by the Audit Committee on the same date.

Status of Operations

APEC

APEC 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 (GRESC) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESC 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. As at December 31, 2022 and 2021, APEC and GMC each has 5% participation as provided under the FOA.

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 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. The results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

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 US$300.0 million.

On January 15, 2020, APEC contributed US$2.1 million (₱106.5 million) to AllFirst Kalinga Holdings Inc. (AKHI) equivalent to the 5% share of the US$42.08 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.

On October 13, 2020, APEC secured an extension of the GRESC exploration period from the 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 drilling of PAS-02 with commercial temperature and encouraging chemistry.

On March 12, 2021, KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended on 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.

After the evaluation and study, the results of the 3G established the presence of multiple independent systems within the KGP prospect. Three potentially exploitable systems have been discovered located in the areas of Liwang, Caigutan, and Dananao. All three systems are located within the existing contract area. The KGP Conceptual Model was updated accordingly into an Integrated Resource Assessment (IRA) report and was submitted to the DOE on June 29, 2022.

On June 23, 2022, APEC secured a suspension of obligations under the GRESC recognizing the COVID-19 restrictions and the typhoons and landslides/rockslides incidents that occurred throughout 2020 as force majeure. Effectively, the suspension allows for consideration of the impacted days to be added to the GRESC exploration period moving the end date from October 12, 2022 to May 28, 2023.

On January 26, 2023, APEC secured from DOE its acknowledgement of the proposal for application for New Investment on the newly discovered potentially exploitable systems of Caigutan and Dananao as stated in the submitted and received IRA report. DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GRESC as Southwest Kalinga Geothermal Power Project (SW KGPP).

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 28, 2023, 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. 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.

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 2021-2022, KGP has already extended scholarships to 380 grantees and has produced 297 graduates in various courses, which includes 54 licensed professionals, scholarship accounts for 27% 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 under the SW KGPP GRESC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling planning. Meanwhile, in anticipation of existing KGP GRESC exploration period ending May 28, 2023, an extension will be sought to support the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area. As at report date, APEC is in the process of completing the necessary documents for the facilitation of the New Investment, the awarding of the SW KGPP GRESC, and the expected renewal of the KGP GRESC.

APC Energy
APC Energy was established to engage in exploration, development and utilization of renewable energy resources. APC Energy's Coal Operating Contracts with the DOE in both Masbate and Isabela were terminated in 2013 and 2015, 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 was granted a mining permit for the exploration of chromite, copper and nickel deposits in Alubijid, Miami's Oriental. In 2013, APC Mining gave up its exploration permit because the area has low prospect for chromite, copper and nickel.

APC Cement
APC Cement was established to engage in the manufacture of cement. As at December 31, 2022, 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 2010, PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESC) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. In 2015, the service contracts were 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.

As at December 31, 2022 and 2021, the Group is still evaluating new business opportunities for its non-operating subsidiaries.

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 following accounts:

- investment in equity securities and investment properties measured at fair value; and
- retirement liability measured at present value of estimated future cash outflows.

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 8, 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, 2022:

- Amendments to PFRS 3, *Business Combinations - Reference to Conceptual Framework* – The amendments replaced 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.

- 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. There is no transition relief for first time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). 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.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

  - Amendment to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' 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 amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

  - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from 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.

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, 2022 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - 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 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, *Accounting Policies, Changes in Accounting Estimates and Errors - 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, *Income Taxes - 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. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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, 2022 and 2021, 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 and cash equivalents, 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.

<u>Value-Added Tax (VAT)</u>
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.

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 exploration work prior to and subsequent to drilling are deferred as incurred.

This account also includes APEC's 5% Farm-out participation in the KGP.

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.

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 and 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 form 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.

Office and Other Equipment

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

The initial cost of office and other equipment comprises its purchase price, including import duties and nonrefundable purchase taxes and any directly attributable costs of bringing the office and other equipment to its working condition and location for its intended use. Expenditures incurred after the Office and other 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 office and other equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of office and other 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 office and other 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 office and other equipment until these are no longer in use.

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. One or more of the following facts and circumstances indicate that the Group should test exploration and evaluation assets for impairment (the list is not exhaustive):

- 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 not be recovered in full from successful development or by sale.

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 fair value changes on financial assets at FVOCI and cumulative remeasurement losses on retirement liability.

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 not started commercial operations as at December 31, 2022.

Dividend Income. Revenue is recognized when the Group'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 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 the 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 exceed 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 not be recovered in full from successful development or by sale.

As at December 31, 2022 and 2021, deferred exploration costs relating to mining rights and other exploration costs of the Group amounting to ₱111.9 million are fully provided with allowance (see Note 7).

No impairment loss was recognized in 2022, 2021 (and 2020). The carrying value of deferred exploration costs amounted to ₱218.1 million as at December 31, 2022 and 2021 (see Note 7).

Assessing the Impairment of Other 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 other nonfinancial assets in 2022 and 2021 (and 2020).

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

	Note	**2022**	2021
Input VAT	10	**₱9,745,803**	₱9,567,351
Office and other equipment	10	**–**	13,884

Establishing 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, 2022 and 2021.

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.

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 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 8 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 ₱9.2 million and ₱12.0 million as at December 31, 2022 and 2021, respectively (see Note 8).

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 ₱28.2 million and ₱29.0 million as at December 31, 2022 and 2021 (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 geothermal and renewable energy, 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 for which discrete financial information is available is regularly reviewed by the Management Committee, which makes decisions and assessment of its performance.

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 with PFRS.

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

	Year Ended December 31		
	2022	2021	2020
Segment expenses	**(₱6,702,063)**	(₱8,949,492)	(₱9,167,147)
Gain on sale of investment property	**5,309,000**	–	–
Dividend income	**319,476**	259,129	319,476
Interest income	**186,082**	142,092	947,058
Gain on change in fair value of investment properties	**–**	–	2,019,130
Net loss	**(₱887,505)**	(₱8,548,271)	(₱5,881,483)
As at December 31			
Other information			
Segment assets	**₱259,630,432**	₱259,078,089	₱267,425,944
Segment liabilities	**112,312,205**	111,402,250	114,597,482
Depreciation	**13,884**	20,828	27,522

5. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱10,711,762**	₱3,403,587
Short-term investments	**7,257,632**	10,573,311
	₱17,969,394	₱13,976,898

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 ₱0.2 million and ₱0.1 million in 2022 and 2021, respectively (₱0.9 million in 2020).

6. Receivables

This account consists of:

	Note	2022	2021
Nontrade receivables	13	**₱1,490,413**	₱2,498,666
Advances to officers and employees		**38,174**	10,268
Others		**89,434**	134,435
		₱1,618,021	₱2,643,369

The above receivables are noninterest-bearing and are normally settled within a 30-day term.

No provision for ECL on receivables was recognized in 2022 and 2021 (and 2020).

7. Deferred Exploration Costs

This account consists of:

	2022	2021
Cost:		
KGP	**₱218,054,455**	₱218,054,455
Other exploration costs	**63,664,924**	63,664,924
Mining rights	**48,254,908**	48,254,908
	329,974,287	329,974,287
Allowance for impairment losses	**(111,919,832)**	(111,919,832)
Carrying amount	**₱218,054,455**	₱218,054,455

The movements of KGP are as follows:

	2022	2021
Balance at beginning of year	**₱218,054,455**	₱218,013,500
Additions	**–**	40,955
Balance at end of year	**₱218,054,455**	₱218,054,455

Deferred exploration costs relate to the Group's 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).

On January 15, 2020, APEC contributed US$2.1 million (₱106.5 million) to AKHI for a 5% share of the US$42.08 million appraisal drilling budget. There were no cash calls made in 2022 and 2021 (see Note 1). As at December 31, 2022 and 2021, total cash contributed amounted to ₱157.7 million.

The Group incurred exploration costs amounting to ₱40,955 in 2021 in connection with KGP (see Note 1).

As at December 31, 2022 and 2021, deferred exploration costs relating to mining rights and other exploration costs of the other projects of the Group were fully provided with allowance.

8. **Investment Properties**

The movement of this account follows:

	2022	2021
Balance at beginning of year	**₱12,048,000**	₱12,048,000
Sale	**(2,892,000)**	–
Balance at end of year	**₱9,156,000**	₱12,048,000

Investment properties pertain to parcels of land which are being held by the Group for capital appreciation. In 2022, the Group sold a parcel of land with a carrying amount of ₱2.9 million for ₱8.2 million resulting to a gain on sale amounting to ₱5.3 million.

No income was earned for the investment properties in 2022 and 2021 (and 2020). Real property tax paid amounted to ₱7,011 in 2022 and 2021 (₱2,585 in 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 and change in fair value amounting to ₱2.0 million in 2020 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 has assessed that the fair value of the investment properties as at reporting date did not materially differ from the last valuation performed.

Fair value hierarchy disclosures for investment properties are 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.

