From: Philippine Stock Exchange
To:

Subject: Information Statement
Date: Wednesday, May 15, 2024 12:20:39 PM

Dear Sir/Madam:

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

Company Name: APC Group, Inc.
Reference Number: 0016729-2024
Date and Time: Wednesday, May 15, 2024 12:20 PM
Template Name: Information Statement
Report Number: CR03367-2024

Best Regards,
PSE EDGE

https://www.pse.com.ph/stockMarket/content.html?sec=privacypolicy

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 17.1(b) OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

☑ Preliminary Information Statement

☐ Definitive Information Statement

2. Name of Registrant as specified in its charter

APC Group, Inc.

3. Province, country or other jurisdiction of incorporation or organization

Metro Manila, Philippines

4. SEC Identification Number

AS093-8127

5. BIR Tax Identification Code

002-834-075

6. Address of principal office

G/F MyTown New York Building, General E. Jacinto corner Capas Streets, BarangayGuadalupe Nuevo, Makati City

Postal Code

1212

7. Registrant's telephone number, including area code

(+632) 8662-8888

8. Date, time and place of the meeting of security holders

June 28, 2024, 11:00 am, to be conducted virtually/electronically

9. Approximate date on which the Information Statement is first to be sent or given to security holders

May 28, 2024

10. In case of Proxy Solicitations:

Name of Person Filing the Statement/Solicitor

-

Address and Telephone No.

-

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	7,504,203,997

13. 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

APC GROUP INC.

APC Group, Inc.
APC

PSE Disclosure Form 17-5 - Information Statement for Annual or Special Stockholders' Meeting
References: SRC Rule 20 and Section 17.10 of the Revised Disclosure Rules

Date of Stockholders' Meeting	Jun 28, 2024
Type (Annual or Special)	Annual
Time	11:00 am
Venue	to be conducted virtually
Record Date	May 31, 2024

Inclusive Dates of Closing of Stock Transfer Books

Start Date	N/A
End date	N/A

Other Relevant Information
Kindly refer to the attached.

Filed on behalf by:

Name	Michelle Angeli Hernandez
Designation	Chief Risk Officer

COVER SHEET

A S 9 3 0 0 8 1 2 7

S. E. C. Registration Number

A P C G R O U P , I N C .

(Company's Full Name)

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 N E 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

(Business Address: No. Street City/Tow n/province)

IAN JASON R. AGUIRRE

Contact Person

8662-8888

Company's Telephone Number

1 2 3 1

Month Day

Fiscal Year

Preliminary

20-IS

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Number of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

L C U

Cashier

S T A M P S

APC GROUP INC.

Notice of Annual Stockholders' Meeting
June 28, 2024 | 11:00 a.m.

TO: ALL STOCKHOLDERS:

Please take notice that the Annual Stockholders' Meeting of **APC Group, Inc.** will be held on **June 28, 2024,** Friday at 11:00 a.m. The meeting will be conducted virtually, and voting will be conducted *in absentia* through the Company's secure online voting facility.

AGENDA

1. Call to Order
2. Proof of Notice of Meeting and Quorum
3. Approval of the Minutes of the Annual Meeting of Stockholders held on June 22, 2023
4. Approval of 2023 Operations and Results
5. Ratification of All Acts of the Board of Directors, Board Committees, and Management during their term of office
6. Election of Directors for 2024-2025
7. Appointment of External Auditors
8. Other Matters
9. Adjournment

Attached is the rationale for the above agenda items for reference.

The Board of Directors has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on May 31, 2024 as the Record Date for the determination of stockholders entitled to the notice of, participation via remote communication, and voting *in absentia* at such meeting and any adjournment thereof.

The conduct of the meeting will be streamed live, and stockholders may attend the meeting by emailing apc_governance@bellecorp.com and submitting the required documents until June 25, 2024. All information submitted shall be verified and validated by the Corporate Secretary.

Stockholders who wish to cast votes through a proxy may accomplish the proxy form (*which need not be notarized*) and submit the same to the Office of the Corporate Secretary at the 23rd Floor, Philippine Stock Exchange Centre, East Tower Exchange Road, Ortigas Center, Pasig City or via electronic copy by emailing apc_governance@bellecorp.com on or before 5:00 pm of June 25, 2024. For corporate stockholders, the proxies should be accompanied by a Secretary's Certificate on the appointment of the corporation's authorized signatory.

Stockholders who successfully validated/registered can cast their votes *in absentia* through the Company's secured e-mail for this meeting. In order to participate remotely, they will also be provided with access to the meeting that will be held virtually. The "*Guidelines for Participation via Remote Communication and Voting in Absentia*" as appended to the Definitive Information Statement labeled as "Schedule A" together with the Information Statement, Annual Report on SEC Form 17-A (once available) and other pertinent materials for the Annual Stockholders' Meeting are posted in the Company's website http://apcaragorn.net/index.php/disclosures/sec-filings/sec-form-20-is-information-statement and PSE Edge.

City of Pasig, ___________ 2024.

RICHARD ANTHONY D. ALCAZAR
Corporate Secretary

RATIONALE FOR AGENDA ITEMS

1. **Call to Order.** The Chairman of the Board of Directors, Mr. Willy N. Ocier, will call the meeting to order.

2. **Certification of Notice and Quorum.** The Corporate Secretary, Atty. Richard Anthony D. Alcazar will certify that copies of this Notice were sent to Stockholders of record as of May 31, 2024. The Corporate Secretary will also certify the number of attendees, whether in person or by proxy, for the purpose of determining the existence of quorum to validly transact business.

3. **Approval of the Minutes of the Annual Meeting of Stockholders held on June 22, 2023.** The Minutes of the June 22, 2023 Annual Stockholders' Meeting (ASM) are available on the Company's website: http://apcaragorn.net/index.php/component/jdownloads/send/129-minutes-of-all-general-or-special-stockholders-meetings-2021/553-draft-minutes-of-2021-annual-stockholders-meeting-posted-on-july-28-2021?Itemid=0 Copies of the minutes of the annual stockholders' meeting held on June 22, 2023 are available for inspection during office hours at the office of the Corporate Secretary. The results of last year's annual stockholders' meeting were also timely disclosed with the Philippine Stock Exchange, Inc. and the Securities and Exchange Commission (SEC). The minutes, as recommended by the Board of Directors, are subject to stockholders' approval during this year's stockholders' meeting.

4. **Approval of 2023 Operations and Results.** The Company's 2023 performance results have been summarized in the Annual Report, which includes the Audited Financial Statements (AFS) of the Company for the year ended December 31, 2023. The AFS, as audited by the external auditor which expressed an unqualified opinion therefor, have been reviewed and approved by the Audit Committee and the Board of Directors. Stockholders, after identifying themselves, will be given an opportunity to raise questions regarding the operations and report of the Company during the ASM.

5. **Ratification of all Acts of the Board of Directors, Board Committees and the Management during their term of office.** All actions, proceedings and contracts entered into, as well as resolutions made, including approvals of significant related party transactions, of the Board of Directors, the Board Committees and the Management from the last ASM held on June 22, 2023 until June 28, 2024 will be presented to the shareholders for their confirmation, approval and ratification. The Company's performance in 2023, as detailed in the Annual Report, is attributed to the strategic directions and key policies set by the Board of Directors which were effectively executed and complied with by Management in conformance with good corporate governance and ethical best practices. The ratification of the acts undertaken by the Board of Directors, Board Committees, and Management is subject to stockholders' approval during this year's stockholders' meeting.

6. **Election of Directors for 2024-2025.** The Directors of the Company, including Independent Directors, have been pre-qualified by the Company's Corporate Governance Committee for election as directors for 2024-2025. Their proven competence, expertise and qualifications based on current regulatory standards, will help sustain the Company's solid performance for the benefit of all its shareholders. The profiles of the Board of Directors are contained in the Definitive Information Statement for reference of the stockholders and are likewise posted on the Company's website. Directors for 2024-2025 will be elected during this year's stockholders' meeting. If elected, they shall serve as such from June 28, 2024 until their successors shall have been duly qualified and elected.

7. **Appointment of External Auditor.** As pre-screened and recommended by the Audit Committee, the Board has endorsed for stockholder approval the appointment of Reyes Tacandong & Co. as the Company's external auditor for 2024. Reyes Tacandong & Co. is one of the top auditing firms in the country and is duly accredited by the SEC. The appointment of Reyes Tacandong & Co. as external auditor of the Company for 2024 is subject to stockholders' approval during this year's stockholders' meeting. The Stockholders will also be requested to delegate to the Board the authority to approve the appropriate audit fee for 2024.

8. **Other Matters.** The Chairman will open the floor for comments and questions by the stockholders. Stockholders may raise other matters or issues that may be properly taken up at the meeting.

9. **Adjournment.** After all business has been considered and resolved, the Chairman shall declare the meeting adjourned.

PROXY FORM

The undersigned stockholder of APC Group Inc. (the "Company"), registered in the name of Philippine Central Depository Nominee Corporation, if applicable*, hereby appoints ________________________ (as sub-proxy,*) or in his absence, the Chairman of the meeting, as attorney and proxy, with power of substitution, to represent and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Meeting of Stockholders of the Company on June 28, 2024 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of Minutes of Previous Meeting held on June 22, 2023

___ Yes_____No_____Abstain

2. Approval of 2023 Operations and Results

___ Yes_____No_____Abstain

3. Ratification of all Acts of the Board of Directors, Board Committees and the Management during their term of office

___ Yes_____No_____Abstain

4. Election of Directors for 2024 to 2025

___ 4.1 Vote for all nominees listed below:

a. Willy N. Ocier
b. Ian Jason R Aguirre
c. Rafael M. Alunan III (Independent)
d. Armin Antonio B. Raquel Santos
e. Edmundo L. Tan
f. Jerry C. Tiu (Independent)
g. Virginia A. Yap

___ 4.2 Withhold authority for all nominees above
___ 4.3 Withhold authority to vote for the nominees listed below:

__________________ __________________
__________________ __________________

5. Appointment of External Auditors

___ Yes_____No_____Abstain

6. At their discretion, the proxies named above are authorized to vote upon such other matters as may be properly come before the meeting

___ Yes_____No_____Abstain

____
Printed Name of Stockholder/Broker/PCD Participant

____
Signature of Stockholder or Name and Signature of Authorized Signatory of Corporate Stockholder/ Broker/PCD Participant

____
Date

This Proxy must be submitted together with the following:

For Individual Stockholders
If a representative will sign on behalf of stockholder, this proxy must be submitted together with a duly executed Special of General Power of Attorney showing the authority of the representative to sign on behalf of the individual stockholder.

For Corporate Stockholders
A duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the stockholder corporation. Enclosed is a sample Secretary's Certificate for your reference.

For PCD Participants/Brokers
A duly executed Secretary's Certificate showing the authority of the representative to sign on behalf of the PCD Participant/Broker, as well as the duly accomplished proxy or certificate of shareholdings issued by the PDTC. Enclosed is a sample Secretary's Certificate for your reference.

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY AT LEAST THREE (3) BUSINESS DAYS BEFORE THE DATE SET FOR THE ANNUAL MEETING AS PROVIDED IN THE BY-LAWS.

THIS PROXY IS NOT REQUIRED TO BE NOTARIZED, AND WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

THIS PROXY FORM SHALL BE VALID FOR FIVE (5) YEARS FROM DATE HEREOF.

* *For PCD Participants/Brokers*

SPECIAL POWER OF ATTORNEY

Know all men by these presents:

I,____,____________________citizen, of legal age and a resident of ____, do hereby name, constitute, and appoint_________________________________,___________________citizenship, of legal age and a resident of____, to be my true and lawful attorney-in-fact for myself and in my name, place and stead, to do and perform the following acts and things, namely:

1. To attend the 2024 Annual Stockholders' Meeting of APC Group, Inc., or at any adjournments thereof, of which I am a shareholder, and then and there to exercise my voice and vote and whatsoever privileges, rights, and prerogatives may correspond to me by reason of my shares therein; and

2. To delegate in whole or in part any or all of the powers and authorities herein covered, by means of an instrument in writing in favor of any third person or persons whom the attorney-in-fact may select.

Acknowledgement

Republic of the Philippines)
_______________________)

Before me, a Notary Public for and in the City of________________, this__ day of____________2024 personally appeared__________________________who presented to me his/her (Gov't. issued ID No.) issued on ___________ at________________and who was identified by me through his/her competent evidence of identity to be the same person described in the foregoing instrument, who acknowledged before me that his/her signature on the instrument was voluntarily affixed by him/her for the purposes stated therein, and who declared to me that he/she has executed the instrument as his/her free and voluntary act and deed.

This instrument refers to the Special Power of Attorney consisting of (_) pages, including this page, and signed by the persons executing this instrument and sealed with the notarial seal.

WITNESS MY HAND AND SEAL on the date and place first above written.

Doc. No. ______;
Page No.__________;
Book No._________;
Series of__________.

SECRETARY'S CERTIFICATE

I,____,______________________citizen, of legal age and with office address at ____, do hereby certify that:

1. I am the duly appointed Corporate Secretary of ___________________________________(the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with office address at____.

2. Based on the records, during the lawfully convened meeting of the Board of Directors of the Corporation held on ____, the following resolutions were passed and approved:

> "RESOLVED, That____, ____ be authorized and appointed, as he is hereby authorized and appointed, as the Corporation's Proxy (the "Proxy") to attend all meetings of the stockholders of APC Group, Inc. (APC) whether the meeting is regular or special, or at any meeting postponed or adjourned therefrom, with full authority to vote the shares of stock of the Corporation held in APC and to act upon all matters and resolution that may come before or presented during meetings, or any adjournments thereof, in the name, place and stead of the Corporation.
>
> "RESOLVED, FINALLY, That APC be furnished with a certified copy of this resolution and APC may rely on the continuing validity of this resolution until receipt of written notice of its revocation."

3. The foregoing resolutions have not been modified, amended or revoked in accordance with the records of the Corporation presently in my custody.

IN WITNESS WHEREOF, I have signed this instrument in_________________________on_________________.

____
Printed Name and Signature of the
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME on_________________________in_______________________ .
Affiant exhibited to me his Competent Evidence of Identity by way of_____________________________issued on ______________________at_________________.

Doc. No.____________;
Page No.____________;
Book No.____________;
Series of____________.

Nominees for Election as Members of the Board of Directors For 2024-2025

<table>
<tr><th></th><th>EXPERIENCE / EDUCATION</th></tr>
<tr><td>WILLY N. OCIER
</td><td>Mr. Ocier, 67, Filipino, is the Chairman and Director of the Company. He is also the Chairman and Director of Belle Corporation, Premium Leisure Corp., and Pacific Online Systems Corporation. Likewise, he is the Chairman of Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and the Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of the Directors of Tagaytay Highlands International Golf Club, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., a Director of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation). He also sits as a Director of 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.</td></tr>
<tr><td>IAN JASON R. AGUIRRE
</td><td>Mr. Ian Jason R. Aguirre, 50, 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.</td></tr>
</table>

	EXPERIENCE / EDUCATION
RAFAEL M. ALUNAN III 	**Mr. Rafael M. Alunan III**, 75, Filipino, is an Independent Director of the Company who was elected on August 10, 2020. He also sits as an independent. director with the position of Vice-Chairman of Pepsi Cola Products (Philippines), Inc.; and chairs the Audit Committees of both companies. He was recently elected as President of the Philippine Taekwondo Association. Mr Alunan is the immediate past Chairman of the Philippine Council for Foreign Relations (PCFR) and the Harvard Kennedy School Alumni Association of the Philippines Inc. (HKSAAPI). He is the President-elect of the Rotary Club of Manila for RY2023-2024. 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. 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.
ARMIN ANTONIO B. RAQUEL SANTOS 	Mr. Raquel Santos, 56, Filipino, is a Non-Executive Director and a member of the Executive Committee of Belle Corporation. He is the President and Chief Executive Officer of Premium Leisure Corp. and its subsidiary PremiumLeisure and Amusement, Inc., and Pacific Online Systems Corporation. He is a Director of Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club, and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation. Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy

	Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York. Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

	EXPERIENCE / EDUCATION
EDMUNDO L. TAN 	**Mr. Edmundo L. Tan**, 78, 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. He graduated from De La Salle College with a degree in Bachelor of Arts. He graduated from the University of the Philippines' College of Law in 1973.

JERRY C. TIU 	**Jerry C. Tiu**, 66, Filipino, is an independent director of APC Group, Inc. He is an Independent Adviser to the Board 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.
VIRGINIA A. YAP 	**Ms. Virginia A. Yap**, 72, 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.

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box:

X Preliminary Information Statement

__Definitive Information Statement

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

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

4. SEC Identification Number: **AS93008127**

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

6. Address of principal office: **G/F MyTown New York Bldg., Gen. E. Jacinto St. corner Capas St., Brgy. Guadalupe Nuevo, Makati City, 1212**

7. Registrant's telephone number, including area code: **(632) 8662-8888**

8. Date, time and place of the meeting of security holders:

Date:	**June 28, 2024, Friday**
Time:	**11:00 AM**
Venue:	**Videoconferencing via Zoom Webinar**

Approximate date on which the Information Statement is first to be sent or given to security holders: **May 28, 2024**

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock	**7,504,203,997 shares (as of April 30, 2024)**

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

Yes (x) No ( )

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

Class of Shares Listed: Common Shares

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

A. GENERAL INFORMATION

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

(a) Date: **June 28, 2024, Friday**
Time: **11:00 AM**
Place: **Videoconferencing via Zoom Webinar**

(b) The approximate date on which the Information Statement is first to be sent or given to security holders is on May 28, 2024.

(c) The complete mailing address of the principal office of **APC Group, Inc.** ("the Company") is: **G/F MyTown New York Bldg., Gen. E. Jacinto St. corner Capas St., Brgy. Guadalupe Nuevo, Makati City 1212 Philippines**

Item 2. Dissenters' Right of Appraisal

The matters to be voted upon in the Annual Stockholders' Meeting on June 28, 2024 are not among the instances enumerated in Sections 41 and 80 of the Revised Corporation Code ("Revised Code") whereby the right of any stockholder to dissent and demand payment of the fair value of his shares may be exercised. The instances where the right of appraisal may be exercised are as follows:

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

In case the right of appraisal will be exercised, Section 82 of the Revised Corporation Code provides for the appropriate procedure, *viz*:

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares: Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the Company shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment: and Provided, further, that upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

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

(a) No person who has been a director or officer or a nominee for election as director of the Company or associate of such persons, has a substantial interest, direct or indirect, in any matter to be acted upon other than the election of directors for the year 2024-2025.
(b) The Company is not aware of any director or security holder who intends to oppose any action to be taken by the Registrant during the stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(a) Voting Securities

As of April 30, 2024, the Registrant has **7,504,203,997** common shares outstanding and each share is entitled to one vote. As of April 30, 2024, out of the outstanding capital stock of the Company, 531,561,509 common shares or **7.08%** is owned by foreigners.

(b) Record Date

The Record Date with respect to the determination of the stockholders entitled to notice of and vote at the Annual Stockholders' Meeting is May 31, 2024**.**

(c) Voting Rights

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

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

In light of the community quarantine imposed over various areas of the country and to ensure the safety and welfare of stockholders and everyone involved, this year's Annual Stockholders' Meeting will be conducted virtually, and will be broadcasted via livestreaming accessible to registered stockholders, the details of which can be found in http://apcaragorn.net/index.php/investor-relations/programs. The Company will record in video the proceedings and maintain a copy with the office of the Corporate Secretary.

Stockholders as of Record Date must inform the Corporate Secretary of their intention to participate in the meeting via remote communication and to vote *in absentia* by registering at apc_governance@bellecorp.com on or before June 25, 2024 (Tuesday), subject to the verification and validation by the Corporate Secretary. Stockholders who will participate through remote communication or *in absentia* shall be deemed present for purposes of quorum for the meeting.

The Board of Directors adopted a resolution allowing stockholders to participate, and to exercise their right to vote, via remote communication or *in absentia.* Voting will be made through a secure online voting facility accessible only to verified stockholders to protect the integrity and secrecy of votes cast.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participation via Remote Communication and Voting in Absentia" appended to this Information Statement (see attached **Schedule "A").**

(d) Security ownership of certain record and beneficial owners and management.

1. Security Ownership of Certain Record and Beneficial Owners

The persons or groups identified in the table below are known to the Company as directly or indirectly the record or beneficial owners of more than five percent (5%) of the Company's voting securities as of April 30, 2024:

Title of Class	Name and address of Record Owner and Relationship with Issuer	Name of beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent Held
Common	PCD Nominee Corp. (Filipino) G/F Makati Stock Exchange, Ayala Ave. Makati City	Belle Corporation[2]	Filipino	3,500,000,000	46.641%
Common	PCD Nominee Corp. [1] (Filipino) G/F Makati Stock Exchange, Ayala Ave. Makati City	Various[3]	Filipino	1,909,593,156	25.447%
Common	PCD Nominee Corp. [1] (Non-Filipino) G/F Makati Stock Exchange, Ayala Ave. Makati City	Various[3]	Non-Filipino	415,461,509	5.536%

[1] PCD Nominee Corporation ("PCDNC") is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD"). 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, Inc. are to be voted.

[2] Belle Corporation ("Belle") is an affiliate of APC Group Inc. The shares held by Belle Corporation are currently lodged under BDO Securities Corporation, which is a stock brokerage firm as well as a trading participant in the Philippine Depository and Trust Corporation. Belle shares shall be voted or disposed of by the persons who shall be duly authorized by Belle for the purpose. The natural person/s that has/have the power to vote on the shares of Belle shall be determined upon the submission of its proxy form to the Company, which is not later than three (3) business days before the date of the meeting.

[3] The Company is not aware of other single participant who has beneficial ownership of more than 5% of the Company's shares other than as stated above.

2. Security Ownership of Management

The following table shows the shareholdings beneficially held by the directors and officers of the Company as of April 30, 2024:

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	0.00
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	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

   The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

   There are no existing or planned stock warrant offerings by APC. There are no arrangements which may result in a change in control of the Company.

Item 5. Directors and Executive Officers of the Registrant

The names and ages of all incumbent Directors, elected on June 22, 2023 during the Annual Stockholders' Meeting and who are to serve a term of one (1) year until their successor shall have been elected and qualified, and the Executive Officers are:

Name	Age/Years	Date First Elected	Position	Nationality
Willy N. Ocier	67	Year 1999 to present	Chairman	Filipino
Jackson T. Ongsip	50	August 13, 2015 to November 5, 2021 November 5, 2021to present	Executive Director / President / CFO Non-Executive Director	Filipino
Edmundo L. Tan	78	Year 2000 to present	Director	Filipino
Ian Jason R. Aguirre	50	August 13, 2015 to November 5, 2021 November 5, 2021 to present	EVP-CFO / Compliance Officer / CRO / Treasurer President, CEO and Executive Director	Filipino
Virginia A. Yap	72	June 6, 2012 to present	Director	Filipino
Rafael M. Alunan III	75	August 10, 2020 to present	Independent Director (Lead)	Filipino
Richard Anthony D. Alcazar	53	May 31, 2017 to present	Corporate Secretary	Filipino
Name	**Age/Years**	**Date First Elected**	**Position**	**Nationality**

Richard Anthony D. Alcazar	53	May 31, 2017 to present	Corporate Secretary	Filipino
Marie Joy T. Co	42	November 6, 2021 to present	Treasurer and Compliance Officer	Filipino
Michelle Angeli T. Hernandez	52	July 22, 2021 to present	Chief Risk Officer	Filipino
Anna Josefina G. Esteban	56	July 1, 2019 to present	Chief Audit Executive	Filipino

The Company's Board of Directors is vested, by the by-laws of the Company, over-all responsibility for the management of the Company's business. The Board of Directors elects the executive officers of the Company.

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

BOARD OF DIRECTORS

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

Willy N. Ocier
Chairman of the Board
Non-Executive Director
Date of First Election: Year 1999
Chairman, Executive Committee and Compensation and Remuneration Committee

Mr. Ocier, 67, Filipino, is the Chairman and Director of the Company. He is also the Chairman and Director of Belle Corporation, Premium Leisure Corp., and Pacific Online Systems Corporation. Likewise, he is the Chairman of Total Gaming and Technologies, Inc. and PremiumLeisure and Amusement, Inc. and the Vice Chairman of Highlands Prime, Inc. He is the Chairman and Director of Tagaytay Midlands Golf Club, Inc., and Vice Chairman of the Directors of Tagaytay Highlands International Golf Club, Inc. Mr. Ocier is also the Chairman, President, and Chief Executive Officer of Philippine Global Communications, Inc., a Director of DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation). He also sits as a Director of 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.

Ian Jason R. Aguirre
Executive Director
President and Chief Executive Officer
Date of First Election: November 2021
Member, Executive Committee

Mr. Ian Jason R. Aguirre, 50, 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.

Jackson T. Ongsip
Non- Executive Director starting November 5, 2021
Executive Director, President and Chief Executive Officer until November 5, 2021
Date of First Election: August 2015
Chairman: Risk Oversight Committee
Member, Audit Committee, Corporate Governance Committee and Related Party Transactions Committee

Mr. Ongsip, 50, Filipino, 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.

Edmundo L. Tan
Non-Executive Director
Date of First Election: Year 2000
Member, Compensation and Remuneration Committee

Atty. Tan, 78, 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.

He graduated from De La Salle College with a degree in Bachelor of Arts. He graduated from the University of the Philippines' College of Law in 1973.

Virginia A. Yap
Non-Executive Director
Date of First Election: June 2012
Member, Executive Committee, and Compensation and Remuneration Committee

Ms. Yap, 72, 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.

Independent Directors

The following are brief descriptions of the business experiences over the past five (5) years of the incumbent independent directors of the Company:

Rafael M. Alunan III
Lead Independent Director
Non-Executive Director
Date of First Election: August 2020 Chairman, Audit Committee

Member, Corporate Governance, Risk Oversight Committee, and Related Party Transactions Committee

Mr. Alunan, 75, Filipino, is an Independent Director of the Company who was elected on August 10, 2020. He also sits as an independent. director with the position of Vice-Chairman of Pepsi Cola Products (Philippines), Inc.; and chairs the Audit Committees of both companies. He was recently elected as President of the Philippine Taekwondo Association. Mr Alunan is the immediate past Chairman of the Philippine Council for Foreign Relations (PCFR) and the Harvard Kennedy School Alumni Association of the Philippines Inc. (HKSAAPI). He is the President-elect of the Rotary Club of Manila for RY2023-2024. 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.

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

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

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

Jerry C. Tiu

Independent Director

Date of First Election: July 22, 2021

Chairman: Corporate Governance Committee and Related Party Transactions Committee

Member: Audit Committee, Risk Oversight Committee

Mr. Tiu, 66, Filipino, is an independent director of APC Group, Inc. He is an independent adviser to the Board 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.

Nomination of Regular and Independent Directors for 2024-2025

Mr. Rafael M. Alunan III and Mr. Jerry C. Tiu were elected as Independent Directors during June 22, 2023 Annual Stockholders' Meeting to comply with the requirements set forth in Section 38 of the Securities Regulation Code.

Currently, no independent director has exceeded the cumulative term of nine (9) years per SEC Memorandum Circular No. 4, Series of 2017.

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 Company's By-Laws.

The Corporate Governance Committee has endorsed the nominations for election of the following as regular and independent directors of the Company for 2024-2025:

Regular Directors

1. Willy N. Ocier
2. Ian Jason R. Aguirre
3. Edmundo L. Tan
4. Virginia A. Yap
5. Armin Antonio B. Raquel Santos (New Nominee)

Independent Directors

1. Rafael M. Alunan III
2. Jerry C. Tiu

The Corporate Governance Committee constituted by the Company's Board of Directors, indorsed the nomination by Maritoni Z. Liwanag and Martin Israel L. Pison in favor of Mr. Rafael M. Alunan III and Mr. Jerry C. Tiu, respectively, for re-election as Independent Directors. Ms. Liwanag and Mr. Pison are not related to Mr. Alunan and Mr. Tiu, respectively.

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

The brief descriptions of the business experiences over the past five (5) years of the new nominee, Mr. Armin Antonio B. Raquel Santos for election as director, is as follows:

Mr. Raquel Santos, 56, Filipino, is a Non-Executive Director and a member of the Executive Committee of Belle Corporation. He is the President and Chief Executive Officer of both Premium Leisure Corp. and its subsidiary PremiumLeisure and Amusement, Inc. He is also a Director of Pacific Online Systems Corporation, Pinoy Lotto Technologies Corporation, Sagittarius Mines, Inc., Tagaytay Highlands International Golf Club, Inc., Manila Golf and Country Club, and member of the Board of Trustees of Melco Resorts (Philippines) Foundation Corporation. Formerly, he was Chief Finance Officer of Aboitizland, Inc., Cebu Industrial Park, Inc. and Mactan Economic Zone II and First Philippine Electric Company. He was also former Governor of the Board of Investments (BOI), served as Assistant Secretary with the Department of Trade and Industry (DTI), Vice Chairman and CEO of Philippine Retirement Authority (PRA), Executive Vice President of Philippine International Trading Corporation (PITC), and Deputy Administrator of Subic Bay Metropolitan Authority (SBMA). His experience includes stints with multinational companies; Securities 2000 Inc. (Singapore Technologies Group) and First Chicago Trust Company of New York.

Mr. Raquel Santos holds a Master of Arts in Liberal Studies from Dartmouth College, U.S.A. and Bachelor of Science in Business Administration Major in Finance from Iona College, U.S.A.

Procedure for the Nomination of Directors

The procedure for the nomination of directors is as follows:

1. Nomination of directors shall be conducted by the Corporate Governance Committee or such other committee of the Board of Directors tasked to review and evaluate nominations for election to the Board of Directors prior to a stockholders' meeting.

2. All nominations shall be submitted to the Corporate Governance Committee by any stockholder of record to assess and evaluate the qualifications of the nominees.

3. All recommendations for the nomination of independent directors shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

4. After the nomination, the Corporate Governance Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Corporation will be required to submit to the SEC.

5. The name of the person or group of persons who recommended the nomination of the independent director(s) shall be identified in such report including any relationship with the nominee.

6. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained after the List of Candidates shall have been prepared and finalized. No further nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders' meeting.

7. Any vacancy occurring in the Board of Directors by reason of death, resignation, retirement or disqualification may be filled by the affirmative vote of a majority of the remaining directors constituting a quorum, upon the nomination of the Corporate Governance Committee, provided, that specific slots for independent directors shall not be filled by unqualified nominees. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Orientation and Continuing Education

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, Belle'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 Belle's expense, to promote relevance and effectiveness and to keep them abreast of the latest developments in corporate directorship and good governance.

Names				Date	Training Provider	Topics
Ocier	Willy	N	Chairman	10/16/2023	Institute of Corporate Directors	Global Economic and Geopolitical Outlook / Business Trends and Insights / Generative A.I. and Cybersecurity
Aguirre	Ian Jason	R	President, CEO			
Ongsip	Jackson	T	Independent Director			
Tan	Edmund	L	Non-Executive Director			
Yap	Virginia	A	Non-Executive Director			
Tiu	Jerry	C	Independent Director			
Alunan	Rafael III	M	Lead Independent Director	12/13/2023	Institute of Corporate Directors	Risk Management in the Post-Covid Age

EXECUTIVE OFFICERS:

Ian Jason R. Aguirre

Please refer to Mr. Aguirre's profile under "Board of Directors".

Richard Anthony D. Alcazar

Atty. Alcazar, 53, 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.

Marie Joy T. Co

Ms. Co, 42, Filipino, is concurrently the Accounting Manager for the Philippine Geothermal Production Company, Inc. She was an Analyst for Shell Shared Services Philippines from 2004 to 2006, and Auditor for KPMG – Laya Mananghaya from 2003 to 2004. Ms. Co is a graduate of Bachelor of Science in Accountancy from De La Salle University, and a Certified Public Accountant.

Anna Josefina G. Esteban

Ms. Esteban, 56, Filipino, is the Chief Audit Executive of the following publicly listed companies: (i) Belle Corporation; (ii) Premium Leisure Corp; (iii) Pacific Online Systems Corporation; and (iv) APC Group, Inc. Prior to joining the Belle Group, she served as Treasurer and Chief Finance Officer of Miriam (formerly Maryknoll) College Foundation, Inc. and worked at the Asian Development Bank for 18 years as Senior Officer at the Office of the Treasurer, Office of the Auditor General and Operations Evaluation Office. Earlier on, she was the Head of the Finance Systems and Audit Unit of Magnolia Nestle Corporation (a joint venture of San Miguel Corporation and Nestle S.A.). She was an auditor and management consultant at Carlos J. Valdes & Co. and was an accounting/finance professor at the College of St. Benilde and the Graduate School of Business of De La Salle University (DLSU). Ms. Esteban is a Certified Public Accountant, Certified Information Systems Auditor and Certified Data Privacy Auditor. She earned her Bachelor of Science degree in Accounting at the College of the Holy Spirit, Manila and her Master in Business Administration (with distinction) at DLSU.

Michelle Angeli T. Hernandez

Ms. Hernandez, 52, Filipino, is the Chief Risk Officer of the Company. She is Compliance Officer, Chief Risk Officer and Vice President for Governance of Belle Corporation, and Compliance Officer and Chief Risk Officer of Premium Leisure Corp., and the Compliance Officer of Pacific Online Systems Corporation. 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/Years	Date First Elected	Position	Nationality
Richard Anthony D. Alcazar	53	May 31, 2017 to present	Corporate Secretary	Filipino
Marie Joy T. Co	42	November 6, 2021 to present	Treasurer and Compliance Officer	Filipino
Michelle Angeli T. Hernandez	52	July 22, 2021 to present	Chief Risk Officer	Filipino
Anna Josefina G. Esteban	56	July 1, 2019 to present	Chief Audit Executive	Filipino

Directorships in Other Publicly Listed Companies:

The following are directorships held by Directors and Officers in other reporting companies in the last five years:

Name of Director	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent); Indicate if director is also the Chairman
Willy N. Ocier	Belle Corporation	Chairman, Executive Director
	Premium Leisure Corp.	Chairman, Executive Director
	Pacific Online Systems Corporation	Chairman, Non-Executive Director
	Leisure & Resorts World Corp.	Non-Executive Director
	Vantage Equities, Inc.	Non-Executive Director
	AbaCore Capital Holdings, Inc.	Non-Executive Director

Virginia A. Yap	Belle Corporation	Non-Executive Director
Jackson T. Ongsip	Pacific Online Systems Corporation	Executive Director, President and CEO
Jerry C. Tiu	Premium Leisure Corp.	Independent Director until April 22, 2024
Rafael M. Alunan III	Metro Global Holdings Corp.	Independent Director
	Pepsi Cola Products (Philippines), Inc.	Vice Chairman and Independent Director
Armin Antonio B. Raquel Santos	Belle Corporation	Non-Executive Director
	Pacific Online Systems Corporation	Non-Executive Director
	Premium Leisure Corp.	Executive Director, President & CEO

Family Relationships

None.

Significant employee

There is no significant employee.

Involvement in Certain Legal Proceedings

As of the date of this information statement, the Company is not aware of any 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 up to date of the Information Statement:

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

Parent of Registrant and Basis of Control

Belle Corporation owns 3,500,000,000 shares of the Company's capital stock or 46.64%.

Certain Relationships and Related Transactions

No director or executive officers 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.

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. Related party transactions pertain to the availment of noninterest-bearing advances from a stockholder and other related parties.

The related party transactions are described in Note 16 (Related Party Transactions) of the Notes to the Consolidated Financial Statements.

Disagreement with Director

No director has resigned nor declined to stand for re-election to the Board of Directors because of a disagreement with the Company on any matter relating to the latter's operations, policies or practices since the date of the last Annual Stockholders' Meeting.