9. Financial Assets at Fair Value Through Other Comprehensive Income

The Parent Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱3,020,525 and ₱2,734,370 as at December 31, 2022 and 2021, respectively.

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

	2022	2021
Balance at beginning of year	**₱2,734,370**	₱2,829,755
Unrealized gain (loss)	**286,155**	(95,385)
Balance at end of year	**₱3,020,525**	₱2,734,370

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 statements of financial position):

	2022	2021
Balance at beginning of year	**₱1,886,369**	₱1,981,754
Change in fair value	**286,155**	(95,385)
Balance at end of year	**₱2,172,524**	₱1,886,369

The Group received dividend income from PLC amounting to ₱0.3 million in 2022 and 2021 (₱0.3 million in 2020).

10. Other Noncurrent Assets

This account consists of:

	Note	**2022**	2021
Input VAT		**₱9,745,803**	₱9,567,351
Security deposits	18	**23,822**	23,822
Office and other equipment		**–**	13,884
		₱9,769,625	₱9,605,057

Office and Other Equipment

This account consists of:

	Note	2022	2021
Cost			
Balance at beginning and end of year		**₱1,676,615**	₱1,676,615
Accumulated depreciation			
Balance at beginning of year		**1,662,731**	1,641,903
Depreciation	15	**13,884**	20,828
Balance at end of year		**1,676,615**	1,662,731
Carrying amount		**₱–**	₱13,884

Fully depreciated office and other equipment with a total cost of ₱1.7 million and ₱1.6 million as at December 31, 2022 and 2021, respectively, are still being used in the operations.

11. Trade and Other Payables

This account consists of:

	2022	2021
Trade	**₱5,029,375**	₱4,996,241
Payable to third parties	**12,938,906**	13,095,193
Nontrade payables	**8,735,254**	8,735,254
Accrued expenses:		
Professional fees	**664,885**	729,905
Taxes	**492,060**	–
Others	**818,937**	385,255
Statutory payables	**24,231**	20,039
Others	**148,719**	180,078
	₱28,852,367	₱28,141,965

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, 2022 and 2021 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
Common stock		
Issued	5,998,149,059	₱59,981,491
Subscribed	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	(7,606,000)	(29,435,220)
Outstanding stock	7,504,203,997	₱34,445,568

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. 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, 2022 and 2021.

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 at ₱1.00 a share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both at ₱0.01 par value a share.

On February 20, 2020, the SEC approved the equity restructuring of the Parent Company primarily to write-off the 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, 2022 and 2021 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

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, 2022 and 2021, 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	
		2022	2021	**2022**	2021
Nontrade receivables					
Entity under common management	Reimbursements	**₱471,194**	₱-	**₱1,490,413**	₱2,498,666
Advances from a related party					
Stockholder	Advances	**₱–**	₱–	**₱79,406,947**	₱79,406,947
	Share in expenses	**–**	–	**571,684**	571,684
				₱79,978,631	₱79,978,631

<u>Terms and Conditions of Transactions with Related Parties</u>

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

<u>Compensation of Key Management Personnel</u>

Compensation of key management personnel presented as part of "Salaries and employee benefits" under "General and administrative expenses" account in the consolidated statements of comprehensive income for the years ended December 31, 2022 and 2021 (and 2020) consist of the following:

	2022	2021	2020
Salaries and short-term employee benefits	**₱1,240,190**	₱1,529,500	₱1,944,667
Retirement costs	**123,294**	205,316	345,507
	₱1,363,484	₱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.

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, 2022.

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

	2022	2021	2020
Current service cost	**₱299,883**	₱585,938	₱576,420
Interest cost	**143,408**	220,742	199,274
	₱443,291	₱806,680	₱775,694

Changes in present value of retirement liability are as follows:

	2022	2021
Balance at beginning of year	**₱3,281,654**	₱5,966,007
Current service cost	**299,883**	585,938
Interest cost	**143,408**	220,742
Remeasurement loss (gain) recognized in OCI:		
Changes in financial assumptions	**(246,019)**	(710,454)
Experience adjustments	**2,281**	(2,761,348)
Changes in demographic assumptions	**–**	(19,231)
Balance at end of year	**₱3,481,207**	₱3,281,654

Movements in the retirement liability are as follows:

	2022	2021
Balance at beginning of year	**₱3,281,654**	₱5,966,007
Retirement cost	**443,291**	806,680
Remeasurement gain recognized in OCI	**(243,738)**	(3,491,033)
Balance at end of year	**₱3,481,207**	₱3,281,654

The cumulative remeasurement losses recognized in OCI amounted to ₱0.3 million and ₱0.5 million as at December 31, 2022 and 2021, respectively.

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

	2022	2021
Discount rate	**6.45%**	4.37%
Future salary increase rate	**4.00%**	4.00%

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, 2022 assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost
Discount rate	1.00%	(₱113,578)
	(1.00%)	105,717
Future salary increase rate	1.00%	115,204
	(1.00%)	(109,132)

The following are other defined benefit plan information:

	2022	2021
A. Weighted average duration of present value of defined benefit obligation	**3.1 years**	4.0 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	**₱1,032,828**	₱946,759
More than one year up to 5 years	**3,966,698**	2,145,692
C. Plan membership information		
Number of active plan members	**4**	4
Average attained age	**55.2 years**	54.2 years
Average past service	**14.2 years**	13.2 years
Average future service	**4.8 years**	5.8 years

15. General and Administrative Expenses

This account consists of:

	Note	**2022**	2021	2020
Salaries and employee benefits		**₱1,240,190**	₱2,015,657	₱2,548,262
Transportation and travel		**1,068,124**	776,693	835,430
Professional fees		**932,064**	1,075,404	2,829,612
Brokerage		**900,050**	–	–
Taxes and licenses		**826,365**	1,459,076	332,280
Entertainment, amusement and recreation		**521,816**	1,066,870	1,162,550
Retirement costs	14	**443,291**	806,680	775,694
Dues and subscriptions		**367,965**	131,008	109,199
Outside services		**187,268**	113,208	104,788
Rental		**53,571**	53,571	53,571
Depreciation	10	**13,884**	20,828	27,522
Insurance		**6,726**	119,070	78,299
Filing fees		**–**	889,870	–
Others		**140,749**	421,557	309,940
		₱6,702,063	₱8,949,492	₱9,167,147

16. Income Tax

There was no provision for income tax in 2022 and 2021 (and 2020).

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

	2022	2021	2020
Allowance for impairment of deferred exploration costs and mining rights	**₱111,919,832**	₱111,919,832	₱111,919,832
NOLCO	**19,714,258**	23,141,011	29,447,251
Accrued retirement costs	**3,481,207**	3,281,654	5,966,007
	₱135,115,297	₱138,342,497	₱147,333,090
Unrecognized deferred tax assets	**₱28,159,327**	₱28,972,613	₱44,199,927

As at December 31, 2022, the Group's unutilized 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
2022	₱–	₱5,290,153	₱–	₱5,290,153	2025
2021	7,200,702	–	–	7,200,702	2026
2020	7,223,403	–	–	7,223,403	2025
2019	8,716,906	–	(8,716,906)	–	2022
	₱23,141,011	₱5,290,153	(₱8,716,906)	₱19,714,258	

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 statements of comprehensive income is as follows:

	2022	2021	2020
Benefit from income tax computed at the statutory income tax rate	**(₱100,189)**	(₱2,126,790)	(₱1,764,445)
Change in unrecognized deferred tax assets	**(752,351)**	(15,227,314)	(3,151,512)
Effect of change in tax rates	**–**	13,816,061	–
Tax effects of:			
Expired NOLCO and MCIT	**2,175,726**	3,373,681	5,552,891
Income subjected to capital gains tax	**(1,327,250)**	–	–
Nondeductible expenses	**130,454**	264,666	348,765
Dividend income exempt from income tax	**(79,869)**	(64,782)	(95,843)
Interest income subjected to final tax	**(46,521)**	(35,522)	(284,117)
Change in fair value of investment property	**–**	–	(605,739)
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 retrospectively became effective beginning July 1, 2020 but was applied in 2021.

The approval of the CREATE Bill into law and the changes in the income tax rates did not have an impact on the Group because of its 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, 2022 and 2021 (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:

	2022	2021	2020
Net loss attributable to equity holders of the Parent Company (a)	**(₱866,495)**	(₱8,419,648)	(₱5,869,322)
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)	**(₱0.000115)**	(₱0.001122)	(₱0.000782)

There were no dilutive potential common shares for purposes of calculation of loss per share in 2022 and 2021 (and 2020).

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 to 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 counter parties to fulfill their obligations on maturity dates or due to adverse market conditions.

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 credit 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 counterparties, with good credit standing and are not expected by the Group to default in settling its obligations, thus credit risk exposure is minimal.