Item 6. Compensation of Directors and Executive Officers

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

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	2024 (estimate)	₱1,350,000
	2023 (actual)	1,350,000
	2022 (actual)	1,300,000
All Other officers as a group unnamed	2024 (estimate)	–
	2023 (actual)	–
	2022 (actual)	–

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

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

2023 Per Diem for Attendance to Meetings of Directors

Each member of the Board of Directors received the following as Directors for the year 2023. The amounts represent their per diem for the meetings attended and all other responsibilities undertaken for the Company.

Directors	Per Diem in 2023 (PHP)
Willy N. Ocier	45,000.00
Ian Jason R. Aguirre[a]	45,000.00
Jackson T. Ongsip	45,000.00
Edmundo L. Tan	45,000.00
Jerry C. Tiu[d]	45,000.00
Virginia A. Yap	45,000.00
Rafael M. Alunan III	45,000.00

Below table shows the attendance of each Board member in the meetings conducted in 2023:

APC | Summary of 2023 Board of Directors' Meetings

Board of Directors	9-Feb-23	20-Apr-23	22-Jun-23[1]	22-Jun-23[2]	3-Aug-23	9-Nov-23
Ocier, Willy	✓	✓	✓	✓	✓	✓
Aguirre, Ian Jason R.	✓	✓	✓	✓	✓	✓
Alunan, Rafael M. III (ID)	✓	✓	✓	✓	✓	✓
Ongsip, Jackson T.	✓	✓	✓	✓	✓	✓
Tan, Emundo L.	✓	✓	✓	✓	✓	✓
Tiu, Jerry C. (ID)	✓	✓	✓	✓	✓	✓
Yap, Virginia A.	✓	✓	✓	✓	✓	✓

[1] - *Annual Stockholders' Meeting*
[2] - *Board Organizational Meeting*

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

There are no compensatory plans or arrangements with any executive officer/director that resulted in or will result from the resignation, retirement or termination of such executive officer/director or from change-in-control in the Company.

Warrants and Options Outstanding

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

No Action on Compensation Plans

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

Item 7. Independent Public Accountants

Reyes Tacandong & Co. (the "RT & Co.") will be recommended for appointment as external auditor for 2023. The recommendation to appoint a new external auditor is in line with the Company's thrust to promote good governance practices as stated in its Manual on Corporate Governance, that the external auditor or the handling partner shall be changed every five (5) years or earlier. This is also in support of the Company's efforts to rationalize expenditures and promote cost reduction measures.

a. The Company's external auditors for 2023 and 2022 was RT & Co. with Ms. Belinda Fernando as the partner-in-charge.

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

c. There was no event in 2023 and 2022 where RT & Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope or procedure.

d. In compliance with SRC Rule 68 3 (b) (iv), the assignment of RT & Co.'s engagement partner for the Company shall not exceed five (5) consecutive years.

e. The aggregate fees paid by the Company for professional services rendered by the external auditor for the audit of financial statements for the years ended December 31, 2023 and 2022 are as follows:

2023	₱250,000
2022	220,000

f. There were no other assurance and related services by the external auditor that are reasonably related to the performance of the audit or review of the registrant's financial statements.

g. The Audit Committee, composed of Mr. Rafael M. Alunan III (Chairman), Mr. Jerry C. Tiu and Mr. Jackson T. Ongsip, recommends to the Board of Directors the appointment of the external auditors. The Board of Directors and the stockholders approve the Audit Committee's recommendation. The Executive Committee approves the audit fees as recommended by the Management.

h. The Audit Committee recommended the appointment of Reyes Tacandong & Co. as the Company's external auditor of fiscal year 2023 and the Board approved and endorses the appointment for stockholders' approval.

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action will be presented for shareholders' approval at this year's annual meeting which involves authorization or issuance of any securities.

Item 10. Modification or Exchange of Securities

No action will be presented for shareholders' approval at this year's annual meeting which involves the modification of any class of the Company's securities, or the issuance of one of Company's securities in exchange for outstanding securities of another class.

Item 11. Financial and Other Matters

The Audited Financial Statements of the Company and the Management Report, incorporating the Management's Discussion & Analysis, is attached as Annex "B".

Representatives of the external auditor, RT & Co., are expected to be present at the annual meeting, and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions from the shareholders. The Company has had no material disagreement with RT & Co. on any matter of accounting principle or practices or disclosures in the Company's financial statements.

Item 12. Mergers, Consolidations, Acquisitions and Similar Matters

No action will be presented for shareholders' approval at this year's annual meeting which involves any mergers, consolidation, acquisition and other similar transactions.

Item 13. Acquisition or Disposition of Property

No action will be presented for shareholders' approval at this year's annual meeting in respect of any acquisition or disposition of property of the Company.

Item 14. Restatement of Accounts

No action will be presented for shareholders' approval at this year's annual meeting which involves the restatement of any of the Company's asset, capital or surplus account.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except for the approval of the minutes of the previous annual meeting of the Company.

At the annual meeting on June 28, 2024, shareholders will be asked to approve and ratify the following:

1. Minutes of the Annual Stockholders' Meeting (ASM) held on June 22, 2023 as appended to this Information Statement as "Annex A". The minutes of the said ASM was posted on the Company's website: http://www.apcaragorn.net/index.php/component/jdownloads/send/118-minutes-of- 2020-stockholder-s-meeting-s/478-minutes-of-2020-annual-stockholders-meeting- draft?Itemid=0 within 24 hours from adjournment of the meeting. This includes the following:

   a. Voting procedure used and the tabulation for each agenda item during the June 22, 2023 and the engagement of Ms. Cristina C. Naguit as third-party validator of votes during the said meeting;

b. Opportunities presented to the shareholders to participate by asking questions; questions and responses have been included in the minutes of the meeting;

c. List of directors and officers who attended the meeting, as well as description of the stockholders who attended, verified by the Company's stock transfer agent and validated by Ms. Cristina C. Naguit.

The office of the Corporate Secretary has in its full custody the list and names of the stockholders who participated in the June 22, 2023 ASM.

2. All general acts of the Board of Directors, Board Committees and Management during their term of office, which refer to all actions, proceedings and contracts entered into, as well as resolutions made including approvals of significant related party transactions of the Board, Board Committees and Management from the June 22, 2023 ASM to the date of this meeting.

The matters for stockholders' ratification are acts of the Board, its Committees and Management for the previous year up to the date of the annual meeting which were entered into or made in the ordinary course of business such as but not limited to approval of projects, Treasury matters related to opening of accounts and transactions with banks and appointment of signatories and amendments thereof. The significant acts or transactions of which are covered by appropriate disclosures with the SEC and PSE are as follows:

Date	Title
March 01, 2023	2022 Audited Financial Statement
April 20, 2023	Notice of 2023 Annual or Special Stockholders' Meeting
June 22, 2023	Results of 2023 Annual or Special Stockholders' Meeting
June 22, 2023	Results of Organizational Meeting of the Board of Directors

3. 2023 Operations and Results are included in the Company's Annual Report to be sent to the stockholders together with this Information Statement. Accordingly, approval of the Annual Report will constitute approval and ratification of the acts of Management stated in the Management Report during the period covered thereby.

Ms. Cristina Castro Naguit, a Certified Public Accountant, shall be present during the June 28, 2024 Annual Stockholders' Meeting for the purpose of validating and tallying the votes cast.

There are no other matters that would require approval of the stockholders.

For the period ended December 31, 2023, there were no self-dealings or related party transactions by any director which require disclosure.

There is likewise no material information on the current stockholders and their voting rights requiring disclosure.

Item 16. Matters Not Required to be submitted

No action is to be taken with respect to any matter which is not required to be submitted to a vote of security holders.

Item 17. Other Proposed Actions

Other than the matters indicated in the Notice and Agenda included in this Information Statement, there are no other actions proposed to be taken at the annual meeting.

Item 18. Voting Procedures

Vote required for approval

Matters subject to stockholder approval, except in cases where the law provides otherwise, shall be decided by the plurality vote of stockholders present in person or by proxy and entitled to vote, a quorum being present in such meeting. Each stockholder entitled to vote may cast the vote to which the number of shares he owns entitles him.

Matters presented to stockholders for approval at this year's Annual Stockholders' Meeting require only a majority of the stockholders for approval. For election of directors, the stockholders are entitled to cumulate their votes.

Methods by which votes will be casted and counted

The Company's By-laws does not prescribe a specific manner of voting by stockholders. For this year's Annual Stockholders' Meeting, the Board of Directors approved a resolution allowing stockholders to participate in the meeting via remote communication and to vote in absentia.

Stockholders as of Record Date who have successfully registered their intention to participate in the annual meeting via remote communication and to vote in absentia, duly verified and validated by the Company, shall be provided with unique log-in credentials to securely access the voting portal.

Stockholders and proxy holders can then cast their votes on specific matters for approval, including the election of directors. Votes will then be automatically tabulated and counted at the close of voting for each agenda item during the meeting.

The Corporate Secretary is tasked and authorized to validate, count and tabulate votes by stockholders. For this year's annual meeting, Ms. Cristina Naguit, CPA has been engaged and appointed to independently count and validate votes from stockholders.

Pursuant to the Company's By-laws, duly accomplished proxy forms must be submitted to the Corporate Secretary at least three (3) business days prior the meeting. Duly signed proxy forms should therefore be submitted no later than June 25, 2024 at the Office of the Corporate Secretary at the 23rd Floor, Philippine Stock Exchange Centre, East Tower Exchange Road, Ortigas Center, Pasig City for validation. A sample format of the proxy form is here attached and are also available at the Company's website.

The Corporate Secretary will lead the validation of proxies, in coordination with APC's stock and transfer agent, and Ms. Naguit as independent validator and tabulator of votes. Any questions and issues relating to the validity and sufficiency of proxies, both as to form and substance, shall be resolved by the Corporate Secretary. The Corporate Secretary's decision shall be final and binding on the stockholders, and those not settled at such forum shall be deemed waived and may no longer be raised during the meeting.

The detailed guidelines for participation and voting for this meeting are set forth in the "Guidelines for Participating via Remote Communication and Voting in Absentia" appended as Schedule "A" to this Information Statement.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct.

This is signed in the City of Makati this ____ day of May, 2024.

Ian Jason R. Aguirre
President and Chief Executive Officer

MANAGEMENT REPORT

APC GROUP, INC.
BUSINESS AND GENERAL INFORMATION

BACKGROUND

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 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.

<u>Subsidiaries and Status of Operations</u>

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 Geothermal 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, 2023 and 2022, APEC and GMC each has 5% participation as provided under the FOA.

On August 13, 2018, APEC secured an extension of the GRESC exploration period from the 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 megawatts (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.

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 GSC as Southwest Kalinga Geothermal Power Project (SW KGPP).

On May 26, 2023, APEC applied for contract term extension for Kalinga Geothermal Renewable Energy Service Contract (GRESC 2010-03-024). On June 5, 2023, the GRESC was converted into GSC No. 2023-04-073 as a result of the request to apply for new investment on Southwest Kalinga, amending the contract area of GRESC No. 2010-03-024. This amended GSC has a pre-development and development term until July 1, 2033 and renewable for not more than 25 years. A new GSC 2023-07-074 via new investment was then awarded on July 7, 2023 for Southwest Kalinga. Southwest Kalinga GSC has a pre-development and development contract period of 25 years with a possible extension of another 25 years. The total period from pre-development stage to the development / commercial stage shall not exceed 50 years.

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 29, 2024, 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 2022-2023, KGP has already extended scholarships to 410 grantees and has produced 327 graduates in various courses, which includes 62 licensed professionals, scholarship accounts for 29% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems and newly awarded GSC, the KGP intends to continue exploration activities, exploring the South West areas under the SW KGPP GSC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling. To date, KGP is currently doing Information Education Communication campaigns within the new contract area and is expecting community engagement meeting on the first half of 2024 in preparation for the 3G surveys. Meanwhile, the approval of the contract term extension for the old GSC will lead to the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area.

KGP involves the development of steam fields that can generate around 120 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.

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, 2023, 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 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, 2023 and 2022, 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, 2023.

MARKET INFORMATION

The principal market where the registrant's common equity is traded is the **Philippine Stock Exchange, Inc.**

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:

	2024		2023		2022	
	High	Low	High	Low	High	Low
First Quarter	0.325	0.203	0.310	0.202	0.270	0.220
Second Quarter	-	-	0.240	0.211	0.255	0.195
Third Quarter	-	-	0.305	0.224	0.239	0.171
Fourth Quarter	-	-	0.246	0.211	0.208	0.171

The price information as of the close of the latest practicable trading date, May 08, 2024, is Php0.220.

As of May 8, 2024, APC Group, Inc.'s market capitalization on 7,504,203,997 outstanding shares in the PSE amounted to ₱1,650,924,879.34 based on the closing price of ₱0.220.

SECURITY HOLDERS

As of April 30, 2024, Registrant had 586 shareholders of common equity. On the said date, the following were the Top 20 registered shareholders of the common equity of the Company:

APC GROUP INC.
LIST OF TOP 20 STOCKHOLDERS
AS OF APRIL 30, 2024

RANK	NAME	TOTAL SHARES	PERCENTAGE (%)
1	BELLE CORPORATION	3,500,000,000	46.6405
2	PCD NOMINEE CORPORATION	2,325,054,665	30.9834
3	DOMINION EQUITIES, INC.	340,000,000	4.5308
4	COMPACT HOLDINGS INC.	281,000,000	3.7446
5	INTEGRATED HOLDINGS INC.	180,000,000	2.3987
6	ELITE HOLDINGS INC.	168,500,000	2.2454
7	PARALLAX RESOURCES, INC.	165,722,334	2.2084
8	EQUINOX INTERNATIONAL RESOURCES CORPORATION	100,000,000	1.3326
9	RICHOLD INVESTOR CORP.	100,000,000	1.3326
10	EASTERN SEC. DEVT. CORP.	80,000,000	1.0661
11	GILT-EDGED PROPERTIES,INC	68,616,665	0.9144
12	HEADLAND HOLDINGS CORP.	55,500,000	0.7396
13	EASTERN SEC. 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-EDGED PROPERTIE	3,933,333	0.0524
20	CORPORATE INV. PHILS.,INC	3,000,000	0.0400

DIVIDENDS

Dividends shall be declared only from the surplus profit and shall be payable at such time and in such manner and in such amounts as the Board of Directors shall determine. No dividends shall be declared which would impair the capital of the Company. There is no legal restriction that limits or would likely limit the Company's ability to pay dividends, aside from its retained earnings available for such.

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.

RECENT SALE OF UNREGISTERED OR EXEMPT SECURITIES

There was no recent sale of unregistered or exempt securities.

FINANCIAL AND OTHER INFORMATION

Financial Statements

The audited Consolidated Financial Statements and Supplementary Schedules for the year 2023 are filed as part of this Form 20-IS.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosures

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

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

External Audit Fees and Services

1. The aggregate audit fees paid by the Company for professional services (excluding Value Added Tax) rendered by the external auditor for the audit of the Company's annual financial statements amounted to ₱250,000 in 2023 and ₱220,000 in 2022, respectively.

2. No other assurance and related services were rendered in 2023 and 2022.

3. No tax services were rendered by the external auditor in 2023 and 2022.

4. There were no other fees paid to the external auditor in 2023 and 2022.

5. 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.

The Audit Committee has the responsibility to recommend an external auditor to be selected and appointed by the stockholders during each annual stockholder's meeting.

It reviews the audit coverage of the External Auditors and deliberates on their audit report prior to endorsement to the Board of Directors and presented to the stockholders for approval.

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

For The Financial Year Ended 2023 compared to Year Ended 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Dec 31	Dec 31	Increase (Decrease)		2023	2022
	2023	2022	Amount	%	%	%
ASSETS						
Current Assets						
Cash and cash equivalents	**26,147,183**	17,969,394	8,177,788	46%	10%	7%
Receivables	**1,262,860**	1,618,021	(355,161)	-22%	0%	1%
Prepayments	**57,898**	42,412	15,486	37%	0%	0%
Total Current Assets	**27,467,941**	19,629,827	7,838,114	40%	10%	8%
Noncurrent Assets						
Financial assets at fair value through other comprehensive income (FVOCI)	**4,006,170**	3,020,525	985,645	33%	1%	1%
Deferred exploration costs	**218,054,455**	218,054,455	-	0%	81%	84%
Investment properties	**9,156,000**	9,156,000	-	0%	3%	4%
Other noncurrent assets	**10,305,292**	9,769,625	535,667	5%	4%	4%
Total Noncurrent Assets	**241,521,917**	240,000,605	1,521,312	1%	90%	92%
	268,989,858	259,630,432	9,359,426	4%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	**31,683,512**	28,852,367	2,831,146	10%	12%	11%
Advances from a related party	**79,978,631**	79,978,631	-	0%	30%	31%
Total Current Liabilities	**111,662,143**	108,830,998	2,831,146	3%	42%	42%
Noncurrent Liability						
Retirement liability	**3,948,342**	3,481,207	467,135	13%	1%	1%
Total Liabilities	**115,610,485**	112,312,205	3,298,280	3%	43%	43%
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	**63,880,788**	63,880,788	-	0%	24%	25%
Additional paid-in capital	**144,295,958**	144,295,958	-	0%	54%	56%
Treasury stock - at cost	**(29,435,220)**	(29,435,220)	-	0%	-11%	-11%
Deficit	**(18,128,403)**	(23,189,323)	5,060,920	-22%	-7%	-9%
Equity reserves	**(192,501)**	(1,219,434)	1,026,933	-84%	0%	0%
Total Equity Attributable to Equity Holders of the Parent Company	**160,420,622**	154,332,769	6,087,853	4%	60%	59%
Non-controlling interests	**(7,041,249)**	(7,014,542)	(26,707)	0%	-3%	-3%
Total Equity	**153,379,373**	147,318,227	6,061,146	4%	57%	57%
Total Liabilities and Equity	**268,989,858**	259,630,432	9,359,426	4%	100%	100%

The Group recorded consolidated assets of ₱269.0 million as at December 31, 2023, higher by 0.4% from ₱259.6 million in 2022. The main movements in the balance sheet are as follows:

- Cash and cash equivalents increased by 46% from ₱18.0 million as at December 31, 2022 to ₱26.1 million as at December 31, 2023. This increase is mainly due to proceeds from the settlement of a long-outstanding claim against Government Service Insurance System (GSIS) which acts as a surety to a supply agreement with a previous customer, cash earned as interest, dividend income and service fees. Partly, this increase was offset by payment of the Group's expenses.

- Financial assets at FVOCI increased by 33% as a result of the movement in stock prices of the shares held by the Parent Company as of December 31, 2023.

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

Liabilities

Total liabilities as at December 31, 2023 of the Group amounted to ₱115.6 million, increased by 3% or ₱3.3 million versus liabilities as at December 31, 2022 mainly due to the legal fees related to the collection from GSIS and increase in the Parent Company's defined benefit obligation based on the latest actuarial valuation obtained by the Parent 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 increased by 4% from ₱147.3 million in 2022 to ₱153.4 million in 2023 due to the net income obtained in 2023 amounting to ₱5.0 million and other comprehensive gains recognized in 2023 amounting to ₱1.0 million.

The Group does not foresee any cash flow problems during the next twelve months. The Group has enough cash to meet cash requirements in 2024.

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 2023	Dec 31 2022	Increase (Decrease) Amount	%	2023	2022
INCOME						
Interest	**526,622**	186,082	340,540	*183%*	*4%*	*37%*
Dividend	**319,476**	319,476	-	*0%*	*2%*	*63%*
Other Income	**12,817,281**	-	12,817,281	*0%*	*94%*	*0%*
	13,663,379	505,558	13,157,821	*2603%*	*100%*	*100%*
GENERAL AND ADMINISTRATIVE EXPENSES	**(8,436,907)**	(6,702,063)	(1,734,844)	*26%*	*-62%*	*-1326%*
GAIN ON SALE OF INVESTMENT PROPERTY	**-**	5,309,000	(5,309,000)	*-100%*	*0%*	*1050%*
INCOME (LOSS) BEFORE INCOME TAX	**5,226,472**	(887,505)	6,113,977	*689%*	*38%*	*-176%*
PROVISION FOR CURRENT INCOME TAX	**192,259**	-	192,259	*0%*	*1%*	*0%*
NET INCOME (LOSS)	**5,034,213**	(887,505)	5,921,718	*667%*	*37%*	*-176%*
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	**985,645**	286,155	699,490	*244%*	*7%*	*57%*
Remeasurement gain on retirement liability	**41,288**	243,738	(202,450)	*-83%*	*0%*	*48%*
	1,026,933	529,893	497,040	*94%*	*8%*	*105%*
TOTAL COMPREHENSIVE INCOME (LOSS)	**6,061,146**	(357,612)	6,418,758	1795%	44%	-71%
Net Income (Loss) Attributable to:						
Equity holders of the Parent Company	5,060,920	(866,495)	5,927,415	*684%*	*37%*	*-171%*
Non-controlling interests	(26,707)	(21,010)	(5,697)	*27%*	*0%*	*-4%*
	5,034,213	(887,505)	5,921,718	*667%*	*37%*	*-176%*
Total Comprehensive Income (Loss) Attributable to:						
Equity holders of the Parent Company	**6,087,853**	(336,602)	6,424,455	*1909%*	*45%*	*-67%*
Non-controlling interests	**(26,707)**	(21,010)	(5,697)	*27%*	*0%*	*-4%*
	6,061,146	(357,612)	6,418,758	*1795%*	*44%*	*-71%*

APC Group, Inc. and subsidiaries reported consolidated net income of ₱5.0 million for 2023, 667% higher than the ₱0.9 million net loss reported in the previous year.

Revenue

The Group recorded revenues of ₱13.7 million for the year ended 2023, 2603% higher than the ₱0.5 million revenues recognized in 2022. This increase is brought about by the one-time proceeds from the settlement of a long-outstanding claim against GSIS which acts as a surety to a supply agreement with a previous customer and fee received from manpower services provided for growth projects. There is also a higher interest income from cash and money market placements for 2023 due to higher amount of cash.

Costs and Expenses

The Group recorded ₱8.4 million in costs and expenses for the year, 26% higher than the ₱6.7 million in 2022 due to legal fees attributed to the proceeds from the settlement of a long-outstanding claim against GSIS.

Other Income (Loss)

Other income of the Group 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 2023 and 2022.

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 2023, there is ₱1.0 million unrealized gain on fair value changes of financial assets at FVOCI and ₱0.04 million remeasurement gain on retirement liability. Total other comprehensive gain for the year is at ₱1.0 which is ₱0.5 million higher than last year's gain of ₱0.5 million.

As of December 31, 2023, 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.

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%
Prepayments	**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						
Financial assets at fair value through other comprehensive income (FVOCI)	**3,020,525**	2,734,370	286,155	10%	1%	1%
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%
Other noncurrent assets	**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%
	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 a related party	**79,978,631**	79,978,631	-	0%	31%	31%
Total Current Liabilities	**108,830,998**	108,120,596	710,402	1%	42%	42%
Noncurrent Liability						
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%
Treasury stock - at cost	**(29,435,220)**	(29,435,220)	-	0%	-11%	-11%
Deficit	**(23,189,323)**	(22,322,828)	(866,495)	4%	-9%	-9%
Equity reserves	**(1,219,434)**	(1,749,327)	529,893	-30%	0%	-1%
Total Equity Attributable to Equity Holders of the 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 Group 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 Parent Company located in Ginatilan, Cebu, cash earned as interest and dividend income. Partly, this increase was offset by payment of the Group's expenses.

- Financial assets at FVOCI increased by 10% as a result of the movement in stock prices of the shares held by the Parent Company as of December 31, 2022.
- Investment property pertains to land owned by the Parent 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 Group 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 Parent Company's defined benefit obligation based on the latest actuarial valuation obtained by the Parent 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 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	**Dec 31**	**Increase (Decrease)**		**2022**	**2021**
	2022	**2021**	**Amount**	**%**	**%**	**%**
INCOME						
Interest	**186,082**	142,092	43,990	*31%*	*37%*	*37%*
Dividend	**319,476**	259,129	60,347	*23%*	*63%*	*63%*
	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%*
GAIN ON SALE OF INVESTMENT PROPERTY	**5,309,000**	-	5,309,000	*0%*	*1050%*	*0%*
NET INCOME (LOSS)	**(887,505)**	(8,548,271)	7,660,766	*-90%*	*-176%*	*-2131%*
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	**286,155**	(95,385)	381,540	*-400%*	*57%*	*-24%*
Remeasurement gain on retirement liability	**243,738**	3,491,033	(3,247,295)	*-93%*	*48%*	*870%*
	529,893	3,395,648	(2,865,755)	*-84%*	*105%*	*846%*
TOTAL COMPREHENSIVE INCOME (LOSS)	**(357,612)**	(5,152,623)	4,795,011	*-93%*	*-71%*	*-1284%*
Net Income (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%*
Total Comprehensive Income (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. and subsidiaries reported consolidated net income of ₱0.9 million for 2022, 90% lower than the ₱8.5 million net loss reported in the previous year.

Revenue

The Group 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 Parent Company's financial assets through FVOCI is also higher.

Costs and Expenses

The Group 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 realated to the increase in authorized capital stock of APEC.

Other Income (Loss)

Other income of the Group 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.

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 2023	YTD 31 December 2022
Return on Assets Ratio	0.02	(0.00)
Return on Equity Ratio	0.03	(0.01)
Current Ratio	0.25	0.18
Debt to Equity Ratio	0.75	0.76
Asset to Equity Ratio	1.75	1.76

Discussion on the key performance indicators

Return on Assets Ratio

The Group's ROA for 2023 increased from (0.00) in 2022 to 0.02 in 2023 due to the reported net income in 2023.

Return on Equity Ratio

The Group's ROE for 2023 increased from (0.01) in 2022 to 0.03 in 2023 due to the reported net income in 2023.

Current Ratio

Current Ratio increased from 0.18 in 2022 to 0.25 in 2023 due to the increase in cash from the settlement of a long-outstanding claim against GSIS.

Debt to Equity Ratio

There is a slight decrease in the Group's debt to equity ratio from 0.76 as of December 31, 2022 to 0.75 as of December 31, 2023 due to increase in equity caused by the net income recognized in 2023.

Assets to Equity Ratio

There is a slight decrease in the Group's assets to equity ratio from 1.76 as of December 31, 2022 to 1.75 as of December 31, 2023 due to increase in equity caused by the net income recognized in 2023.

Key Variables and other Qualitative and Quantitative Factors

The Group expects no material commitments for capital expenditures and expected funds in 2023. To the best of the Group'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.and subsidiaries 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 Group's knowledge, there are no known trends, events or uncertainties that will have a material impact on its liquidity.

1st Quarter 2024 Management's Discussion and Analysis

Item 1. Financial Statements

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		March 31, 2024 (Unaudited)		December 31, 2023 (Audited)
ASSETS				
Current Assets				
Cash and cash equivalents	₱	**21,194,123**	₱	26,147,184
Trade and other receivables - net		**1,305,354**		1,262,857
Other current assets		**90,955**		57,898
Total Current Assets		**22,590,432**		27,467,939
Noncurrent Assets				
Investment property		**9,156,000**		9,156,000
Financial assets at fair value through other comprehensive income		**5,277,970**		4,006,170
Deferred exploration costs and other noncurrent assets		**228,409,487**		228,359,747
Total Noncurrent Assets		**242,843,457**		241,521,917
	₱	**265,433,889**	₱	268,989,856
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	₱	**27,884,410**	₱	31,683,513
Advances from a related party		**79,978,631**		79,978,631
Total Current Liabilities		**107,863,041**		111,662,144
Noncurrent Liabilities				
Accrued retirement costs		**3,948,342**		3,948,342
Total Noncurrent Liabilities		**3,948,342**		3,948,342
Total Liabilities		**111,811,383**		115,610,486
Equity Attributable to Equity Holders of the Parent Company				
Capital stock		**63,880,788**		63,880,788
Additional paid-in capital		**144,295,958**		144,295,958
Unrealized gain on financial assets at fair value through other comprehensive income		**4,429,969**		3,158,169
Remeasurement loss on defined benefit obligation		**(210,435)**		(210,435)
Equity reserves		**(3,140,235)**		(3,140,235)
Deficit		**(19,153,148)**		(18,128,405)
Treasury shares - 7,606,000 shares		**(29,435,220)**		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		**160,667,677**		160,420,620
Equity Attributable to Non-controlling Interests		**(7,045,170)**		(7,041,249)
Total Equity		**153,622,506**		153,379,371
	₱	**265,433,889**	₱	268,989,856

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		2024				2023		
		1st Quarter (January to March)		**Year-to-date (January to March)**		1st Quarter (January to March)		Year-to-date (January to March)
INCOME								
Interest income	₽	**168,366**	₽	**168,366**	₽	103,047	₽	103,047
Dividend income		**-**		**-**		319,476		319,476
Other income		**14,861**		**14,861**		-		-
		183,227		**183,227**		422,523		422,523
EXPENSES								
General and administrative expenses		**(1,211,594)**		**(1,211,594)**		(1,119,292)		(1,119,292)
NET INCOME (LOSS) BEFORE INCOME TAX		**(1,028,367)**		**(1,028,367)**		(696,769)		(696,769)
Provision for income tax		**(297)**		**(297)**		-		-
NET INCOME (LOSS) AFTER INCOME TAX		**(1,028,664)**		**(1,028,664)**		(696,769)		(696,769)
OTHER COMPREHENSIVE INCOME (LOSS)								
Unrealized loss on financial assets at fair value through other comprehensive income		**1,271,800**		**1,271,800**		31,795		31,795
TOTAL COMPREHENSIVE INCOME (LOSS)	₽	**243,136**		**243,136**	₽	(664,974)		(664,974)
Net Income (Loss) Attributable to:								
Equity holders of the Parent Company		**(1,024,743)**		**(1,024,743)**		(692,036)		(692,036)
Non-controlling interests		**(3,921)**		**(3,921)**		(4,733)		(4,733)
		(1,028,664)	₽	**(1,028,664)**		(696,769)	₽	(696,769)
Total Comprehensive Income (Loss) Attributable to:								
Equity holders of the Parent Company		**247,057**		**247,057**		(660,241)		(660,241)
Non-controlling interests		**(3,921)**		**(3,921)**		(4,733)		(4,733)
		243,136	₽	**243,136**		(664,974)	₽	(664,974)
Basic/Diluted Income (Loss) Per Common Share								
(P-1,024,743/7,504,203,997) March 31, 2024			₽	**(0.000137)**				
(P-692,036/7,504,203,997) March 31, 2023							₽	(0.000092)
Weighted average number of common shares:								
Total common shares				**7,511,809,997**				7,511,809,997
Less: Treasury shares				**7,606,000**				7,606,000
Weighted average common shares				**7,504,203,997**				7,504,203,997

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	For the Three Months Ended March 31,	
	2024	2023
	(Unaudited)	(Unaudited)
Authorized:		
Preferred stock - P0.01 par value	**6,000,000,000 shares**	6,000,000,000 shares
Common stock - P0.01 par value	**14,000,000,000 shares**	14,000,000,000 shares
Issued	₱ 59,981,491	₱ 59,981,491
Subscribed (net of subscription receivable)	3,899,297	3,899,297
Capital stock	**63,880,787**	63,880,787
Additional paid-in capital	**144,295,958**	144,295,958
Unrealized gain/loss on financial assets at fair value through other comprehensive income		
Balance at the beginning of period	3,158,169	2,172,524
Other comprehensive income	1,271,800	31,795
Balance at the end of period	**4,429,969**	2,204,319
Remeasurement loss on defined benefit obligation	**(210,435)**	(251,723)
Equity Reserves	**(3,140,235)**	(3,140,235)
Deficit		
Balance at the beginning of period	(18,128,405)	(23,189,328)
Net loss	(1,024,743)	(692,036)
Balance at the end of period	**(19,153,148)**	(23,881,364)
Treasury shares - 7,606,000 shares	**(29,435,220)**	(29,435,220)
Minority interest	**(7,045,170)**	(7,019,275)
	₱ 153,622,506	₱ 146,653,248

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31,	
	2024	**2023**
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss after income tax	₱ **(1,028,664)**	₱ (696,769)
Adjustments for:		
Interest income	**(168,366)**	(103,047)
Dividend income	**-**	(319,476)
Operating loss before working capital changes	**(1,197,031)**	(1,119,292)
Decrease (increase) in:		
Trade and other receivables	**(42,497)**	131,453
Other current assets	**(33,057)**	13,393
Decrease in:		
Trade and other payables	**(3,799,103)**	(857,744)
Advances from a related party	**-**	-
Cash used in operations	**(5,071,688)**	(1,832,190)
Interest received	**168,366**	103,047
Dividends received	**-**	319,476
Net cash used in operating activities	**(4,903,321)**	(1,409,667)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in deferred exploration costs and noncurrent assets	**(49,740)**	(51,106)
Net cash used in investing activities	**(49,740)**	(51,106)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(4,953,061)**	(1,460,773)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,147,184**	17,969,392
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱ **21,194,123**	₱ 16,508,619

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

Consolidated Statements of Financial Position

		March 31, 2024 (Unaudited)		December 31, 2023 (Audited)	Horizontal Analysis Increase (Decrease) Amount	%	Vertical Analysis 2024 %	2023 %
ASSETS								
Current Assets								
Cash and cash equivalents	₱	**21,194,123**	₱	26,147,184	(4,953,061)	-19%	8%	10%
Trade and other receivables - net		**1,305,354**		1,262,857	42,497	3%	0%	0%
Other current assets		**90,955**		57,898	33,057	57%	0%	0%
Total Current Assets		**22,590,432**		27,467,939	(4,877,507)	-18%	9%	10%
Noncurrent Assets								
Investment property		**9,156,000**		9,156,000	-	0%	3%	3%
Financial assets at fair value through other comprehensive income		**5,277,970**		4,006,170	1,271,800	32%	2%	1%
Deferred exploration costs and other noncurrent assets		**228,409,487**		228,359,747	49,740	0%	86%	85%
Total Noncurrent Assets		**242,843,457**		241,521,917	1,321,540	1%	91%	90%
	₱	**265,433,889**	₱	268,989,856	(3,555,967)	-1%	100%	100%
LIABILITIES AND EQUITY								
Current Liabilities								
Trade and other payables	₱	**27,884,410**	₱	31,683,513	(3,799,103)	-12%	11%	12%
Advances from a related party		**79,978,631**		79,978,631	-	0%	30%	30%
Total Current Liabilities		**107,863,041**		111,662,144	(3,799,103)	-3%	41%	42%
Noncurrent Liabilities								
Accrued retirement costs		**3,948,342**		3,948,342	-	0%	1%	1%
Total Noncurrent Liabilities		**3,948,342**		3,948,342	-	0%	1%	1%
Total Liabilities		**111,811,383**		115,610,486	(3,799,103)	-3%	42%	43%
Equity Attributable to Equity Holders of the Parent Company								
Capital stock		**63,880,788**		63,880,788	-	0%	24%	24%
Additional paid-in capital		**144,295,958**		144,295,958	-	0%	54%	54%
Unrealized gain on financial assets at fair value through other comprehensive income		**4,429,969**		3,158,169	1,271,800	40%	2%	1%
Remeasurement loss on defined benefit obligation		**(210,435)**		(210,435)	-	0%	0%	0%
Equity reserves		**(3,140,235)**		(3,140,235)	-	0%	-1%	-1%
Deficit		**(19,153,148)**		(18,128,405)	(1,024,743)	6%	-7%	-7%
Treasury shares - 7,606,000 shares		**(29,435,220)**		(29,435,220)	-	0%	-11%	-11%
Total Equity Attributable to Equity Holders of the Parent Company		**160,667,677**		160,420,620	247,057	0%	61%	60%
Equity Attributable to Non-controlling Interests		**(7,045,170)**		(7,041,249)	(3,921)	0%	-3%	-3%
Total Equity		**153,622,506**		153,379,371	243,136	0%	58%	57%
	₱	**265,433,889**	₱	268,989,856	(3,555,967)	-1%	100%	100%

As of March 31, 2024, consolidated assets of APC Group, Inc. and its subsidiaries (the Group) amounted to ₱265.4M million, ₱3.6 million (1%) lower compared to the December 31, 2023 balance of ₱269.0 million.