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:

	2022				
	Neither Past Due nor Impaired		Past due but		
	High Grade	Standard Grade	not impaired	Credit Impaired	Total
Cash and cash equivalents*	**₱17,966,044**	**₱–**	**₱–**	**₱–**	**₱17,966,044**
Receivables:					
Nontrade receivables	**–**	**1,490,413**	**–**	**–**	**1,490,413**
Advances to officers and employees	**–**	**38,174**	**–**	**–**	**38,174**
Others	**–**	**89,434**	**–**	**–**	**89,434**
Security deposits**	**23,822**	**–**	**–**	**–**	**23,822**
Financial assets at FVOCI	**3,020,525**	**–**	**–**	**–**	**3,020,525**
	₱21,010,391	**₱1,618,021**	**₱–**	**₱–**	**₱22,628,412**

**Excluding cash on hand amounting to ₱3,350.*
***Presented under "Other noncurrent assets" account.*

	2021				
	Neither Past Due nor Impaired		Past due but		
	High Grade	Standard Grade	not impaired	Credit Impaired	Total
Cash and cash equivalents*	₱13,969,150	₱–	₱–	₱–	₱13,969,150
Receivables:					
Nontrade receivables	–	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.*

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:

	2022				
	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
Trade and other payables*	**₱21,674,160**	**₱7,153,976**	**₱–**	**₱–**	**₱28,828,136**
Advances from a related party	**79,978,631**	**–**	**–**	**–**	**79,978,631**
	₱101,652,791	**₱7,153,976**	**₱–**	**₱–**	**₱108,806,767**

**Excluding statutory liabilities to the government.*

	2021				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
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.*

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 ₱3.0 million and ₱2.7 million as at December 31, 2022 and 2021, respectively (see Note 9).

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

	Change in Equity Price*	Effect on Equity
2022	**8%**	**₱234,472**
	(8%)	**(234,472)**
2021	13%	₱346,922
	(13%)	(346,922)

**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:

		2022		
	Valuation Date	**Total**	**Level 1**	**Level 2**
Assets measured at fair value:				
Investment properties	**December 31, 2020**	**₱9,156,000**	**₱–**	**₱9,156,000**
Financial assets at FVOCI	**December 31, 2022**	**3,020,525**	**3,020,525**	**–**
		₱12,176,525	**₱3,020,525**	**₱9,156,000**

		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

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, 2022 and 2021.

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 8.

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, 2022 and 2021.

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 statements of financial position as its core capital. As at December 31, 2022 and 2021, the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2022 and 2021.

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.
- 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 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.

There were no noncash activities in 2022 and 2021.

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REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION

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 years ended December 31, 2022 and 2021 and have issued our report thereon dated February 28, 2023. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole.

The following supplementary schedules are the responsibility of the Group's management. These are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 Part II, and are not part of the basic consolidated financial statements:

- Reconciliation of Retained Earnings Available for Dividend Declaration of the Parent Company as at December 31, 2022
- Schedules required by Annex 68-J as at December 31, 2022
- Conglomerate Map as at December 31, 2022
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2022 and 2021

The supplementary schedules have been subjected to the audit procedures applied in the audit of the basic consolidated 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 consolidated financial statements taken as a whole.

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021.

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. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT DECEMBER 31, 2022 and 2021

Ratio	Formula	2022	2021
Current Ratio			
	Total current assets	**₱19,629,827**	₱16,636,207
	Divided by: Total current liabilities	**108,830,998**	108,120,596
	Current Ratio	**0.18**	0.15
Acid Test Ratio			
	Total current assets	**₱19,629,827**	₱16,636,207
	Less: other current assets	**42,412**	15,940
	Quick assets	**19,587,415**	16,620,267
	Divide by: Total current liabilities	**108,830,998**	108,120,596
	Acid Test Ratio	**0.18**	0.15
Solvency Ratio			
	Net loss after depreciation and amortization	**(₱887,505)**	(₱8,548,271)
	Add: Depreciation and amortization	**13,884**	20,828
	Net loss before depreciation and amortization	**(873,621)**	(8,527,443)
	Divided by: Total liabilities	**112,312,205**	111,402,250
	Solvency Ratio	**(0.01)**	(0.08)
Asset-to-Equity Ratio			
	Total assets	**₱259,630,432**	₱259,078,089
	Divided by: Total equity	**147,318,227**	147,675,839
	Asset-to-Equity Ratio	**1.76**	1.75
Return on Equity			
	Net loss	**(₱887,505)**	(₱8,548,271)
	Divided by: Total equity	**147,318,227**	147,675,839
	Return on Equity	**(0.01)**	(0.06)
Return on Assets			
	Net loss	**(₱887,505)**	(₱8,548,271)
	Divided by: Average total assets	**259,354,261**	263,250,734
	Return on Assets	**(0.00)**	(0.03)
Debt-to-Equity Ratio			
	Total liabilities	**₱112,312,205**	₱111,402,250
	Divided by: Total equity	**147,318,227**	147,675,839
	Debt-to-Equity Ratio	**0.76**	0.75

(Forward)

Ratio	Formula	**2022**	2021
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, 2022

Table of Contents

D & F - None to report.

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE A – FINANCIAL ASSETS

DECEMBER 31, 2022

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 fair value through other comprehensive income				
Premium Leisure Corp	6,359,000	₱3,025,525	₱3,025,525	₱319,476

APC GROUP, INC. AND SUBSIDIARIES

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

DECEMBER 31, 2022

	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	₱10,268	₱38,174	₱10,268	₱–	₱38,174	₱–	₱38,174

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE C - AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2022

	Balance at beginning of year	Additions	Deductions		Balance at end of year		Balance at end of year
			Collections	Allowance for Doubtful Accounts	Current	Noncurrent	
Aragorn Power and Energy Corporation	₱5,529,179	₱–	(₱121,756)	₱–	₱–	₱5,407,423	₱5,407,423
APC Energy Resources, Inc.	7,687,943	–	(478,786)	(7,209,157)	–	–	–
APC Mining Corporation	78,620,626	–	(118,302)	(78,502,324)	–	–	–
APC Cement Corporation	5,740,784	6,730	–	(5,747,514)	–	–	–
PRC-Magma Energy Resources, Inc.	78,982	–	(33,862)	(45,120)	–	–	–
	₱97,657,514	₱6,730	(₱752,706)	(₱91,504,115)	₱–	₱5,407,423	₱5,407,423

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2022

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

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE G – CAPITAL STOCK

DECEMBER 31, 2022

				Number of shares held by		
Title of issue	**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**	**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, 2022

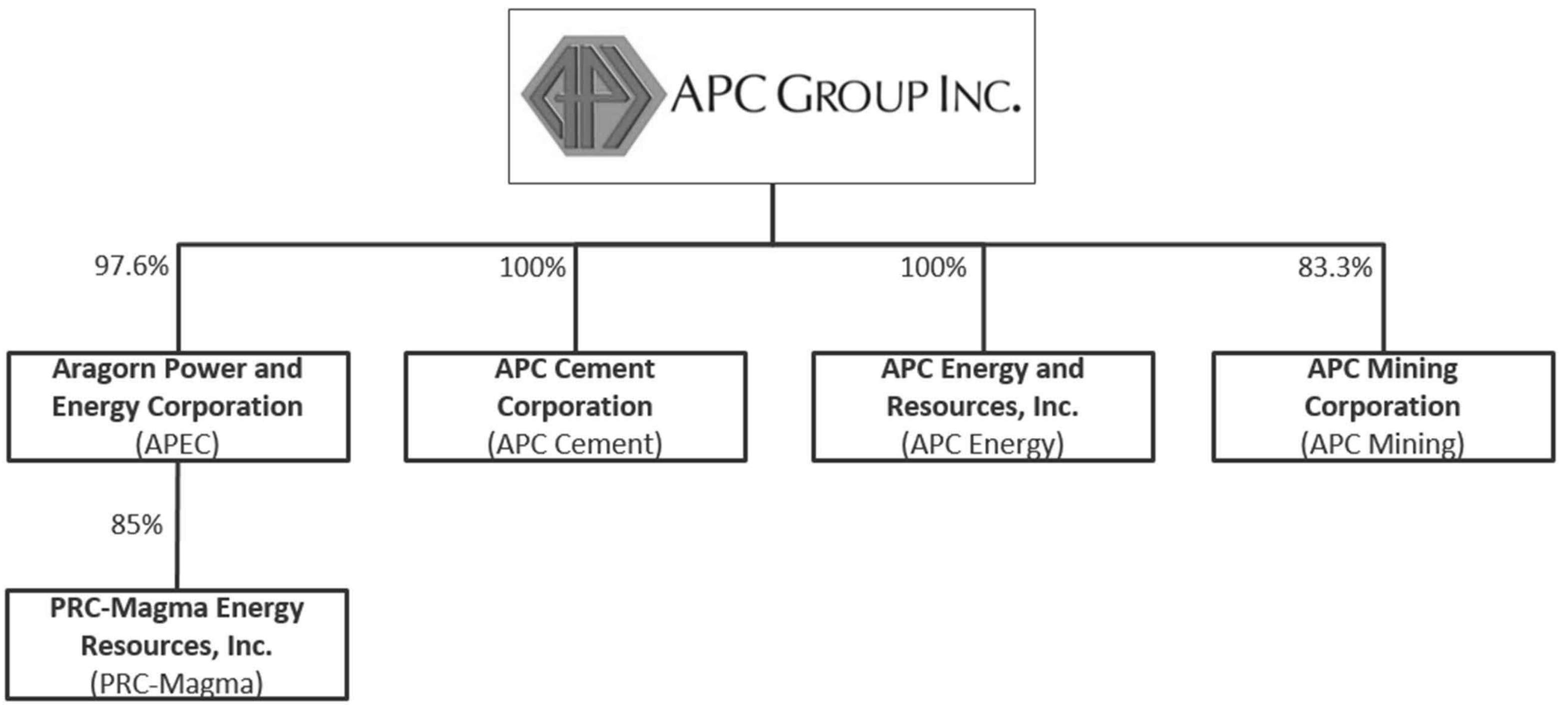
	Amount
Unappropriated retained earnings (deficit) available for dividend distribution as at January 1, 2022, as restated	(₱16,739,557)
Net loss during the period closed to retained earnings	(100,825)
Net loss actually incurred during the year	(16,840,382)
Treasury shares	(29,435,220)
Total retained earnings (deficit), available for dividend declaration, ending	(₱46,275,602)

Reconciliation:	
Unappropriated retained earnings (deficit) as shown in the financial statements at end of year	(₱16,840,382)
Treasury shares	(29,435,220)
Total unappropriated retained earnings (deficit) available for dividend declaration at end of year	(₱46,275,602)

APC GROUP, INC. AND SUBSIDIARIES

CONGLOMERATE MAP

DECEMBER 31, 2022



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, 2022
Highest Ranking Person responsible for this report	Mr. Ian Jason R. Aguirre, President and Chief Executive Officer

Materiality Process

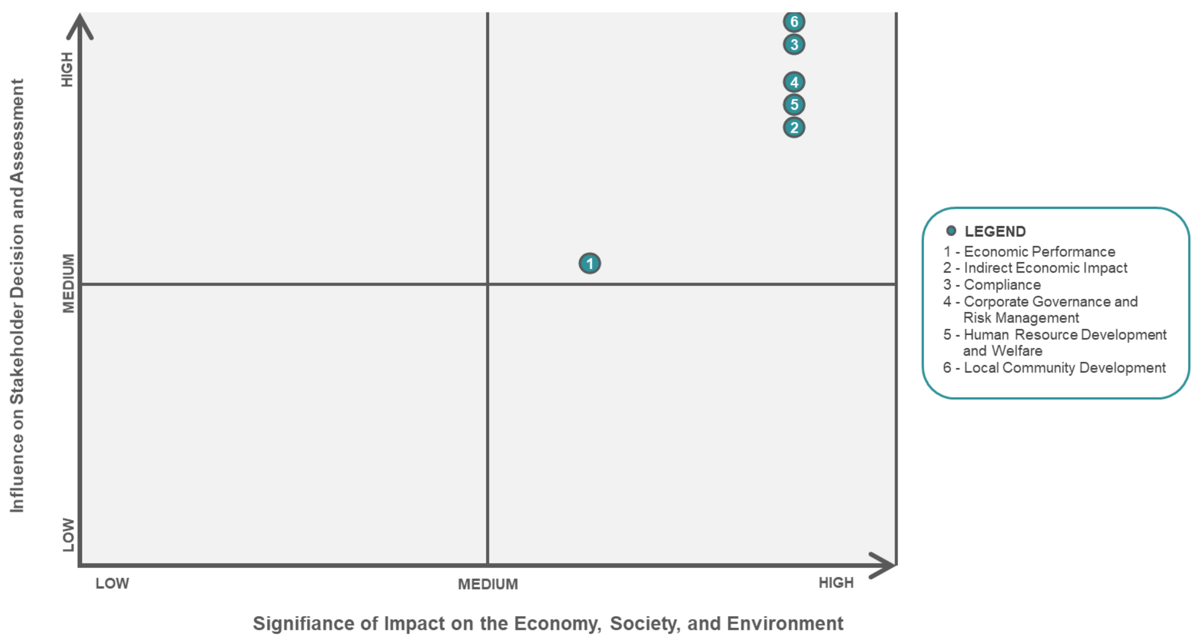
Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.

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

Materiality Matrix



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	*504,546*	PhP
Direct economic value distributed:	*6,225,997*	
a. Operating costs	*3,883,465*	PhP
b. Employee wages and benefits	*1,240,190*	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	*1,102,342*	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*	*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.* *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.* *Led by our Management, the Company pursues to touch base with stakeholders in order to protect and advance their interests.* *In solidarity with Belle and other co-subsidiaries, and as part of the SM Group, the Company anchored its sustainable*

		development strategy to the seventeen (17) Sustainable Development Goals of the United Nations. *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.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Credit, liquidity and equity price risks; environmental risks that could hamper the exploration works, and endanger its employees	*Subsidiaries; employees; business partners; suppliers; host communities*	*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.* *APC maintains a safe, productive and conducive workplace and comply with all applicable health, safety and environmental laws.* *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.* http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Increase of APC's shareholder value for partners and investors by seeking other renewable energy developments and investment opportunities	*Employees, host community members, suppliers/business partners, and investors/shareholders*	*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*

Climate-related risks and opportunities[1]

- Due to the nature of APC's businesses, climate-related risks and opportunities have not been identified.

Governance	Strategy	Risk Management	Metrics and Targets
No relevant governance matters identified	-	-	0
Recommended Disclosures			
No relevant disclosures needed	-	-	0

Procurement Practices

Proportion of spending on local suppliers

- Due to the nature of APC as primarily an investments holding company, procurement is occasional and is done on a per project and/or requirement basis.

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	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**
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

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**
Established anti-corruption policies, standards and practices due to information dissemination campaigns	*Employees, host community members, suppliers/business partners, and investors/shareholders*	*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.* *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.* http://www.apcaragorn.net/index.php/corporate-governance/company-policies
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Reputational risk	*Employees, suppliers and business partners*	*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.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
To maintain and increase stakeholders' trust and confidence to the Company, which can possibly	*Employees, host community members, suppliers/business*	*The Company actively updates and cascades to its employees its policies, processes, and procedures, especially on*

influence potential investors and business partners, and be recognized a strong supporter of good governance practices.	*partners, and investors/shareholders*	*corporate governance, particularly on anti-corruption.* http://www.apcaragorn.net/index.php/corporate-governance/company-policies

Incidents of Corruption

No incidents of corruption recorded throughout the Corporation during the reporting period.

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
Primary business operations and supply chain caused by the organization and through its business relationship	*Employees, host community members, suppliers, business partners, and investors/shareholders*	*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.* *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.* http://www.apcaragorn.net/index.php/corporate-governance/company-policies
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

Reputational risk	*Employees, suppliers, business partners, investors, shareholders*	*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.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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	*Employees, host community members, suppliers, business partners, and investors/shareholders*	*The Company actively updates and cascades to its employees its policies, processes, and procedures, especially on corporate governance, and particularly on anti-corruption.* http://www.apcaragorn.net/index.php/corporate-governance/company-policies

ENVIRONMENT

Resource Management

Energy consumption within the organization:

- Due to the nature of APC as primarily an investments holding company, it is not manpower intensive and is therefore able to save on general expenses such as energy consumption. Its business transactions are strategically managed through seasonal secondments of personnel from its affiliates on an as-needed basis. This arrangement has been resorted to in keeping with austerity measures adopted due to the prevailing economic conditions. These personnel seconded to the Company are not subject to Collective Bargaining Agreements.

Disclosure	Quantity	Units
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	0	kWh

Reduction of energy consumption

- APC saved on energy consumption because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	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
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Water consumption within the organization

- APC saved on water consumption because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Water withdrawal	0	Cubic meters
Water consumption	0	Cubic meters
Water recycled and reused	0	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
No relevant impacts nor locations of occurrence identified		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified		

Materials used by the organization

- Due to the nature of APC as primarily an investments holding company, materials are seldom used for its daily operations.

Disclosure	Quantity	Units
Materials used by weight or volume	0	
• renewable	0	kg/liters
• non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	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
No relevant impacts nor locations of occurrence identified	-	-

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

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

- Due to the nature of APC as primarily an investments holding company, its businesses are mainly in the metropolis and far from uplands, watersheds or the coasts.

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	
Habitats protected or restored	0	ha
IUCN[2] Red List species and national conservation list species with habitats in areas affected by operations	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
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

[2] International Union for Conservation of Nature

Environmental impact management

Air Emissions

GHG

- APC did not generate GHG emissions because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	0	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0	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**
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Air pollutants

- APC did not generate air pollutants because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
NOx	0	kg
S~~o~~x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	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**

No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Solid and Hazardous Wastes

Solid Waste

- APC did not generate any solid waste because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Total solid waste generated	0	kg
Reusable	0	kg
Recyclable	0	kg
Composted	0	kg
Incinerated	0	kg
Residuals/Landfilled	0	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
No relevant impacts nor locations of occurrence identified	-	-
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Hazardous Waste

- APC did not generate any hazardous waste because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	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**
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Effluents

- APC did not generate any effluents because of the aforementioned strategic arrangements.