- Cash decreased due to the payment of legal fees amounting to ₱3.2 million which is a percentage of the proceeds from the settlement of a long-outstanding claim against GSIS last year, payment for 2023 financial audit amounting to ₱0.6 million, payment to PSE for this year's annual listing maintenance fee amounting to ₱0.3 million and payment of various G&A expenses amounting to ₱0.8 million.

The Group's consolidated liabilities amounted to ₱111.8 million. The movement in this account pertains to the payment of the accrued and other payables.

Total equity as of March 31, 2024 and December 31, 2023 amounted to ₱153.6 million and ₱153.4 million, respectively. The increase, amounting to ₱0.2 million, is attributable to the unrealized gain on AFS offset by net loss incurred during the period.

There were no off-balance sheet transactions.

Consolidated Statements of Comprehensive Income

	2024		2023		Horizontal Analysis		Vertical Analysis	
	1st Quarter (January to March)	**Year-to-date (January to March)**	1st Quarter (January to March)	Year-to-date (January to March)	Increase (Decrease) Amount	%	2024 %	2023 %
INCOME								
Interest income	₱ **168,366**	₱ **168,366**	₱ 103,047	₱ 103,047	65,320	63%	92%	24%
Dividend income	**-**	**-**	319,476	319,476	(319,476)	-100%	0%	76%
Other income	**14,861**	**14,861**	-	-	14,861	100%	8%	0%
	183,227	**183,227**	422,523	422,523	(239,296)	-57%	100%	100%
EXPENSES								
General and administrative expenses	**(1,211,594)**	**(1,211,594)**	(1,119,292)	(1,119,292)	(92,302)	8%	-661%	-265%
NET INCOME (LOSS) BEFORE INCOME TAX	**(1,028,367)**	**(1,028,367)**	(696,769)	(696,769)	(331,598)	48%	-561%	-165%
Provision for income tax	**(297)**	**(297)**	-	-	(297)	100%	0%	0%
NET INCOME (LOSS) AFTER INCOME TAX	**(1,028,664)**	**(1,028,664)**	(696,769)	(696,769)	(331,895)	48%	-561%	-165%
OTHER COMPREHENSIVE INCOME (LOSS)								
Unrealized loss on financial assets at fair value through other comprehensive income	**1,271,800**	**1,271,800**	31,795	31,795	1,240,005	3900%	694%	8%
TOTAL COMPREHENSIVE INCOME (LOSS)	₱ **243,136**	**243,136**	₱ (664,974)	(664,974)	908,110	-137%	133%	-157%

The Group ended the 1st quarter of 2024 with total net loss of Php1.0 million. This higher net loss versus the loss incurred in the same period in 2023 is attributable to timing of dividend income from PLC.

Dividend income from PLC, which was declared and paid out earlier last year, contributed to bringing the Group's comprehensive loss to ₱1.0 million as of March 31, 2024.

As of March 31, 2024, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Group;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Group's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Groups's continuing operations;
- Seasonal aspects that had a material impact on the Group's results of operations; and
- Material changes in the financial statements of the Group for the periods ended March 31, 2024 and March 31, 2023, except those mentioned above.

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

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

3. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Group 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 Group's leverage position and is computed by dividing total liabilities with total stockholders' equity.

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

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

	Current YTD	Previous Year	Previous YTD
	YTD	**YTD**	**YTD**
	March 31, 2024	**December 31, 2023**	**March 31, 2023**
Return on Assets Ratio	(0.00)	0.02	(0.00)
Return on Equity Ratio	(0.01)	0.03	(0.00)
Current Ratio	0.21	0.25	0.17
Debt to Equity Ratio	0.73	0.75	0.76
Asset to Equity Ratio	1.73	1.75	1.76

Discussion on the key performance indicators

Return on Assets Ratio

The Group's ROA as of March 31, 2024 and 2023 are negative due to the reported net loss for both years. There is no significant change in the ROA of the Company as of March 31, 2024 and 2023.

Return on Equity Ratio

The Group's and ROE as of March 31, 2024 and 2023 are negative due to the reported net loss for both years. It decreased from (0.00) as of March 31, 2023 to (0.01) as of March 31, 2024 due to higher net loss incurred this year.

Current Ratio

Current ratio decreased from 0.25 as of December 31, 2023 to 0.21 as of March 31, 2024 due to the decline in the cash balance of the Group as discussed above.

Debt to Equity Ratio

Debt to equity ratio decreased from 0.75 as of December 31, 2023 to 0.73 as of March 31, 2024 due to lower total liabilities this year.

Assets to Equity Ratio

Asset to equity ratio decreased from 1.75 as of December 31, 2023 to 1.73 as of March 31, 2024 due to lower total assets this year.

PART II OTHER INFORMATION

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

ANNEX TO THE MD&A SECTION

1. PRINCIPLES OF CONSOLIDATION

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

	Percentage of Ownership		
Subsidiaries	Direct	Indirect	Total
Aragorn Power & Energy Corporation (APEC) (1)	97.6%	-	97.6%
PRC Magma Energy Resources Inc. (PRC-Magma) (2)	-	85.0%	85.0%
APC Cement Corporation (APC Cement) (2)	100.0%	-	100.0%
APC Energy Resources, Inc. (APC Energy) (2)	100.0%	-	100.0%
APC Mining Corporation (APC Mining) (2)	83.3%	-	83.3%

(1) Still in exploration stage
(2) Still in the pre-operating stage

2. RISK EXPOSURES

Financial Risk Management

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

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

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

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

Credit Risk

Credit risk is the risk that the obligations of the Group will not be repaid on time and in full as contracted, resulting in a financial loss. It is inherent to the business as potential losses may arise due to the failure of its 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.

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.

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.

There is no material change in the financial risk exposures of the Parent Company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks on its March 31, 2024 interim financial statements compared to the December 31, 2023 audited consolidated financial statements of APC Group Inc. and subsidiaries.

Fair value of Financial Instruments
A comparison by category of the carrying values and estimated fair values of the Groups's financial instruments that are carried in the consolidated financial statements as of March 31, 2024 and December 31, 2023 are as follows:

	March 31, 2024		**December 31, 2023**	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Financial assets:				
Loans and receivables:				
Cash and cash equivalents*	21,144,123	21,144,123	26,097,184	26,097,184
Trade and other Receivables	1,305,354	1,305,354	1,262,857	1,262,857
Deposits**	23,821	23,821	23,821	23,821
AFS financial assets	5,277,970	5,277,970	4,006,170	4,006,170
Total financial assets	**27,751,268**	**27,751,268**	**31,390,032**	**31,390,032**
Financial liabilities -				
Other financial liabilities:				
Trade and other payables***	27,808,172	27,808,172	31,616,338	31,616,338
Advances from related parties	79,978,631	79,978,631	79,978,631	79,978,631
Total current financial liabilities	**107,786,803**	**107,786,803**	**111,594,969**	**111,594,969**

** Excluding cash on hand amounting to ₱50,000 as at March 31, 2024 and ₱50,000 as of December 31, 2023*
*** Included in "Other noncurrent assets" account*
****Excluding statutory liabilities.*

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

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

Financial Assets at FVOCI

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

Deposits and Subscription Payable

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

The following tables provide the fair value measurement hierarchy of the Group's assets and liabilities as at March 31, 2024 and December 31, 2023:

	March 31, 2024		
	Total	**Level 1**	**Level 3**
Assets measured at fair value:			
Investment properties	₱ **9,156,000**	₱ **–**	₱ **9,156,000**
Financial assets at FVOCI	**5,277,970**	**5,277,970**	**–**
Total financial assets	₱ **14,433,970**	₱ **5,277,970**	₱ **9,156,000**

	December 31, 2023		
	Total	Level 1	Level 3
Assets measured at fair value:			
Investment properties	₱ 9,156,000	₱ –	₱ 9,156,000
Financial assets at FVOCI	4,006,170	4,006,170	–
Total financial assets	₱ 13,162,170	₱ 4,006,170	₱ 9,156,000

There were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements during the period ended March 31, 2024 and year ended December 31, 2023.

3. OTHER REQUIRED DISCLOSURES

A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial Statements for the period ended December 31, 2023.

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

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

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

E.) There were no material events that occurred subsequent to March 31, 2024 and up to the date of this report that need disclosure herein.

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

G.) There were no changes in contingent liabilities or contingent assets since December 31, 2023 and as of March 31, 2024.

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

FINANCIAL STATEMENTS

The Audited Financial Statements and Supplementary Schedules for the year 2023 are filed as part of Form 17A.

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

Consolidated Financial Statements

Supplementary Schedules

Compliance with Corporate Governance Practices

Corporate Objectives

The Board establishes the corporate objectives, which are as follows:

> 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.

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

Board Attendance

Regular meetings of the Board are scheduled before the beginning of the year and are held at least six (6) times annually. Special meetings may also be called by the Chairman, the President or Corporate Secretary. A director's absence or non-participation in more than fifty percent (50%) of all meetings in a year is a ground for temporary disqualification in the succeeding election. During 2023, each of the Company's directors have complied with the requirements.

The schedules for the 2024 Board and Committee meetings were approved by the Board in November 2023.

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

APC | Summary of 2023 Board of Directors' Meetings

Board of Directors	9-Feb-23	20-Apr-23	22-Jun-23[1]	22-Jun-23[2]	3-Aug-23	9-Nov-23
Ocier, Willy	✓	✓	✓	✓	✓	✓
Aguirre, Ian Jason R.	✓	✓	✓	✓	✓	✓
Alunan, Rafael M. III (ID)	✓	✓	✓	✓	✓	✓
Ongsip, Jackson T.	✓	✓	✓	✓	✓	✓
Tan, Emundo L.	✓	✓	✓	✓	✓	✓
Tiu, Jerry C. (ID)	✓	✓	✓	✓	✓	✓
Yap, Virginia A.	✓	✓	✓	✓	✓	✓

[1] - *Annual Stockholders' Meeting*
[2] - *Board Organizational Meeting*

Board Performance Evaluation

The Company, through its Corporate Governance Committee, conducts annual performance evaluations of the Board of Directors, its individual members and Board Committees to ensure optimum Board performance. The evaluation seeks to assess the effectiveness and collective performance of the Board through a self-assessment in this evaluation process. In this evaluation process, the directors identify the areas for improvement, such as:

a. the timelines and integrity of information given to them,

b. Directors' access to management, the Corporate Secretary and Board Advisors, and

c. Other form of assistance as needed. The Board reviews the results of these evaluations and agrees on clear action plans to address anyissues raised.

The details Board Evaluation Form can be found in the Company's website. Directors are asked to rate the performance of the collective Board, the Board, Committees, themselves as directors, the Company's Chairman of the Board, the Chief Executive Officer, and key officers.

Criteria for Board and Management ratings are as follows:

1. Collective Board Rating – relates to:

- Board Composition – related to how the Board members assess the Board as a whole based on their balance/diversity, knowledge/competencies, qualifications/background and experience;
- Board Efficiency and Importance – related to how the Board members assess the Board's overall performance, oversight over Management's activities, discussion on short- and long-term goals, business strategies and plans, risk and regulation, follow up of business plan and strategy, objective and budget, promotion of good governance principles, policies and mechanisms, and promotion of continuing education and/or training;
- Board Meetings and Participation – relates to how Board members assess frequency of Board meetings, if they were given chance to fully and positively participate, were provided quality materials and sufficient time for study, provided easy and timely access to information or inputs and whether there is efficient use of the time allocated for each meeting.

2. Board Committee Rating – relates to how the Committee members and Management rate the performance of the following Committees for the past year;

- Executive Committee
- Audit Committee
- Risk Oversight Committee
- Corporate Governance Committee
- Related Party Transactions Committee
- Compensation and Remuneration Committee

2. Individual Directors' Self-rating – related to how the Directors assess their independence, participation and expertise

3. Officers Rating – relates to how well the Chairman of the Board and the President/CEO demonstrates leadership, integrity, diligence and adherence to corporate governance principles and practices as well as the assessment of the following key officers for their over-all performance:

- Chief Audit Executive
- Chief Risk Officer
- Compliance Officer

The Board reviews the results of this evaluation and greed on clear action plans to address any issues raised. In line with governance best practices, the Company also ensures that 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 2023 performance was conducted within the first quarter of 2024. The results of the evaluation, which found the Board to be functioning well to its mandate, will be discussed and presented to the Board through the Corporate Governance Committee. 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 2023 as shown below:

<table>
<tr><th colspan="3">Director</th><th>Position</th><th>Training Date</th><th>Training Provider</th><th>Topics Discussed</th></tr>
<tr><td>Ocier</td><td>Willy</td><td>N.</td><td>Chairman</td><td rowspan="6">October 16, 2023, Monday</td><td rowspan="6">Institute of Corporate Directors</td><td rowspan="6">Global Economic and Geopolitical Outlook / Business Trends and Insights / Generative A.I. and Cybersecurity</td></tr>
<tr><td>Aguirre</td><td>Ian Jason</td><td>R.</td><td>President, CEO</td></tr>
<tr><td>Ongsip</td><td>Jackson</td><td>T.</td><td>Non Executive Director</td></tr>
<tr><td>Tan</td><td>Edmundo</td><td>L.</td><td>Non Executive Director</td></tr>
<tr><td>Tiu</td><td>Jerry</td><td>C.</td><td>Independent Director</td></tr>
<tr><td>Yap</td><td>Virginia</td><td>A.</td><td>Non Executive Director</td></tr>
<tr><td>Alunan</td><td>Rafael III</td><td>M.</td><td>Lead Independent Director</td><td>December 13, 2023, Wednesday</td><td>Institute of Corporate Directors</td><td>Risk Management in the Post-Covid Age</td></tr>
</table>

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 2023 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 2023.

Below is the list of Board Committee meetings in 2023:

APC | 2023 Executive Committee Meeting

Executive Committee	9-Feb-23
Chairman	Ocier, Willy N.
Member	Aguirre, Jason R.
Member	Yap, Virginia A.

APC | 2023 Audit Committee Meetings

Audit Committee	9-Feb-23	20-Apr-23	3-Aug-23	9-Nov-23
Chairman (ID)	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.
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.	Tiu, Jerry C.

APC | 2023 Corporate Governance Committee Meetings

Corporate Governance Committee	9-Feb-23	20-Apr-23	9-Nov-23
Chairman (ID)	Jerry C. Tiu	Jerry C. Tiu	Jerry C. Tiu
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III	Alunan, Rafael M. III
Member	Ongsip, Jackson T.	Ongsip, Jackson T.	Ongsip, Jackson T.

APC | 2023 Compensation and Remuneration Committee Meeting

Compensation and Remuneration Committee	9-Feb-23
Chairman	Ocier, Willy N.
Member	Tan, Edmundo L.
Member	Yap, Virginia A.

APC | 2023 Risk Oversight Committee Meetings

Risk Oversight Committee	9-Feb-23	9-Nov-23
Chairman	Ongsip, Jackson T.	Ongsip, Jackson T.
Member (ID)	Tiu, Jerry C.	Tiu, Jerry C.
Member (ID)	Alunan, Rafael M. III	Alunan, Rafael M. III

APC | 2023 Related Party Transactions Committee Meeting

Related Party Transactions Committee	9-Feb-23
Chairman (ID)	Tiu, Jerry C.
Member	Ongsip, Jackson T.
Member (ID)	Alunan, Rafael M. III

ID - Independent Director

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

Directors' disclosures on self-dealing and related party transactions.

All business decisions and actions must be based on the best interests of the Company and not motivated by personal considerations or relationships which may interfere with the exercise of independent judgment.

The Company aims to conduct business in accordance with the highest standards of business ethics. To this end, all business dealings should be compliant with all applicable laws and must not in any way compromise the good name and reputation of the Company.

All Directors, Officers and Employees shall act with utmost integrity and shall not engage in unfair dealing practices. The Company prohibits any conflict of interest, unfair competition, breach of trust, insider trading, or any other act inimical to the Company's interest.

All Directors, Officers and Employees are required to disclose in writing to the Management, within forty- eight (48) hours, any financial or personal interest in any transaction involving the Company to ensure that potential conflicts of interest are brought to the attention of Management.

Directors shall inhibit themselves from participating in any discussion, deliberation and decision-making concerning any issue or transaction where they may be conflicted.

The Company shall not extend loans to Directors and Officers unless these grants are conducted at arms- length basis and at prevailing market rates.

Directors, Officers and Employees are prohibited from buying or selling (trading) shares of stock of APC Group, Inc. using material non-public information and obtained by reason of position, contact within or other relationship with the Company. They are also prohibited from passing on such information to someone else who then buys or sells the Company's shares of stock.

Trading Restriction Period – Directors, Officers and Employees and covered persons mentioned above are prohibited from trading in APC Group, Inc. shares within the period five (5) trading days before and two (2) trading days after the disclosure of quarterly and annual financial results and any other material information.

This is pursuant to Section 13.2 of the PSE Disclosure Rules – "A Director or Principal Officer of an Issuer must not deal in the Issuer's securities during the period within which a material non-public information is obtained and up to two full trading days after the price sensitive information is disclosed."

Reporting Requirements – Directors, Officers and Employees are required to report to the governance, Corporate Affairs and Investor Relations (GCAIR) Department all dealings in APC Group, Inc. shares within three (3) business days from the date of trading. All Directors and Key Officers covered by the SEC and PSE's reporting requirements with regard to their shareholdings in the Company shall do so immediately and correctly.

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, 2023 is shown below:

Name of Director / Officer	Number of Shares held as of 12.31.2022	Acquisition (+)	Disposition (-)	Number of Shares held as of 12.31.2023	% of Ownership
Willy N. Ocier	2,207,001	-	-	2,207,001	0.03
Ian Jason R. Aguirre	-	-	-	1	0
Rafael M. Alunan III	1	-	-	1	0
Jackson T. Ongsip	1	-	-	1	0
Edmundo L. Tan	234,701	-	-	234,701	0
Jerry C. Tiu	-	-	-	487,001	0.01
Virginia A. Yap	10,001	-	-	10,001	0
	2,451,705	**-**	**-**	**2,938,707**	**0.04**

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: apc_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.