Disclosure	Quantity	Units
Total volume of water discharges	0	Cubic meters
Percent of wastewater recycled	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**
No relevant impacts nor locations of occurrence identified	-	-
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified	-	-
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified	-	-

Environmental compliance

Non-compliance with Environmental Laws and Regulations

- The Corporation has been compliant with all applicable environmental laws and regulations.

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	PhP
No. of non-monetary sanctions for non-compliance with environmental 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**
No relevant impacts nor locations of occurrence identified		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant risks identified		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No relevant opportunities identified		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[3]	*2*	#
a. Number of female employees	*0*	#
b. Number of male employees	*2*	#
Attrition rate[4]	*0*	rate (%)
Ratio of lowest paid employee against minimum wage	*Not available*	ratio

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%*	*100%*
PhilHealth	*Y*	*0%*	*100%*
Pag-ibig	*Y*	*0%*	*100%*
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
Primary business operations caused by the organization – Having an average of 7 years of retention among employees	*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*

[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)

	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. *The Company also exerts its best efforts to maintain a climate conducive to working and provides a substantial level of job security, 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.*
What are the Risk/s Identified?	**Management Approach**
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	*APC treats its employees fairly by providing them with opportunities for career development and advancement based on merit, regardless of gender, age, religion.* http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics
What are the Opportunity/ies Identified?	**Management Approach**
To motivate talents, and to assure internal equity in pay	*Constant exploration of human resource developments and enhancements, particularly on employment, benefits and other perquisites.*

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
Primary business operations caused by the organization – having a pool of highly skilled team players	*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.* *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.*

What are the Risk/s Identified?	Management Approach
Higher attrition rate that may affect the business operations and delivery of services; additional costs incurred due to the training of new employees	*APC treats its employees fairly by providing them with opportunities for career development and advancement based on merit, regardless of gender, age, religion.* http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics

What are the Opportunity/ies Identified?	Management Approach
Obtaining homegrown professionals who are equipped for career advancement and succession	*Constant exploration of human resource development and enhancements, particularly on employee training and upskilling*

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
Primary business operations caused by the organization and through the business relationship – effective cooperation between the management and labor workforce	*Open communication lines among the Company's directors and management, and management and employees are maintained.* *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.*
What are the Risk/s Identified?	**Management Approach**
Disagreements between management and employees leading to disruption of business operations and ultimately suspension of services	*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.* *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.* http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics
What are the Opportunity/ies Identified?	**Management Approach**

A clear and coherent dissemination of directions to attain the Company's goals	*Preserved communication mechanisms and continuously innovating for improvement*

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**
Primary business operations caused by the organization – Variety of equally treated individuals with diverse approach and viewpoints to realize a common goal	*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.* http://www.apcaragorn.net/index.php/corporate-governance/company-policies *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.*
What are the Risk/s Identified?	**Management Approach**
Discrimination in the workplace	*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.* *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. http://www.apcaragorn.net/index.php/corporate-governance/code-of-conduct-and-ethics
What are the Opportunity/ies Identified?	**Management Approach**
Capturing different perspectives and ideas, with equal appreciation, with the intention of achieving the Company's goals	*Interminable improvement of the Company's policies on governance, particularly on diversity and equality*

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	*3,344**	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	*Strict compliance of the Company's safety, health and welfare policy.* *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.* *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.*
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	*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.* 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**
To further the employees and other stakeholders' certainty and optimism towards the Management's labor laws and human rights initiatives	*Issuance of certification of full compliance, and confirmation of data with zero complaints, through various reports*

Supply Chain Management

- Due to the nature of APC as primarily an investments holding company, its supply chain is very lean and relies on seasonal secondments of manpower through affiliates and business partners in the conduct of operations.

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	-	-
Forced labor	-	-
Child labor	-	-
Human rights	-	-
Bribery and corruption	-	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Relationship with Community

Significant Impacts on Local Communities

- Due to the nature of APC as primarily an investments holding company, its community involvement is limited and has been partnering instead with related entities for its contributions.

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)**
No relevant impacts nor locations of occurrence identified	-	-	-	-	-

**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	-	#
CP secured	-	#

What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Customer Management

Customer Satisfaction

- Due to the nature of APC as primarily an investments holding company, it does not assess customer satisfaction.

Disclosure	**Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
Customer satisfaction	-	0

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Health and Safety

- Due to the nature of APC as primarily an investments holding company, it does not deal directly with customers.

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	-	#
No. of complaints addressed	-	#

**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
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Marketing and labelling

- Due to the nature of APC as primarily an investments holding company, it is not active in marketing nor advertising efforts.

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	-	#

**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**
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	-	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**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**
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

Compliance

Non-compliance with Laws and Regulations

APC Group, Inc. has been compliant with local 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	-	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
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.	*Employees, host community members, suppliers, business partners, investors/shareholders, and regulators*	*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 and business partners are being informed of the Company's governance-related policies and practices upon onboarding and timely updates.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**

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.	*Employees, host community members, suppliers, business partners, investors/shareholders, and regulators*	*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.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
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.	*Employees, host community members, suppliers, business partners, and investors/shareholders*	*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.*

Local Community Development

Disclosure	Quantity	Units
Number of direct beneficiaries of corporate social responsibility initiative/s	*0*	#
Number of communities benefitted from corporate social responsibility initiative/s	*0*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
No relevant impacts nor locations of occurrence identified	-
What are the Risk/s Identified?	**Management Approach**
No relevant risks identified	-
What are the Opportunity/ies Identified?	**Management Approach**
No relevant opportunities identified	-

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* *P1,102,342 taxes paid in 2022*	*In spite the Company's contributions, it can only cover limited areas*	*To pay taxes that help provide sustainable and inclusive growth*
	SDG 8: Decent Work and Economic Growth *P504,546 revenues generated in 2022*	*Insufficient opportunities for vulnerable sector*	*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.* *APC also developed various policies to implement and ensure that overall employee and other stakeholders' welfare and interests are being valued.*

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

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, 2022. 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, 2022 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.

WILLY N. OCIER
Chairman of the Board

MARIE JOY T. CO
Treasu

IAN JASON R. AGUIRRE
President

February 28, 2023

SUBSCRIBED AND SWORN to before me this APR 11 2023 at MAKATI CITY 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		19 AUG 2031	DFA MANILA
Ian Jason R. Aguirre		05 MAY 2032	DFA ILOILO
Marie Joy T. Co		09 JAN 2033	DFA MANILA

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. [illegible]4 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
1107 D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

Doc. No. 51
Page No. 12
Book No. 3
Series of 2023

Gmail **Aivebel Tabarnilla <aivytabarnilla.apc@gmail.com>**

Your BIR AFS eSubmission uploads were received

1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Wed, Apr 12, 2023 at 3:14 PM
To: AIVYTABARNILLA.APC@gmail.com
Cc: AIVEBEL.TABARNILLA@premiumleisurecorp.com

Hi APC GROUP, INC.,

Valid files

- EAFS002834075RPTTY122022.pdf
- EAFS002834075AFSTY122022.pdf
- EAFS002834075ITRTY122022.pdf
- EAFS002834075OTHTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-6GKJJJCF04N43V13VQRQV1XZV02QM4QSQR**
Submission Date/Time: **Apr 12, 2023 03:14 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.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **APC Group, Inc.** (the Company) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2022 and 2021**, 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 financial statements including the schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the years ended December 31, 2022 and 2021, have audited the 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

MARIE JOY T. CO
Treasurer and Financial Controller

IAN JASON R. AGUIRRE
President and Chief Executive Officer

February 28, 2023

SUBSCRIBED AND SWORN to before me this APR 11 2023 at MAKATI CITY 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			DFA MANILA
Ian Jason R. Aguirre			DFA ILOILO
Marie Joy T. Co			DFA MANILA

ATTY. JOEL FERRER FLORES
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2023 (2023-2024)
APPOINTMENT NO. M-115
ROLL NO. 77376 / MCLE (EXEMPT)
PTR NO. 9563564 / JAN. 03, 2023 / MAKATI CITY
IBP NO. 261994 / JAN. 03, 2023 / PASIG CITY
D. BATAAN ST., GUADALUPE NUEVO, MAKATI CITY

Doc. No. 51
Page No. 12
Book No. 7
Series of 2023

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A S 0 9 3 - 8 1 2 7

COMPANY NAME

APC GROUP, INC.

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

G/F MyTown New York Bldg., General E. Jacinto St., cor. Capas St., Brgy. Guadalupe Nuevo, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

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

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ian Jason R. Aguirre	apc_governance@bellecorp.com	(02) 8662-8888 loc. 2144	–

CONTACT PERSON'S ADDRESS

G/F MyTown New York Bldg., General E. Jacinto St. cor. Capas St., Brgy. Guadalupe Nuevo, Makati City

NOTE 1*: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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.*

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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 statements of financial position as at December 31, 2022 and 2021, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years 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, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits 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.

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 audits.

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. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

APC GROUP, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2022**	2021
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱16,297,418**	₱12,521,684
Receivables	5	**4,195,519**	4,033,408
Prepayments		**42,415**	15,942
Total Current Assets		**20,535,352**	16,571,034
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	**3,020,525**	2,734,370
Investments in and advances to subsidiaries	7	**243,313,182**	243,313,182
Investment properties	8	**9,156,000**	12,048,000
Other noncurrent assets	9	**7,431,964**	7,297,039
Total Noncurrent Assets		**262,921,671**	265,392,591
		₱283,457,023	₱281,963,625
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱26,175,240**	₱25,310,463
Advances from a related party	12	**79,978,631**	79,978,631
Total Current Liabilities		**106,153,871**	105,289,094
Noncurrent Liabilities			
Retirement liability	13	**3,481,207**	3,281,654
Subscription payable	12	**10,000,000**	10,000,000
Total Noncurrent Liabilities		**13,481,207**	13,281,654
Total Liabilities		**119,635,078**	118,570,748
Equity			
Capital stock	11	**63,880,788**	63,880,788
Additional paid-in capital	11	**144,295,958**	144,295,958
Deficit		**(16,840,382)**	(16,739,557)
Treasury stock	11	**(29,435,220)**	(29,435,220)
Equity reserves		**1,920,801**	1,390,908
Total Equity		**163,821,945**	163,392,877
		₱283,457,023	₱281,963,625

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2022**	2021
INCOME			
Dividend	6	**₱319,476**	₱259,129
Interest	4	**185,070**	140,044
		504,546	399,173
GENERAL AND ADMINISTRATIVE EXPENSES	14	**(5,914,371)**	(6,341,176)
GAIN ON SALE OF INVESTMENT PROPERTIES	8	**5,309,000**	–
NET LOSS		**(100,825)**	(5,942,003)
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain (loss) on fair value changes of financial assets at FVOCI	6	**286,155**	(95,385)
Remeasurement gain on retirement liability	13	**243,738**	3,491,033
		529,893	3,395,648
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱429,068**	(₱2,546,355)

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31	
		2022	2021
CAPITAL STOCK			
Balance at beginning and end of year	11	**₱63,880,788**	₱63,880,788
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning and end of year	11	**144,295,958**	144,295,958
DEFICIT			
Balance at beginning of year		**(16,739,557)**	(10,797,554)
Net loss		**(100,825)**	(5,942,003)
Balance at end of year		**(16,840,382)**	(16,739,557)
TREASURY STOCK			
Balance at beginning and end of year	11	**(29,435,220)**	(29,435,220)
EQUITY RESERVES			
Cumulative Changes in Fair Value of Financial Asset at FVOCI	6		
Balance at beginning of year		**1,886,369**	1,981,754
Unrealized gain (loss) on fair value changes		**286,155**	(95,385)
Balance at end of year		**2,172,524**	1,886,369
Cumulative Remeasurement Losses on Retirement Liability	13		
Balance at beginning of year		**(495,461)**	(3,986,494)
Remeasurement gain		**243,738**	3,491,033
Balance at end of year		**(251,723)**	(495,461)
		1,920,801	1,390,908
		₱163,821,945	₱163,392,877

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss		**(₱100,825)**	(₱5,942,003)
Adjustments for:			
Gain on sale of investment property	8	**(5,309,000)**	–
Provision for (reversal of) impairment	14	**(446,803)**	116,555
Retirement cost	13	**443,291**	806,680
Dividend income	6	**(319,476)**	(259,129)
Interest income	4	**(185,070)**	(140,044)
Depreciation	9	**13,884**	20,828
Operating loss before working capital changes		**(5,903,999)**	(5,397,113)
Decrease (increase) in:			
Receivables		**284,692**	1,654,335
Prepayments		**(26,473)**	–
Input VAT		**(148,809)**	(238,281)
Increase (decrease) in trade and other payables		**864,777**	(698,504)
Net cash used for operations		**(4,929,812)**	(4,679,563)
Dividend received		**319,476**	259,129
Interest received		**185,070**	140,044
Net cash used in operating activities		**(4,425,266)**	(4,280,390)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investment property	8	**8,201,000**	–
Net decrease in advances to subsidiaries		**–**	218,705
Cash provided by investing activities		**8,201,000**	218,705
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**3,775,734**	(4,061,685)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**12,521,684**	16,583,369
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱16,297,418**	₱12,521,684

See accompanying Notes to Separate Financial Statements.

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:

		Percentage of Ownership					
	Nature of	**2022**			2021		
Subsidiaries	Business	**Direct**	**Indirect**	**Total**	Direct	Indirect	Total
Aragorn Power and Energy Corporation (APEC)	Energy	**97.6**	**–**	**97.6**	97.6	–	97.6
APC Energy Resources, Inc. (APC Energy)	Mining	**100.0**	**–**	**100.0**	100.0	–	100.0
APC Mining Corporation (APC Mining)	Mining	**83.3**	**–**	**83.3**	83.3	–	83.3
APC Cement Corporation (APC Cement)	Manufacturing	**100.0**	**–**	**100.0**	100.0	–	100.0
PRC - Magma Energy Resources, Inc. (PRC-Magma)*	Energy	**–**	**85.0**	**85.0**	–	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.

APEC

APEC 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 (GRESC) in March 2010 to avail of the incentives provided under the Renewable Energy (RE) Act of 2008. GRESC 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. As at December 31, 2022 and 2021, APEC and GMC each has 5% participation as provided under the FOA.

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 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. The results of the drilling still show promise, with very encouraging commercial temperatures at 568°F (298°C) despite tight permeability.

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 US$300.0 million.

On January 15, 2020, APEC contributed US$2.1 million (₱106.5 million) to AllFirst Kalinga Holdings Inc. (AKHI) equivalent to the 5% share of the US$42.08 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.

On October 13, 2020, APEC secured an extension of the GRESC exploration period from the 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 drilling of PAS-02 with commercial temperature and encouraging chemistry.

On March 12, 2021, KGP re-commenced its geology, geochemical, and geophysical surveys (3G) which ended on 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.

After the evaluation and study, the results of the 3G established the presence of multiple independent systems within the KGP prospect. Three potentially exploitable systems have been discovered located in the areas of Liwang, Caigutan, and Dananao. All three systems are located within the existing contract area. The KGP Conceptual Model was updated accordingly into an Integrated Resource Assessment (IRA) report and was submitted to the DOE on June 29, 2022.

On June 23, 2022, APEC secured a suspension of obligations under the GRESC recognizing the COVID-19 restrictions and the typhoons and landslides/rockslides incidents that occurred throughout 2020 as force majeure. Effectively, the suspension allows for consideration of the impacted days to be added to the GRESC exploration period moving the end date from October 12, 2022 to May 28, 2023.

On January 26, 2023, APEC secured from DOE its acknowledgement of the proposal for application for New Investment on the newly discovered potentially exploitable systems of Caigutan and Dananao as stated in the submitted and received IRA report. DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GRESC as Southwest Kalinga Geothermal Power Project (SW KGPP).

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 28, 2023, 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. 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.

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 2021-2022, KGP has already extended scholarships to 380 grantees and has produced 297 graduates in various courses, which includes 54 licensed professionals, scholarship accounts for 27% 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 under the SW KGPP GRESC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling planning. Meanwhile, in anticipation of existing KGP GRESC exploration period ending May 28, 2023, an extension will be sought to support the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area. As at report date, APEC is in the process of completing the necessary documents for the facilitation of the New Investment, the awarding of the SW KGPP GRESC, and the expected renewal of the KGP GRESC.

APC Energy
APC Energy was established to engage in exploration, development and utilization of renewable energy resources. APC Energy's Coal Operating Contracts with the DOE in both Masbate and Isabela were terminated in 2013 and 2015, 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 was granted a mining permit for the exploration of chromite, copper and nickel deposits in Alubijid, Miami's Oriental. In 2013, APC Mining gave up its exploration permit because the area has low prospect for chromite, copper and nickel.

APC Cement
APC Cement was established to engage in the manufacture of cement. As at December 31, 2022, 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 2010, PRC Magma was awarded a Geothermal Renewable Energy Service Contract (GRESC) for Bontoc Mainit-Sadanga in Mountain Province and Buguias-Tinoc in Benguet and Ifugao Provinces. In 2015, the service contracts were 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.

Approval of Separate Financial Statements
The separate financial statements of the Company as at and for the years ended December 31, 2022 and 2021 were authorized and approved for issuance by the Board of Directors (BOD) on February 28, 2023, as reviewed and recommended for approval by the Audit Committee on the same date.