CERTIFICATION

UNDERTAKING TO PROVIDE COPIES OF THE INFORMATION STATEMENT AND THE ANNUAL REPORT

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

ATTY. RICHARD ANTHONY D. ALCAZAR
Corporate Secretary
Tan Acut Lopez & Pison Law Offices
23rd Floor East Tower, Tektite Towers, Centre
Exchange Road, Ortigas Center
Pasig City 1605

Schedule "A"

2024 ANNUAL STOCKHOLDERS' MEETING

<u>Guidelines for Participating via Remote Communication and Voting *in Absentia*</u>

The 2024 Annual Stockholders' Meeting (**ASM**) of APC Group, Inc. ("**APC**" or the "**Company"**) will be held on June 28, 2024, Friday, at 1100 A.M. and the Board of Directors of the Company has fixed the end of trading hours of the Philippine Stock Exchange, Inc. on May 31, 2024 ("**Record Date"**) as the record date for the determination of stockholders entitled to the notice of, to attend, and to vote at such meeting and any adjournment thereof.

The Board of Directors of the Company has approved and authorized stockholders to participate in the ASM via remote communication and to exercise their right to vote *in absentia* or by proxy. This is in view of the community quarantine currently implemented in various areas of the country and in consideration of health and safety concerns of everyone involved.

<u>Registration Period</u>: The conduct of the meeting will be streamed live, and stockholders may attend the meeting by registering until June 25, 2024, 12:00 P.M. via apc_governance@bellecorp.com and by submitting the following requirements and documents, subject to verification and validation:

1. Individual Stockholders

    1.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholder (up to 2MB)
    1.2. Stock certificate number
    1.3. Active e-mail address/es
    1.4. Active contact number/s, with area and country codes

2. Multiple Stockholders or with joint accounts
    2.1. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others in order to validate the registration of the shareholders (up to 2MB)
    2.2. Stock certificate number/s
    2.3. Active e-mail addresses of the stockholders
    2.4. Active contact numbers, with area and country codes
    2.5. Digital copy of an authorization letter executed by all named holders, authorizing a holder to vote for and on behalf of the account

3. Corporate Stockholders
    3.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the corporation
    3.2. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
    3.3. Active e-mail address/es of the authorized representative
    3.4. Active contact number of authorized representative, with area and country codes

4. PCD Participants/Brokers
    4.1. Digital copy of the Secretary's Certificate (or equivalent for non-resident) attesting to the authority of the representative to vote for and on behalf of the PCD participant/broker
    4.2. Digital copy of the certificate of shareholdings issued by the PCD/broker
    4.3. Clear digital copy of the front and back portion of a valid government-issued identification card/s (ID/s), which include the passport, driver's license, SSS ID, senior citizen ID, among others to validate the registration of the authorized representative (no more than 2MB)
    4.4. Active e-mail address/es of the authorized representative
    4.5. Active contact number of authorized representative, with area and country codes

Online Voting

Stockholders who have successfully registered and validated shall be provided by a ballot with a brief description of each item for stockholders' approval are appended as Annex A to the Notice of Meeting.

A stockholder has the option to vote "Yes", "No", or "Abstain" on each agenda item for approval.

For the election of directors, the stockholder has the option to vote for all nominees, withhold vote for any of the nominees, or vote for certain nominees only.

Note: A stockholder may vote such number of his/her shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected (7 directors for APC Group, Inc.) multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit, provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholder.

ASM Livestream

The ASM will be broadcasted live and stockholders who have successfully registered and validated can participate via remote communication. Details of the meeting will be sent to stockholders in the emails provided to the Company.

Video recordings of the ASM will be adequately maintained by the Company and will be made available to participating stockholders upon request.

Open Forum

During the virtual meeting, the Company will have an Open Forum, during which, the meeting's moderator will read and where representatives of the Company shall endeavor to answer as many of the questions and comments received from stockholders as time will allow.

Stockholders may send their questions in advance by sending an email bearing the subject "ASM 2024 Open Forum" to apc_governance@bellecorp.com on or before June 25, 2024. A section for stockholder comments/questions or through a "Q&A" button shall also be provided in the livestream platform.

Questions/comments received but not entertained during the Open Forum due to time constraints will be addressed separately by the Company's Investor Relations.

For any concerns, please contact the Company's Governance and Corporate Affairs Department at (+632) 8662-8888 or via email at apc_governance@bellecorp.com.

For complete information on the annual meeting, please visit http://www.apcaragorn.net/.

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	3	8	1	2	7

COMPANY NAME

APC GROUP, INC. AND SUBSIDIARIES

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
AACFS	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)
588	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.*

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, 2023, 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 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, 2023 and 2022, 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

Signed this 29th day of February 2024.

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		19 AUG 2031	DFA MANILA
Ian Jason R. Aguirre		05 MAY 2032	DFA MANILA
Marie Joy T. Co		09 JAN 2033	DFA MANILA

MAKATI CITY
FEB 29 2024

DOC NO. 199
PAGE NO. 41
BOOK NO. 12
SERIES OF 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

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, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to consolidated financial statements, including a summary of material accounting policy information.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 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 our audits 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 Matter

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as at and for the year ended December 31, 2023. This matter was 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 this matter.

<u>Assessing Recoverability of Deferred Exploration Costs</u>
As at December 31, 2023, the Group has deferred exploration costs amounting to ₱218.1 million, which represent 81.0% 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, 2023, 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, 2023 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.

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 audits. 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 audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

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

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

February 29, 2024
Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱26,147,183**	₱17,969,394
Receivables	6	**1,262,860**	1,618,021
Prepayments		**57,898**	42,412
Total Current Assets		**27,467,941**	19,629,827
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	9	**4,006,170**	3,020,525
Deferred exploration costs	7	**218,054,455**	218,054,455
Investment properties	8	**9,156,000**	9,156,000
Other noncurrent assets	10	**10,305,292**	9,769,625
Total Noncurrent Assets		**241,521,917**	240,000,605
		₱268,989,858	₱259,630,432
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**₱31,683,512**	₱28,852,367
Advances from a related party	13	**79,978,631**	79,978,631
Total Current Liabilities		**111,662,143**	108,830,998
Noncurrent Liability			
Retirement liability	14	**3,948,342**	3,481,207
Total Liabilities		**115,610,485**	112,312,205
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
Treasury stock - at cost	12	**(29,435,220)**	(29,435,220)
Deficit		**(18,128,403)**	(23,189,323)
Equity reserves		**(192,501)**	(1,219,434)
Total Equity Attributable to Equity Holders of the Parent Company		**160,420,622**	154,332,769
Non-controlling Interests		**(7,041,249)**	(7,014,542)
Total Equity		**153,379,373**	147,318,227
		₱268,989,858	₱259,630,432

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
INCOME				
Interest	5	**₱526,622**	₱186,082	₱142,092
Dividend	9	**319,476**	319,476	259,129
Other income	17	**12,817,281**	–	–
		13,663,379	505,558	401,221
GENERAL AND ADMINISTRATIVE EXPENSES	15	**(8,436,907)**	(6,702,063)	(8,949,492)
GAIN ON SALE OF INVESTMENT PROPERTY	8	**–**	5,309,000	–
INCOME (LOSS) BEFORE INCOME TAX		**5,226,472**	(887,505)	(8,548,271)
PROVISION FOR CURRENT INCOME TAX	16	**192,259**	–	–
NET INCOME (LOSS)		**5,034,213**	(887,505)	(8,548,271)
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	**985,645**	286,155	(95,385)
Remeasurement gain on retirement liability	14	**41,288**	243,738	3,491,033
		1,026,933	529,893	3,395,648
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱6,061,146**	(₱357,612)	(₱5,152,623)
Net Income (Loss) Attributable to:				
Equity holders of the Parent Company	18	**₱5,060,920**	(₱866,495)	(₱8,419,648)
Non-controlling interests		**(26,707)**	(21,010)	(128,623)
		₱5,034,213	(₱887,505)	(₱8,548,271)
Total Comprehensive Income (Loss) Attributable to:				
Equity holders of the Parent Company		**₱6,087,853**	(₱336,602)	(₱5,024,000)
Non-controlling interests		**(26,707)**	(21,010)	(128,623)
		₱6,061,146	(₱357,612)	(₱5,152,623)
Basic/Diluted Earnings (Loss) Per Common Share	18	₱0.000674	(₱0.000115)	(₱0.001122)

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31		
		2023	2022	2021
CAPITAL STOCK	12	**₱63,880,788**	₱63,880,788	₱63,880,788
ADDITIONAL PAID-IN CAPITAL	12	**144,295,958**	144,295,958	144,295,958
TREASURY STOCK – at Cost		**(29,435,220)**	(29,435,220)	(29,435,220)
DEFICIT				
Balance at beginning of year		**(23,189,323)**	(22,322,828)	(13,903,180)
Net income (loss)		**5,060,920**	(866,495)	(8,419,648)
Balance at end of year		**(18,128,403)**	(23,189,323)	(22,322,828)
EQUITY RESERVES				
Cumulative Changes in Fair Value of Financial Asset at FVOCI	9			
Balance at beginning of year		**2,172,524**	1,886,369	1,981,754
Unrealized gain (loss)		**985,645**	286,155	(95,385)
Balance at end of year		**3,158,169**	2,172,524	1,886,369
Cumulative Remeasurement Losses on Retirement Liability	14			
Balance at beginning of year		**(251,723)**	(495,461)	(3,986,494)
Remeasurement gain		**41,288**	243,738	3,491,033
Balance at end of year		**(210,435)**	(251,723)	(495,461)
Other Equity Reserve		**(3,140,235)**	(3,140,235)	(3,140,235)
		(192,501)	(1,219,434)	(1,749,327)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**160,420,622**	154,332,769	154,669,371
NON-CONTROLLING INTERESTS				
Balance at beginning of year		**(7,014,542)**	(6,993,532)	(6,864,909)
Net loss		**(26,707)**	(21,010)	(128,623)
Balance at end of year		**(7,041,249)**	(7,014,542)	(6,993,532)
		₱153,379,373	₱147,318,227	₱147,675,839

See accompanying Notes to Consolidated Financial Statements.

APC GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**₱5,226,472**	(₱887,505)	(₱8,548,271)
Adjustments for:				
Interest income	5	**(526,622)**	(186,082)	(142,092)
Retirement costs	14	**508,423**	443,291	806,680
Dividend income	9	**(319,476)**	(319,476)	(259,129)
Gain on sale of investment property	8	**–**	(5,309,000)	–
Depreciation	15	**–**	13,884	20,828
Operating income (loss) before working capital changes		**4,888,797**	(6,244,888)	(8,121,984)
Decrease (increase) in:				
Input VAT		**(535,667)**	(178,452)	(285,218)
Receivables		**355,161**	1,025,348	1,058,904
Prepayments		**(15,486)**	(26,472)	–
Increase (decrease) in trade and other payables		**2,831,145**	710,402	(510,879)
Net cash generated from (used for) operations		**7,523,950**	(4,714,062)	(7,859,177)
Interest received		**526,622**	186,082	142,092
Dividend received		**319,476**	319,476	259,129
Income tax paid		**(192,259)**	–	–
Net cash provided by (used in) operating activities		**8,177,789**	(4,208,504)	(7,457,956)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investment property	8	**–**	8,201,000	–
Additions to deferred exploration costs		**–**	–	(40,955)
Net cash provided by (used in) investing activities		**–**	8,201,000	(40,955)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,177,789**	3,992,496	(7,498,911)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**17,969,394**	13,976,898	21,475,809
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱26,147,183**	₱17,969,394	₱13,976,898

See accompanying Notes to Consolidated Financial Statements.

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 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 as at December 31, 2023, 2022 and 2021:

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

**A direct subsidiary of APEC*

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

Approval of Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were authorized and approved for issuance by the Board of Directors (BOD) on February 29, 2024, 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 Geothermal 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, 2023 and 2022, APEC and GMC each has 5% participation as provided under the FOA.

On August 13, 2018, APEC secured an extension of the GRESC exploration period from the 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 megawatts (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.

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 the 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. The DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GSC as Southwest Kalinga Geothermal Power Project (SW KGPP).

On May 26, 2023, APEC applied for contract term extension for Kalinga Geothermal Renewable Energy Service Contract (GRESC 2010-03-024). On June 5, 2023, the GRESC was converted into GSC No. 2023-04-073 as a result of the request to apply for new investment on Southwest Kalinga, amending the contract area of GRESC No. 2010-03-024. This amended GSC has a pre-development and development term until July 1, 2033 and renewable for not more than 25 years. A new GSC 2023-07-074 via new investment was then awarded on July 7, 2023 for Southwest Kalinga. Southwest Kalinga GSC has a pre-development and development contract period of 25 years with a possible extension of another 25 years. The total period from pre-development stage to the development / commercial stage shall not exceed 50 years.

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 29, 2024, 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 2022-2023, KGP has already extended scholarships to 410 grantees and has produced 327 graduates in various courses, which includes 62 licensed professionals, scholarship accounts for 29% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems and newly awarded GSC, the KGP intends to continue exploration activities, exploring the South West areas under the SW KGPP GSC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling. To date, KGP is currently doing Information Education Communication campaigns within the new contract area and is expecting community engagement meeting on the first half of 2024 in preparation for the 3G surveys. Meanwhile, the approval of the contract term extension for the old GSC will lead to the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area.

KGP involves the development of steam fields that can generate around 120 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.

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, Misamis 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, 2023, 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 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, 2023 and 2022, the Group is still evaluating new business opportunities for its non-operating subsidiaries.

2. Summary of Material Accounting Policy Information

Basis of Preparation

The accompanying 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 and Sustainability 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:

- financial assets at fair value through other comprehensive income (FVOCI) 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 20 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, 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.

- 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.

- 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.

- Amendments to PAS 1, *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.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules* – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.

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, 2023 and have not been applied in preparing the consolidated financial statements, are summarized below.

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

- 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.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is 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 comprehensive 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 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.

<u>**Financial Assets and Liabilities**</u>

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 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, 2023 and 2022, 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 (presented under "Other noncurrent assets" account) 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 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 noncurrent assets" or "Statutory payables" under "Trade and other payables" account in the consolidated statement of financial position.

<u>Prepayments</u>
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.

<u>Deferred Exploration Costs</u>
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.

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 Reserves
Equity reserves pertain 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 changes in fair value of 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 (Loss) Per Share Attributable to the Equity Holders of the Parent
Basic earnings (loss) per share 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 earnings (loss) per share is calculated by adjusting the weighted average number of common stock outstanding to assume conversion of all dilutive potential common stock.

Where the earnings (loss) per share effect of potential dilutive common stock would be anti-dilutive, basic and diluted earnings (loss) per share 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, 2023.

Revenue outside the scope of PFRS 15, *Revenue from Contracts with Customers*, is recognized as follows:

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.

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 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 consolidated 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 right-of-use (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, 2023 and 2022, management has assessed that there are no indicators that the deferred exploration costs relating to the KGP may be impaired. Deferred exploration costs relating to mining rights and other exploration costs of the Group, however, were fully provided with allowance for impairment loss. No impairment loss was recognized in 2023, 2022 and 2021 as discussed in Note 7 to the consolidated financial statements.

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 2023 and 2022 and 2021 as discussed in Note 8 and 10 to the consolidated financial statements.

The carrying amounts of these non-financial assets are disclosed in Notes 7, 8 and 10 to the consolidated financial statements.

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, 2023 and 2022.

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 20 to the consolidated financial statements.

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 as discussed in Note 16 to the financial statements. 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.

	Years Ended December 31		
	2023	2022	2021
Segment expenses	**(₱8,436,907)**	(₱6,702,063)	(₱8,949,492)
Other income	**12,817,281**		
Interest income	**526,622**	186,082	142,092
Dividend income	**319,476**	319,476	259,129
Gain on sale of investment property	**–**	5,309,000	–
Net income (loss)	**₱5,226,472**	(₱887,505)	(₱8,548,271)
As at December 31			
Other information			
Segment assets	**₱268,989,858**	₱259,630,432	₱259,078,089
Segment liabilities	**115,610,485**	112,312,205	111,402,250
Depreciation	**–**	13,884	20,828

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand and in banks	**₱16,366,032**	₱10,711,762
Short-term investments	**9,781,151**	7,257,632
	₱26,147,183	₱17,969,394

Cash in banks earn interest at the prevailing bank deposit rates. Short-term investments are money market funds that were invested in high yielding time deposits and in overnight Bangko Sentral ng Pilipinas deposits.

Interest income earned from cash in banks and short-term investments amounted to ₱0.5 million, ₱0.2 million and ₱0.1 million in 2023, 2022 and 2021, respectively.

6. Receivables

This account consists of:

	2023	2022
Nontrade receivables	**₱1,218,140**	₱1,490,413
Advances to officers and employees	**6,000**	38,174
Others	**38,720**	89,434
	₱1,262,860	₱1,618,021

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

No provision for ECL on receivables was recognized in 2023, 2022 and 2021.

7. Deferred Exploration Costs

As at December 31, 2023 and 2022, this account consists of:

Cost:	
KGP	₱218,054,455
Mining rights	48,254,908
Other exploration costs	63,664,924
	329,974,287
Allowance for impairment losses	(111,919,832)
Carrying amount	₱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 2023, 2022 and 2021 (see Note 1). As at December 31, 2023 and 2022, total cash contributed amounted to ₱157.7 million.

As at December 31, 2023 and 2022, deferred exploration costs relating to mining rights and other exploration costs of the other projects of the Group were fully provided with allowance for impairment losses.

No additional impairment loss on deferred exploration costs was recognized in 2023, 2022 and 2021.

8. Investment Properties

The movement of this account follows:

	2023	2022
Balance at beginning of year	**₱9,156,000**	₱12,048,000
Sale	**–**	(2,892,000)
Balance at end of year	**₱9,156,000**	₱9,156,000

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 2023, 2022 and 2021. Real property tax paid amounted to ₱7,259 in 2023 and ₱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 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 20 to the consolidated financial statements.

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

A. <u>Highest and Best Use</u>
Based on analysis of prevailing land usage in the neighborhood and the property itself, diversified agro-industrial land development would represent the highest and best use of the property.

Highest and Best Use is defined as the most profitable likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed or that use of land which may reasonably be expected to produce the greatest net return to land over a given period of time. Alternatively, it is that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

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 ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Balance at beginning of year	**₱3,020,525**	₱2,734,370
Unrealized gain	**985,645**	286,155
Balance at end of year	**₱4,006,170**	₱3,020,525

The table below presents the cumulative changes 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):

	2023	2022
Balance at beginning of year	**₱2,172,524**	₱1,886,369
Change in fair value	**985,645**	286,155
Balance at end of year	**₱3,158,169**	₱2,172,524

The Group received dividend income from PLC amounting to ₱0.3 million in 2023, 2022 and 2021.

10. Other Noncurrent Assets

This account consists of:

	Note	**2023**	2022
Input VAT		**₱10,281,470**	₱9,745,803
Security deposits	19	**23,822**	23,822
		₱10,305,292	₱9,769,625

Office and Other Equipment
This account consists of:

	Note	2023	2022
Cost			
Balance at beginning and end of year		**₱1,676,615**	₱1,676,615
Accumulated depreciation			
Balance at beginning of year		**1,676,615**	1,662,731
Depreciation	15	**–**	13,884
Balance at end of year		**1,676,615**	1,676,615
Carrying amount		**₱–**	₱–

Fully depreciated office and other equipment with a total cost of ₱1.7 million as at December 31, 2023 and 2022, are still being used in the operations.

11. Trade and Other Payables

This account consists of:

	2023	2022
Trade	**₱6,476,612**	₱5,029,375
Nontrade	**12,623,493**	12,938,906
Accrued expenses	**12,510,593**	10,711,136
Statutory payables	**67,176**	24,231
Others	**5,638**	148,719
	₱31,683,512	₱28,852,367

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

Nontrade payables mostly pertains to payables that are noninterest-bearing and are due and demandable.

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, 2023 and 2022 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
February 20, 2020	Decrease in par value	–	0.01
		20,000,000,000	

The total number of shareholders is 588 and 593 as at December 31, 2023 and 2022, respectively.

On February 20, 2022, 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.

d. Additional paid in capital as at December 31, 2023 and 2022 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, 2023 and 2022, 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 summarizes the outstanding balance arising from these transactions.

	Nature of Transaction	Outstanding Balance	
		2023	2022
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

The Group has no transactions with related parties in 2023, 2022 and 2021.

<u>Terms and Conditions of Transactions with Related Parties</u>
Outstanding balances of transactions with a related party are noninterest-bearing, unsecured, payable on demand and 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, 2023, 2022 and 2021 consist of the following:

	2023	2022	2021
Salaries and short-term employee benefits	**₱1,340,000**	₱1,240,190	₱1,529,500
Retirement costs	**144,601**	123,294	205,316
	₱1,484,601	₱1,363,484	₱1,734,816

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.

The latest valuation of retirement plan was performed by an independent actuary for the year ended December 31, 2023.

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):

	2023	2022	2021
Current service cost	**₱283,885**	₱299,883	₱585,938
Interest cost	**224,538**	143,408	220,742
	₱508,423	₱443,291	₱806,680

Changes in present value of retirement liability are as follows:

	2023	2022
Balance at beginning of year	**₱3,481,207**	₱3,281,654
Current service cost	**283,885**	299,883
Interest cost	**224,538**	143,408
Remeasurement loss (gain) recognized in OCI:		
Experience adjustments	**(33,907)**	2,281
Changes in financial assumptions	**(7,381)**	(246,019)
Balance at end of year	**₱3,948,342**	₱3,481,207

The cumulative remeasurement losses recognized in OCI amounted to ₱0.2 million and ₱0.3 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Discount rate	**6.52%**	6.45%
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, 2023 assuming all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost
Discount rate	1.00%	(₱101,577)
	(1.00%)	109,032
Future salary increase rate	1.00%	110,668
	(1.00%)	(104,904)

The following are other defined benefit plan information:

	2023	2022
A. Weighted average duration of present value of defined benefit obligation	**2.7 years**	3.1 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	**₱3,359,380**	₱1,032,828
More than one year up to 5 years	**1,830,897**	3,966,698
C. Plan membership information		
Number of active plan members	**4**	4
Average attained age	**56.2 years**	55.2 years
Average past service	**15.2 years**	14.2 years
Average future service	**3.8 years**	4.8 years

15. General and Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Professional fees		**₱3,957,501**	₱932,064	₱1,075,404
Salaries and employee benefits		**1,539,707**	1,240,190	2,015,657
Transportation and travel		**1,094,377**	1,068,124	776,693
Entertainment, amusement and recreation		**521,426**	521,816	1,066,870
Retirement costs	14	**508,423**	443,291	806,680
Taxes and licenses		**324,551**	826,365	1,459,076
Outside services		**154,446**	187,268	113,208
Dues and subscriptions		**114,176**	367,965	131,008
Rental		**53,571**	53,571	53,571
Insurance		**12,918**	6,726	119,070
Brokerage		**–**	900,050	–
Depreciation	10	**–**	13,884	20,828
Filing fees		**–**	–	889,870
Others		**155,811**	140,749	421,557
		₱8,436,907	₱6,702,063	₱8,949,492

16. Income Tax

The Group's provision for current income tax amounting to ₱192,259 pertains to MCIT in 2023. There was no provision for current income tax in 2022 because the Group is in taxable loss position.

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.

	2023	2022	2021
Allowance for impairment of deferred exploration costs and mining rights	**₱111,919,832**	₱111,919,832	₱111,919,832
NOLCO	**14,750,838**	20,161,061	23,141,011
Accrued retirement costs	**3,737,907**	3,229,484	2,786,193
Excess MCIT	**192,259**	–	–
	₱130,600,836	₱135,310,377	₱137,847,036
Unrecognized deferred tax assets	**₱27,163,402**	₱28,208,097	₱28,848,747

As at December 31, 2023, 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
2023	₱–	₱546,748	₱–	₱546,748	2026
2022	5,736,956	–	–	5,736,956	2025
2021	7,200,702	–	–	7,200,702	2026
2020	7,223,403	–	(5,956,971)	1,266,432	2025
	₱20,161,061	₱546,748	(₱5,956,971)	₱14,750,838	

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 provision for (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:

	2023	2022	2021
Benefit from income tax computed at the statutory income tax rate	**₱1,260,866**	(₱100,189)	(₱2,126,790)
Changes in unrecognized deferred tax assets	**(987,438)**	(752,351)	(15,227,314)
Effect of change in tax rates	–	–	13,816,061
Tax effects of:			
Interest income subjected to final tax	**(131,656)**	(46,521)	(35,522)
Nondeductible expenses	**130,356**	130,454	264,666
Dividend income exempt from income tax	**(79,869)**	(79,869)	(64,782)
Expired NOLCO and MCIT	–	2,175,726	3,373,681
Income subjected to capital gains tax	–	(1,327,250)	–
Benefit from income tax computed at the effective income tax rate	**₱192,259**	₱–	₱–

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law, domestic corporations shall be subjected to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. Starting July 1, 2023, MCIT shall be computed at 2% of gross income.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
RCIT	**25% / 20%**	25% / 20%
MCIT	**1.5%**	1%

17. Other Income

In 2023, the Group recognized other income amounting to ₱12.5 million arising from the settlement of a long-outstanding claim against Government Service Insurance System (GSIS) which acts as a surety to a supply agreement with a previous customer.

Other income amounting to ₱0.3 million mainly pertain to service fees.

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

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

	2023	2022	2021
Net Income (loss) attributable to equity holders of the Parent Company (a)	**₱5,060,920**	(₱866,495)	(₱8,419,648)
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)
Weighted average number of common shares (b)	**7,504,203,997**	7,504,203,997	7,504,203,997
Basic / diluted earnings (loss) per share (a/b)	**₱0.000674**	(₱0.000115)	(₱0.001122)

There were no dilutive potential common shares for purposes of calculation of earnings (loss) per share in 2023, 2022 and 2021.

19. 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:

	2023				
	Neither Past Due nor Impaired		Past due but not impaired	Credit Impaired	Total
	High Grade	Standard Grade			
Cash and cash equivalents*	₱26,097,183	₱–	₱–	₱–	₱26,097,183
Receivables:	–	1,262,860	–	–	1,262,860
Security deposits**	23,822	–	–	–	23,822
Financial assets at FVOCI	4,006,170	–	–	–	4,006,170
	₱30,127,175	₱1,262,860	₱–	₱–	₱31,390,035

**Excluding cash on hand amounting to ₱50,000.*
***Presented under "Other noncurrent assets" account.*

	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:	–	1,618,021	–	–	1,618,021
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.*

<u>Liquidity Risk</u>

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:

	2023				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
Trade and other payables*	₱12,623,493	₱18,992,843	₱–	₱–	₱31,616,336
Advances from a related party	79,978,631	–	–	–	79,978,631
	₱92,602,124	₱18,992,843	₱–	₱–	₱111,594,967

**Excluding statutory liabilities to the government.*

	2022				
	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
Trade and other payables*	₱12,938,906	₱15,889,230	₱–	₱–	₱28,828,136
Advances from a related party	79,978,631	–	–	–	79,978,631
	₱92,917,537	₱15,889,230	₱–	₱–	₱108,806,767

**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 ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, 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
2023	**2%**	**₱70,559**
	(2%)	**(70,559)**
2022	8%	₱234,472
	(8%)	(234,472)

**Based on PSE market index*

20. 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:

	2023			
	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, 2023	4,006,170	4,006,170	–
		₱13,162,170	₱4,006,170	₱9,156,000

	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

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, 2023 and 2022.

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, 2023 and 2022.

21. 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, 2023 and 2022, the Group was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2023, 2022 and 2021.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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

**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 December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and have issued our report thereon dated February 29, 2024. 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, 2023
- Schedules required by Annex 68-J as at December 31, 2023
- Conglomerate Map as at December 31, 2023
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2023 and 2022

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, 2023 and 2022.

REYES TACANDONG & CO.

Belinda B. Fernando

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

February 29, 2024
Makati City, Metro Manila

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT DECEMBER 31, 2023 and 2022

Ratio	Formula	2023	2022
Current Ratio			
	Total current assets	**₱27,467,941**	₱19,629,827
	Divided by: Total current liabilities	**111,662,143**	108,830,998
	Current Ratio	**0.25**	0.18
Acid Test Ratio			
	Total current assets	**₱27,467,941**	₱19,629,827
	Less: other current assets	**57,898**	42,412
	Quick assets	**27,410,043**	19,587,415
	Divide by: Total current liabilities	**111,662,143**	108,830,998
	Acid Test Ratio	**0.25**	0.18
Solvency Ratio			
	Net income (loss) after depreciation and amortization before income tax	**₱5,226,472**	(₱887,505)
	Add: Depreciation and amortization	**–**	13,884
	Net income (loss) before depreciation and amortization	**5,226,472**	(873,621)
	Divided by: Total liabilities	**115,610,485**	112,312,205
	Solvency Ratio	**0.05**	(0.01)
Asset-to-Equity Ratio			
	Total assets	**₱268,989,858**	₱259,630,432
	Divided by: Total equity	**153,379,373**	147,318,227
	Asset-to-Equity Ratio	**1.75**	1.76
Return on Equity			
	Net income (loss)	**₱5,034,213**	(₱887,505)
	Divided by: Total equity	**153,379,373**	147,318,227
	Return on Equity	**0.03**	(0.01)
Return on Assets			
	Net income (loss)	**₱5,034,213**	(₱887,505)
	Divided by: Average total assets	**264,310,145**	259,354,261
	Return on Assets	**0.02**	(0.00)
Debt-to-Equity Ratio			
	Total liabilities	**₱115,610,485**	₱112,312,205
	Divided by: Total equity	**153,379,373**	147,318,227
	Debt-to-Equity Ratio	**0.75**	0.76

(Forward)

Ratio	Formula	2023	2022
Interest Rate Coverage Ratio	Pretax income before interest	**₱5,226,472**	(₱887,505)
	Divided by: Interest expense	**–**	–
	Interest Rate Coverage Ratio	*Not applicable*	
Net Profit Margin	Net income (loss)	**₱5,034,213**	(₱887,505)
	Divided by: Revenue	**–**	–
	Net Profit Margin	*Not applicable*	

APC GROUP, INC. AND SUBSIDIARIES

SEC SUPPLEMENTARY SCHEDULES AS REQUIRED BY PAR. 6 PART II OF THE REVISED SRC RULE 68

DECEMBER 31, 2023

Table of Contents

D & F - None to report.

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE A – FINANCIAL ASSETS
DECEMBER 31, 2023

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	₱4,006,170	₱4,006,170	₱319,476

APC GROUP, INC. AND SUBSIDIARIES

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

DECEMBER 31, 2023

	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	₱38,174	₱6,000	₱38,174	₱–	₱6,000	₱–	₱6,000

APC GROUP, INC. AND SUBSIDIARIES

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

DECEMBER 31, 2023

	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	₱5,407,423	₱887,865	(₱2,605,898)	₱–	₱184,034	₱3,505,356	₱3,689,390
APC Energy Resources, Inc.	–	56,207	–	(56,207)	–	–	–
APC Mining Corporation	–	55,906	–	(55,906)	–	–	–
APC Cement Corporation	–	56,006	–	(56,006)	–	–	–
PRC-Magma Energy Resources, Inc.	–	60,906	–	(60,906)	–	–	–
	₱5,407,423	₱1,116,890	(₱2,605,898)	(₱229,025)	₱184,034	₱3,505,356	₱3,689,390

APC GROUP, INC. AND SUBSIDIARIES

SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2023

	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, 2023

				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

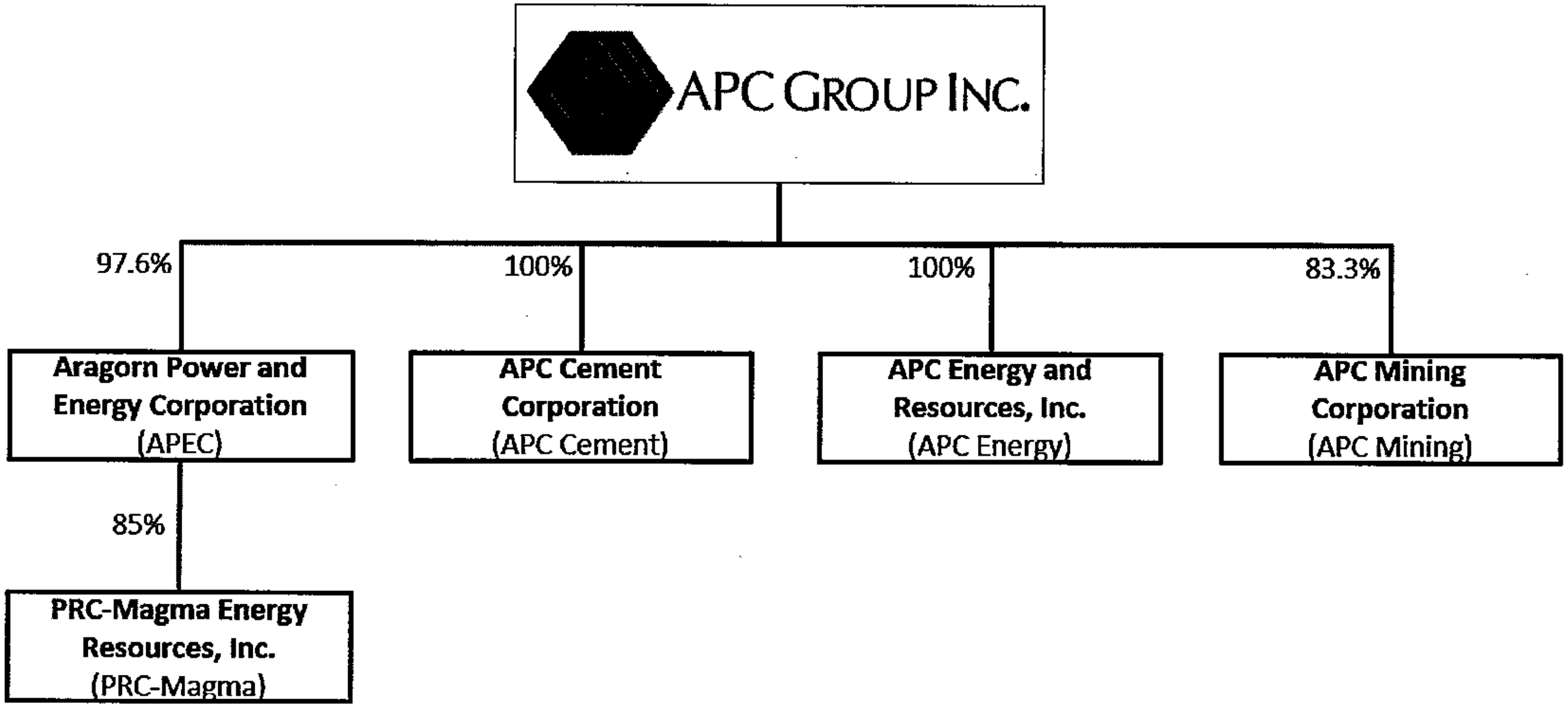
PARENT COMPANY'S RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

		Amount
Unappropriated retained earnings (deficit), beginning of reporting period		(₱16,840,382)
Add:	Category A: Items that are directly credited to unappropriated retained earnings (deficit)	–
Less:	Category B: Items that are directly debited to unappropriated retained earnings (deficit)	–
Unappropriated retained earnings (deficit), as adjusted		**(16,840,382)**
Add:	Net income for the current year	5,350,217
Less:	Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–
Add:	Category C.2: Unrealized income recognized in the profit of loss in prior reporting periods but realized in the current reporting period (net of tax)	–
Add:	Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	–
Adjusted Net Loss		**5,350,217**
Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	–
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP	–
Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	–
	Treasury shares	(29,435,220)
		(29,435,220)
Total retained earnings (deficit), end of the reporting period available for dividend		**(₱40,925,385)**

APC GROUP, INC. AND SUBSIDIARIES

CONGLOMERATE MAP
DECEMBER 31, 2023



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

SEC Registration Number

A	S	9	3	0	0	8	1	2	7

C O M P A N Y   N A M E

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

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)
588	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.*

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, 2023 and 2022**, 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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company'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, 2023 and 2022, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

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, 2024

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:

MAKATI CITY
FEB 29 2024

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 MANILA
Marie Joy T. Co		09 JAN 2033	DFA MANILA

DOC NO. 197
PAGE NO. 41
BOOK NO. 17
SERIES OF 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
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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 separate financial statements of APC Group, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, 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 material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, 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.