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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 and Sustainability Reporting Standards Council (formerly 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 following accounts:

- investment in equity securities and investment properties measured at fair value; and
- retirement liability measured at present value of estimated future cash outflows.

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, 8 and 17 to the separate 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 relevant amended PFRS.

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

- 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. There is no transition relief for first time adopters.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The ‘costs of fulfilling’ a contract comprise the ‘costs that relate directly to the contract’. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). 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.

- Annual Improvements to PFRS 2018 to 2020 Cycle:

    - Amendment to PFRS 9, *Financial Instruments - Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity shall include when it applies the ‘10 per cent’ 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 amendmentapplies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

    - Amendment to PFRS 16, *Leases - Lease Incentives* – The amendment removed from 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.

The adoption of the foregoing amended PFRS did not have any material effect on the separate financial statements of the Company. Additional disclosures were included in the separate financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amended PFRS, which are not yet effective as at December 31, 2022 and have not been applied in preparing the separate financial statements, are summarized below.

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

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - 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 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, *Accounting Policies, Changes in Accounting Estimates and Errors - 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, *Income Taxes - 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. The amendments should be applied on a modified retrospective basis. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2024:

- Amendments to PFRS 16, *Leases - Lease Liability in a Sale and Leaseback* – The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements in PFRS 15, *Revenue from Contracts with Customers,* to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of a lease. Any gain or loss relating to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated. The amendments must be applied retrospectively. Earlier application is permitted.

- Amendments to PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent* – 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. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Noncurrent Liabilities with Covenants* for that period.

- Amendments to PAS 1, *Noncurrent Liabilities with Covenants* – The amendments clarified that covenants to be complied with after the reporting date do not affect the classification of debt as current or noncurrent at the reporting date. Instead, the amendments require the entity to disclose information about these covenants in the notes to the financial statements. The amendments must be applied retrospectively. Earlier application is permitted. If applied in earlier period, the Company shall also apply Amendments to PAS 1 - *Classification of Liabilities as Current or Noncurrent* for that period.

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 statements 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, 2022 and 2021, 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 statements 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 statements 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 statements 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" account or "Statutory payables" under "Trade and other payables" account in the separate statements 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.

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 and 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.

Office and Other Equipment

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

The initial cost of office and other 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 office and other 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 office and other 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 office and other 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.

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 retirement liability.

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 statements 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.

Other Income. Income from other sources is recognized when earned

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 retirement 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) 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 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 is has control over its subsidiaries as at December 31, 2022 and 2021.

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 has 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 carrying amounts of financial assets at amortized cost as at December 31, 2022 and 2021 are as follows:

	Note	**2022**	2021
Cash and cash equivalents*	4	**₱16,294,068**	₱12,513,936
Receivables	5	**4,195,519**	4,033,408
Security deposits	9	**23,822**	23,822
Advances to subsidiaries	7	**–**	–

**Excluding cash on hand amounting to ₱3,350 and ₱7,748 as at December 31, 2022 and 2021.*

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 2022 and 2021.

The carrying amounts of these nonfinancial assets are as follows:

	Note	**2022**	2021
Input VAT	9	**₱7,408,142**	₱7,259,333
Investment in subsidiaries	7	**243,313,182**	243,313,182
Office and other equipment	9	**–**	13,884

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 8 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 as at December 31, 2022 and 2021 are disclosed in Note 8.

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 and remeasurement gain recognized in 2022 and 2021 and the carrying amount of accrued retirement costs as at December 31, 2022 and 2021 are disclosed in 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 ₱6.5 million and ₱7.3 million as at December 31, 2022 and 2021, respectively (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:

	2022	2021
Cash on hand and in banks	**₱9,039,786**	₱1,948,373
Short-term investments	**7,257,632**	10,573,311
	₱16,297,418	₱12,521,684

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 ₱0.2 million and ₱0.1 million in 2022 and 2021, respectively.

5. Receivables

This account consists of:

	Note	**2022**	2021
Receivables from related parties	12	**₱10,185,259**	₱10,497,857
Others		**76,832**	48,926
		10,262,091	10,546,783
Allowance for ECL		**(6,066,572)**	(6,513,375)
		₱4,195,519	₱4,033,408

Receivables from related parties are unsecured, noninterest-bearing and collectible on demand.

Movements in the allowance for ECL are as follows:

	Note	**2022**	2021
Balance at beginning of year		**₱6,513,375**	₱6,513,375
Reversal	14	**(446,803)**	–
Balance at end of the year		**₱6,066,572**	₱6,513,375

6. Financial Assets at FVOCI

The Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱3,020,525 and ₱2,734,370 as at December 31, 2022 and 2021, respectively.

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

	2022	2021
Balance at beginning of year	**₱2,734,370**	₱2,829,755
Change in fair value	**286,155**	(95,385)
Balance at end of year	**₱3,020,525**	₱2,734,370

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 statements of financial position):

	2022	2021
Balance at beginning of year	**₱1,886,369**	₱1,981,754
Change in fair value	**286,155**	(95,385)
Balance at end of year	**₱2,172,524**	₱1,886,369

The Company received dividend income from PLC shares amounting to ₱0.3 million in 2022 and 2021.

7. Investments in and Advances to Subsidiaries

This account consists of the following:

	Note	**2022**	2021
Investments in subsidiaries		**₱243,313,182**	₱243,313,182
Advances to subsidiaries	12	**–**	–
		₱243,313,182	₱243,313,182

Investments in subsidiaries consist of the following:

	2022	2021
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

Advances to subsidiaries consist of the following:

	2022	2021
Advances to subsidiaries	**₱85,614,960**	₱85,614,960
Allowance for impairment losses	**(85,614,960)**	(85,614,960)
	₱–	₱–

The movements of allowance for impairment of advances to subsidiaries are as follows:

	2022	2021
Balance at beginning of year	**₱85,614,960**	₱85,498,405
Provision for impairment	**–**	116,555
Balance at end of year	**₱85,614,960**	₱85,614,960

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, 2022 and 2021.

8. **Investment Properties**

The movement of this account follows:

	2022	2021
Balance at beginning of year	**₱12,048,000**	₱12,048,000
Sale	**(2,892,000)**	–
Balance at end of year	**₱9,156,000**	₱12,048,000

Investment properties pertain to parcels of land which are being held by the Company for capital appreciation. In 2022, the Company sold a parcel of land with a carrying amount of ₱2.9 million for ₱8.2 million resulting to a gain on sale amounting to ₱5.3 million.

No income was earned for the investment properties in 2022 and 2021. Real property tax paid amounted to ₱7,011 in 2022 and 2021.

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 has assessed that the fair value of the investment properties as at reporting date did not materially differ from the last valuation performed.

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.

9. Other Noncurrent Assets

This account consists of:

	Note	**2022**	2021
Input VAT		**₱7,408,142**	₱7,259,333
Security deposits	16	**23,822**	23,822
Office and other equipment		**–**	13,884
		₱7,431,964	₱7,297,039

Office and Other Equipment
This account consists of:

	Note	**2022**	2021
Cost			
Balance at beginning and end of year		**₱1,676,615**	₱1,676,615
Accumulated depreciation			
Balance at beginning of year		**1,662,731**	1,641,903
Depreciation	14	**13,884**	20,828
Balance at end of year		**1,676,615**	1,662,731
Carrying amount		**₱–**	₱13,884

Fully depreciated office and other equipment with a total cost of ₱1.7 million and ₱1.6 million as at December 31, 2022 and 2021, respectively, are still being used in the operations.

10. Trade and Other Payables

This account consists of:

	2022	2021
Trade	**₱2,631,288**	₱2,598,153
Nontrade	**20,815,836**	20,814,242
Accrued expenses	**2,679,897**	1,876,659
Statutory payables	**48,219**	21,409
	₱26,175,240	₱25,310,463

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

Nontrade payables are unsecured, noninterest-bearing and payable on demand.

Accrued expenses are noninterest-bearing and 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.

11. **Equity**

a. Details of authorized, issued and outstanding capital stock as at December 31, 2022 and 2021 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
Common stock		
Issued	5,998,149,059	₱59,981,491
Subscribed	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	(7,606,000)	(29,435,220)
Outstanding stock	7,504,203,997	₱34,445,568

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 reporting date, 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, 2022 and 2021.

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 at ₱1.00 par value a share to ₱200.0 million divided into 14,000.0 million common shares and 6,000.0 million preferred shares both at ₱0.01 par value a 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. APIC as at December 31, 2022 and 2021 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

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, 2022 and 2021, 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 transactions with related parties and the outstanding balance arising from these transactions are as follows:

	Nature of Transaction	Transactions during the Year 2022	Transactions during the Year 2021	Outstanding Balance 2022	Outstanding Balance 2021
Receivables					
Subsidiaries	Share in expenses	**₱–**	₱–	**₱9,714,065**	₱10,497,857
	Allowance for impairment	**–**	–	**(6,066,572)**	(6,513,375)
				3,647,493	3,984,482
Entity under common management	Reimbursements	**471,194**	–	**471,194**	–
				₱4,118,687	₱3,984,482
Advances to subsidiaries					
Subsidiaries	Advances	**₱–**	₱3,236,298	**₱85,614,960**	₱85,614,960
	Allowance for impairment	**–**	116,555	**(85,614,960)**	(85,614,960)
				₱–	₱–
Due to a related party					
Stockholder	Advances	**₱–**	₱–	**₱79,406,947**	₱79,406,947
	Share in expenses	**–**	–	**571,684**	571,684
				₱79,978,631	₱79,978,631
Subscription payable					
Subsidiary	Subscription	**₱–**	₱–	**₱10,000,000**	₱10,000,000

Subscription Payable
Subscription payable represents unpaid subscription in APC Energy as at December 31, 2022 and 2021.

Terms and Conditions of Transactions with Related Parties
Outstanding balances are noninterest-bearing, unsecured, 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 statements of comprehensive income consist of the following:

	2022	2021
Salaries and short-term employee benefits	**₱1,240,190**	₱1,529,500
Retirement costs	**123,294**	205,316
	₱1,363,484	₱1,734,816

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 Liability

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, 2022.

The components of retirement costs recognized under "General and administrative expenses" account in the separate statements of comprehensive income are as follows (see Note 14):

	2022	2021
Current service cost	**₱299,883**	₱585,938
Interest cost	**143,408**	220,742
	₱443,291	₱806,680

Changes in present value of retirement liability are as follows:

	2022	2021
Balance at beginning of year	**₱3,281,654**	₱5,966,007
Current service cost	**299,883**	585,938
Interest cost	**143,408**	220,742
Remeasurement loss (gain) recognized in OCI:		
Changes in financial assumptions	**(246,019)**	(710,454)
Experience adjustments	**2,281**	(2,761,348)
Changes in demographic assumptions	**–**	(19,231)
Balance at end of year	**₱3,481,207**	₱3,281,654

The cumulative remeasurement loss recognized in OCI amounted to ₱0.3 million and ₱0.5 million as at December 31, 2022 and 2021, respectively.

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

	2022	2021
Discount rate	**6.45%**	4.37%
Future salary increase rate	**4.00%**	4.00%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the retirement liability as at December 31, 2022 and 2021 assuming if all other assumptions were held constant:

	Increase	Increase (decrease) in accrued retirement cost	
	(Decrease)	**2022**	2021
Discount rate	1.00%	**(₱113,578)**	(₱125,631)
	(1.00%)	**105,717**	135,769
Future salary increase rate	1.00%	**115,204**	134,922
	(1.00%)	**(109,132)**	(127,237)

The following are other defined benefit plan information:

	2022	2021
A. Weighted average duration of present value of defined benefit obligation	**3.1 years**	4.0 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	**₱1,032,828**	₱946,759
More than one year up to 5 years	**3,966,698**	2,145,692
C. Plan membership information		
Number of active plan members	**4**	4
Average attained age	**55.2 years**	54.2 years
Average past service	**14.2 years**	13.2 years
Average future service	**4.8 years**	5.8 years

14. General and Administrative Expenses

This account consists of:

	Note	2022	2021
Salaries and employee benefits		**₱1,240,190**	₱2,015,657
Transportation and travel		**1,068,124**	770,463
Brokerage		**900,050**	–
Taxes and licenses		**780,344**	285,368
Professional fees		**645,014**	470,604
Representation		**521,816**	1,058,665
Provision for (reversal of) impairment	5, 7	**(446,803)**	116,555
Retirement cost	13	**443,291**	806,680
Dues and subscriptions		**367,965**	131,008
Outside services		**187,268**	113,208
Rental		**53,571**	53,571
Communication		**49,251**	22,842
Depreciation	8	**13,884**	20,828
Supplies		**7,500**	11,425
Insurance		**1,121**	113,465
Meeting expenses		**–**	282,091
Others		**81,785**	68,746
		₱5,914,371	₱6,341,176

15. **Income Tax**

There was no provision for income tax in 2022 and 2021.

No deferred income tax assets were recognized for the deductible temporary differences and carryforward benefits of 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.

	2022	2021
NOLCO	**₱4,223,151**	₱4,956,653
Allowance for impairment losses	**1,516,643**	1,628,344
Accrued retirement costs recognized in profit or loss	**807,371**	696,548
	₱6,547,165	₱7,281,545

As at December 31, 2022, 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
2022	₱–	₱5,396,067	₱–	₱5,396,067	2025
2021	4,475,831	–	–	4,475,831	2026
2020	7,020,706	–	–	7,020,706	2025
2019	8,330,074	–	(8,330,074)	–	2022
	₱19,826,611	₱5,396,067	(₱8,330,074)	₱16,892,604	

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 statements of comprehensive income is as follows:

	2022	2021
Benefit from income tax computed at the statutory income tax rate	**(₱25,206)**	(₱1,485,501)
Change in unrecognized deferred tax assets	**(734,380)**	(3,635,035)
Change in tax rates	**–**	1,819,430
Tax effects of:		
Expired NOLCO	**2,082,519**	3,136,233
Income subjected to capital gains tax	**(1,327,250)**	–
Nondeductible expenses	**130,454**	264,666
Dividend income exempt from income tax	**(79,869)**	(64,782)
Interest income subjected to final tax	**(46,268)**	(35,011)
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 retrospectively became effective on July 1, 2020 and was applied in 2021.

Accordingly, the income tax rates used in preparing the financial statements as at and for the years ended December 31, 2022 and 2021 are 25% and 1% for RCIT and MCIT, respectively.

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 equity price 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.

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:

	2022				
	Neither Past Due nor Impaired		**Past due but**		
	High Grade	**Standard Grade**	**not impaired**	**Credit Impaired**	**Total**
Cash and cash equivalents*	**₱16,294,068**	**₱–**	**₱–**	**₱–**	**₱16,294,068**
Receivables:					
Receivables from related parties	**–**	**4,118,687**	**–**	**6,066,572**	**10,185,259**
Others	**–**	**76,832**	**–**	**–**	**76,832**
Security deposits	**23,822**	**–**	**–**	**–**	**23,822**
Advances to subsidiaries	**–**	**–**	**–**	**85,614,960**	**85,614,960**
Financial assets at FVOCI	**3,020,525**	**–**	**–**	**–**	**3,020,525**
	₱19,338,415	**₱4,195,519**	**₱–**	**₱91,681,532**	**₱115,215,466**

**Excluding cash on hand amounting to ₱3,350.*

	2021				
	Neither Past Due nor Impaired		Past due but		
	High Grade	Standard Grade	not impaired	Credit Impaired	Total
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.*

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:

	2022				
	On demand	**Less than 3 months**	**3 to 12 months**	**Over 1 year**	**Total**
Trade and other payables*	**₱20,815,836**	**₱5,311,185**	**₱–**	**₱–**	**₱26,127,021**
Advances from a related party	**79,978,631**	**–**	**–**	**–**	**79,978,631**
	₱100,794,467	**₱5,311,185**	**₱–**	**₱–**	**₱106,105,652**

**Excluding statutory payables.*

	2021				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
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 payables.*

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 ₱3.0 million as at December 31, 2022 and 2021, respectively (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
2022	**8%**	**₱234,472**
	(8%)	**(234,472)**
2021	13%	₱346,922
	(13%)	(346,922)

**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:

	2022		
	Total	**Level 1**	**Level 2**
Assets measured at fair value:			
Investment properties	**₱9,156,000**	**₱–**	**₱9,156,000**
Financial assets at FVOCI	**3,020,525**	**3,020,525**	**–**
	₱12,176,525	**₱3,020,525**	**₱9,156,000**

	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

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, 2022 and 2021.

Investment Properties. The fair values of the investment properties were based on valuations performed by accredited independent appraisers, as discussed in Note 8.

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, 2022 and 2021.

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 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 statements of financial position as its core capital. As at December 31, 2022 and 2021, the Company was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2022 and 2021.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Accreditation No. 4782 SEC Group A
Issued August 11, 2022
Valid for Financial Periods 2021 to 2025

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**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 years ended December 31, 2022 and 2021, and have issued our report thereon dated February 28, 2023. Our audits were 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, 2022 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.

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Issued January 30, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 9564560
Issued January 3, 2023, Makati City

February 28, 2023
Makati City, Metro Manila

APC GROUP, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2022

	Amount
Unappropriated retained earnings (deficit) available for dividend distribution as at January 1, 2022	(₱16,739,557)
Net loss during the period closed to retained earnings	(100,825)
Net loss actually incurred during the year	(16,840,382)
Treasury shares	(29,435,220)
Total retained earnings (deficit), available for dividend declaration, ending	(₱46,275,602)

Reconciliation:	
Unappropriated retained earnings (deficit) as shown in the financial statements at end of year	(₱16,840,382)
Treasury shares	(29,435,220)
Total unappropriated retained earnings (deficit) available for dividend declaration at end of year	(₱46,275,602)