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.

REYES TACANDONG & CO.

[redacted]

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

February 29, 2024
Makati City, Metro Manila

APC GROUP, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱24,603,140**	₱16,297,418
Receivables	5	**3,973,670**	4,195,519
Prepayments		**57,898**	42,415
Total Current Assets		**28,634,708**	20,535,352
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	**4,006,170**	3,020,525
Investments in and advances to subsidiaries	7	**243,313,182**	243,313,182
Investment properties	8	**9,156,000**	9,156,000
Other noncurrent assets	9	**7,882,441**	7,431,964
Total Noncurrent Assets		**264,357,793**	262,921,671
		₱292,992,501	₱283,457,023
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱28,680,520**	₱26,175,240
Advances from a related party	12	**79,978,631**	79,978,631
Income tax payable		**185,913**	–
Total Current Liabilities		**108,845,064**	106,153,871
Noncurrent Liabilities			
Retirement liability	13	**3,948,342**	3,481,207
Subscription payable	12	**10,000,000**	10,000,000
Total Noncurrent Liabilities		**13,948,342**	13,481,207
Total Liabilities		**122,793,406**	119,635,078
Equity			
Capital stock	11	**63,880,788**	63,880,788
Additional paid-in capital	11	**144,295,958**	144,295,958
Treasury stock - at cost	11	**(29,435,220)**	(29,435,220)
Deficit		**(11,490,165)**	(16,840,382)
Equity reserves		**2,947,734**	1,920,801
Total Equity		**170,199,095**	163,821,945
		₱292,992,501	₱283,457,023

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2023**	2022
INCOME			
Interest	4	**₱524,904**	₱185,070
Dividend	6	**319,476**	319,476
Others	16	**12,817,281**	–
		13,661,661	504,546
GENERAL AND ADMINISTRATIVE EXPENSES	14	**(8,119,185)**	(5,914,371)
GAIN ON SALE OF INVESTMENT PROPERTIES	8	**–**	5,309,000
INCOME (LOSS) BEFORE INCOME TAX		**5,542,476**	(100,825)
PROVISION FOR CURRENT INCOME TAX	15	**192,259**	–
NET INCOME (LOSS)		**5,350,217**	(100,825)
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on fair value changes of financial assets at FVOCI	6	**985,645**	286,155
Remeasurement gain on retirement liability	13	**41,288**	243,738
		1,026,933	529,893
TOTAL COMPREHENSIVE INCOME		**₱6,377,150**	₱429,068

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31	
	Note	**2023**	2022
CAPITAL STOCK	11	**₱63,880,788**	₱63,880,788
ADDITIONAL PAID-IN CAPITAL	11	**144,295,958**	144,295,958
TREASURY STOCK - at Cost	11	**(29,435,220)**	(29,435,220)
DEFICIT			
Balance at beginning of year		**(16,840,382)**	(16,739,557)
Net income (loss)		**5,350,217**	(100,825)
Balance at end of year		**(11,490,165)**	(16,840,382)
EQUITY RESERVES			
Cumulative Changes in Fair Value of Financial Asset at FVOCI	6		
Balance at beginning of year		**2,172,524**	1,886,369
Unrealized gain		**985,645**	286,155
Balance at end of year		**3,158,169**	2,172,524
Cumulative Remeasurement Losses on Retirement Liability	13		
Balance at beginning of year		**(251,723)**	(495,461)
Remeasurement gain		**41,288**	243,738
Balance at end of year		**(210,435)**	(251,723)
		2,947,734	1,920,801
		₱170,199,095	₱163,821,945

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**₱5,542,476**	(₱100,825)
Adjustments for:			
Interest income	4	**(524,904)**	(185,070)
Retirement cost	13	**508,423**	443,291
Dividend income	6	**(319,476)**	(319,476)
Provision for (reversal of) impairment	14	**229,026**	(446,803)
Gain on sale of investment property	8	**–**	(5,309,000)
Depreciation	9	**–**	13,884
Operating income (loss) before working capital changes		**5,435,545**	(5,903,999)
Decrease (increase) in:			
Input Value-added Tax		**(450,477)**	(148,809)
Prepayments		**(15,483)**	(26,473)
Receivables		**(7,177)**	284,692
Increase in trade and other payables		**2,505,280**	864,777
Net cash generated from (used for) operations		**7,467,688**	(4,929,812)
Interest received		**524,904**	185,070
Dividend received		**319,476**	319,476
Income taxes paid		**(6,346)**	–
Net cash provided by (used in) operating activities		**8,305,722**	(4,425,266)
CASH FLOW FROM AN INVESTING ACTIVITY			
Proceeds from sale of investment property	8	**–**	8,201,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,305,722**	3,775,734
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**16,297,418**	12,521,684
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱24,603,140**	₱16,297,418

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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 as at December 31, 2023 and 2022:

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

**A direct subsidiary of APEC*

The registered office address of the 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 Geothermal 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 which provides that AKL will be responsible for the exploration, development and operation of the steam field and power activities. As at December 31, 2023 and 2022, 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 the 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.

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 the 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. The DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GSC as Southwest Kalinga Geothermal Power Project (SW KGPP).

On May 26, 2023, APEC applied for contract term extension for Kalinga GRESC 2010-03-024. On June 5, 2023, the GRESC was converted into GSC No. 2023-04-073 as a result of the request to apply for new investment on Southwest Kalinga, amending the contract area of GRESC No. 2010-03-024. This amended GSC has a pre-development and development term until July 1, 2033 and renewable for not more than 25 years.

On July 7, 2023, GSC 2023-07-074 was then awarded for Southwest Kalinga. Southwest Kalinga GSC has a pre-development and development contract period of 25 years or until 2048 with a possible extension of another 25 years. The total period from pre-development stage to the development / commercial stage shall not exceed 50 years.

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 29, 2024, 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 2022-2023, KGP has already extended scholarships to 410 grantees and has produced 327 graduates in various courses, which includes 62 licensed professionals. Scholarship accounts for 29% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems and newly awarded GSC, the KGP intends to continue exploration activities, exploring the South West areas under the SW KGPP GSC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling. To date, KGP is currently doing Information Education Communication campaigns within the new contract area and is expecting community engagement meeting on the first half of 2024 in preparation for the 3G surveys. Meanwhile, the approval of the contract term extension for the old GSC will lead to the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area.

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.

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, 2023, 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, 2023 and 2022 were authorized and approved for issuance by the Board of Directors (BOD) on February 29, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

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2. Summary of Material Accounting Policy Information

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 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.

The material accounting policy information used in the preparation of the separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

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:

- investments 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 18 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 amended PFRS 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.

- 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.

- 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.

- Amendments to PAS 1, *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.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules* – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.

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, 2023 and have not been applied in preparing the separate financial statements, are summarized below.

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

- 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.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

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

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the separate 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, 2023 and 2022, 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.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, the financial asset is reclassified at its fair value at the reclassification date. Any cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost.

For a financial asset reclassified out of the financial asset at FVOCI category to financial assets at FVPL, the financial asset continues to be measured at fair value. Any cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

A financial asset pertaining to an equity instrument that has been irrevocably 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.

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.

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.

<u>Office and Other Equipment</u>
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.

<u>Impairment of Nonfinancial Assets</u>
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.

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.

Other Comprehensive Income (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 changes in fair value of 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

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

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

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 benefit 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.

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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, 2023 and 2022.

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 are 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, 2023 and 2022 are disclosed in Notes 4, 5, 7 and 9 to the separate financial statements.

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 Company's other nonfinancial assets in 2023 and 2022.

The carrying amounts of the Company's nonfinancial assets are disclosed in Notes 7 and 9 to the separate financial statements.

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. 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.

The properties pertain to parcels of land in the Municipality of Ginatilan, Cebu. The fair value of investment properties as at December 31, 2023 and 2022 are disclosed in Note 8 to the separate financial statements.

Further information about the assumptions made in measuring the fair value of the investment properties are discussed in Notes 8 and 18 to the separate financial statements.

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 2023 and 2022 and the carrying amount of accrued retirement costs as at December 31, 2023 and 2022 are disclosed in Note 13 to the separate financial statements.

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 ₱5.4 million and ₱6.5 million as at December 31, 2023 and 2022, 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:

	2023	2022
Cash on hand and in banks	**₱14,821,989**	₱9,039,786
Short-term investments	**9,781,151**	7,257,632
	₱24,603,140	₱16,297,418

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 ₱0.5 million and ₱0.2 million in 2023 and 2022, respectively.

5. **Receivables**

This account consists of:

	Note	2023	2022
Receivables from related parties	12	**₱10,224,550**	₱10,185,259
Others		**44,718**	76,832
		10,269,268	10,262,091
Allowance for ECL		**(6,295,598)**	(6,066,572)
		₱3,973,670	₱4,195,519

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

Movements in the allowance for ECL are as follows:

	Note	2023	2022
Balance at beginning of year		**₱6,066,572**	₱6,513,375
Provision for (reversal of) impairment	14	**229,026**	(446,803)
Balance at end of year		**₱6,295,598**	₱6,066,572

6. **Financial Assets at FVOCI**

The Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Balance at beginning of year	**₱3,020,525**	₱2,734,370
Unrealized gain	**985,645**	286,155
Balance at end of year	**₱4,006,170**	₱3,020,525

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):

	2023	2022
Balance at beginning of year	**₱2,172,524**	₱1,886,369
Change in fair value	**985,645**	286,155
Balance at end of year	**₱3,158,169**	₱2,172,524

The Company received dividend income from PLC shares amounting to ₱0.3 million in 2023 and 2022.

7. Investments in and Advances to Subsidiaries

This account consists of the following:

	Note	**2023**	2022
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:

	2023	2022
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:

	2023	2022
Advances to subsidiaries	**₱85,614,960**	₱85,614,960
Allowance for impairment losses	**(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, 2023 and 2022.

8. Investment Properties

The movement of this account follows:

	2023	2022
Balance at beginning of year	**₱9,156,000**	₱12,048,000
Sale	**–**	(2,892,000)
Balance at end of year	**₱9,156,000**	₱9,156,000

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 2023 and 2022. Real property tax paid amounted to ₱7,259 and ₱7,011 in 2023 and 2022, respectively.

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 and 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 18 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	**2023**	2022
Input VAT		**₱7,858,619**	₱7,408,142
Security deposits	17	**23,822**	23,822
Office and other equipment		**–**	–
		₱7,882,441	₱7,431,964

<u>Office and Other Equipment</u>
This account consists of:

	Note	2023	2022
Cost			
Balance at beginning and end of year		**₱1,676,615**	₱1,676,615
Accumulated depreciation			
Balance at beginning of year		**1,676,615**	1,662,731
Depreciation	14	**–**	13,884
Balance at end of year		**1,676,615**	1,676,615
Carrying amount		**₱–**	₱–

Fully depreciated office and other equipment with a total cost of ₱1.7 million as at December 31, 2023 and 2022, are still being used in the operations.

10. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade:			
Third parties		**₱3,644,395**	₱2,631,288
Related party	12	**435,723**	–
Nontrade		**20,814,242**	20,815,836
Accrued expenses		**3,757,332**	2,679,897
Statutory payables		**28,828**	48,219
		₱28,680,520	₱26,175,240

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, 2023 and 2022 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
February 20, 2020	Decrease in par value	–	0.01
		20,000,000,000	

The total number of shareholders is 588 and 593 as at December 31, 2023 and 2022.

On February 20, 2022, the SEC approved the equity restructuring of the Company primarily to write-off the 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.

d. Additional paid in capital as at December 31, 2023 and 2022 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, 2023 and 2022, 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		Outstanding Balance	
		2023	2022	**2023**	2022
Receivables					
Subsidiaries	Share in expenses	**₱1,116,891**	₱–	**₱9,984,988**	₱9,714,065
	Allowance for impairment	**229,026**	–	**(6,295,598)**	(6,066,572)
				3,689,390	3,647,493
Entity under common management	Reimbursements	–	471,194	**239,562**	471,194
				₱3,928,952	₱4,118,687
Payables					
Subsidiary	Share in expenses	**₱435,723**	₱–	**₱435,723**	₱–
Advances to subsidiaries					
Subsidiaries	Advances	**₱–**	₱–	**₱85,614,960**	₱85,614,960
	Allowance for impairment	**–**	–	**(85,614,960)**	(85,614,960)
				₱–	₱–
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
Subscription payable					
Subsidiary	Subscription	**₱–**	₱–	**₱10,000,000**	₱10,000,000

Subscription Payable

Subscription payable represents unpaid subscription in APC Energy as at December 31, 2023 and 2022.

Terms and Conditions of Transactions with Related Parties

Outstanding balances are noninterest-bearing, unsecured, collectible or 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:

	2023	2022
Salaries and short-term employee benefits	**₱1,539,707**	₱1,240,190
Retirement costs	**144,601**	123,294
	₱1,684,308	₱1,363,484

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 the retirement plan was performed by an independent actuary for the year ended December 31, 2023.

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):

	2023	2022
Current service cost	**₱283,885**	₱299,883
Interest cost	**224,538**	143,408
	₱508,423	₱443,291

Changes in present value of retirement liability are as follows:

	2023	2022
Balance at beginning of year	**₱3,481,207**	₱3,281,654
Current service cost	**283,885**	299,883
Interest cost	**224,538**	143,408
Remeasurement loss (gain) recognized in OCI:		
Changes in financial assumptions	**(7,381)**	(246,019)
Experience adjustments	**(33,907)**	2,281
Balance at end of year	**₱3,948,342**	₱3,481,207

The cumulative remeasurement loss recognized in OCI amounted to ₱0.2 million and ₱0.3 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Discount rate	**6.52%**	6.45%
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, 2023 and 2022 assuming if all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost	
		2023	2022
Discount rate	1.00%	**(₱101,557)**	(₱105,717)
	(1.00%)	**109,032**	113,578
Future salary increase rate	1.00%	**110,668**	115,204
	(1.00%)	**(104,904)**	(109,132)

The following are other defined benefit plan information:

	2023	2022
A. Weighted average duration of present value of defined benefit obligation	**2.7 years**	3.1 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	**₱3,359,380**	₱1,032,828
More than one year up to 10 years	**1,830,897**	1,774,633
C. Plan membership information		
Number of active plan members	**4**	4
Average attained age	**56.2 years**	55.2 years
Average past service	**15.2 years**	14.2 years
Average future service	**3.8 years**	4.8 years

14. **General and Administrative Expenses**

This account consists of:

	Note	**2023**	2022
Professional fees		**₱3,476,586**	₱645,014
Salaries and employee benefits		**1,539,707**	1,240,190
Transportation and travel		**1,094,377**	1,068,124
Representation		**521,426**	521,816
Retirement cost	13	**508,423**	443,291
Taxes and licenses		**278,530**	780,344
Provision for (reversal of) impairment	5	**229,026**	(446,803)
Outside services		**154,446**	187,268
Dues and subscriptions		**114,176**	367,965
Rental		**53,571**	53,571
Communication		**38,414**	49,251
Brokerage		**–**	900,050
Depreciation	9	**–**	13,884
Others		**110,503**	90,406
		₱8,119,185	₱5,914,371

15. **Income Tax**

The Company's provision for current income tax amounting to ₱192,259 pertains to Minimum Corporate Income Tax (MCIT) in 2023. There was no provision for current income tax in 2022 because the Company was in tax loss position.

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

	2023	2022
NOLCO	**₱2,733,908**	₱4,223,151
Allowance for impairment losses	**1,573,900**	1,516,643
Accrued retirement costs recognized in profit or loss	**934,477**	807,371
Excess MCIT	**192,259**	–
	₱5,434,544	₱6,547,165

As at December 31, 2023, 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	–	(5,956,971)	1,063,735	2025
	₱16,892,604	₱–	(₱5,956,971)	₱10,935,633	

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 provision for (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:

	2023	2022
Provision for (benefit from) income tax computed at the statutory income tax rate	**₱1,385,619**	(₱25,206)
Change in unrecognized deferred tax assets	**(1,112,621)**	(734,380)
Tax effects of:		
Interest income subjected to final tax	**(131,226)**	(46,268)
Nondeductible expenses	**130,356**	130,454
Dividend income exempt from income tax	**(79,869)**	(79,869)
Expired NOLCO	**–**	2,082,519
Income subjected to capital gains tax	**–**	(1,327,250)
Provision for income tax computed at effective income tax rate	**₱192,259**	₱–

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law, domestic corporations shall be subjected to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. Starting July 1, 2023, MCIT shall revert to 2% of gross income.

Accordingly, the income tax rates used in preparing the separate financial statements as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
RCIT	**25%**	25%
MCIT	**1.5%**	1%

16. Other Income

In 2023, the Company recognized other income amounting to ₱12.5 million arising from the settlement of a long-outstanding claim against a surety to a supply agreement with a previous customer.

Other income amounting to ₱0.3 million mainly pertain to service fees.

17. **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 to 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 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 counterparties 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:

	2023				
	Neither Past Due nor Impaired		**Past due but**		
	High Grade	**Standard Grade**	**not impaired**	**Credit Impaired**	**Total**
Cash and cash equivalents*	**₱24,553,140**	**₱–**	**₱–**	**₱–**	**₱24,553,140**
Receivables	**–**	**3,973,670**	**–**	**6,295,598**	**10,269,268**
Security deposits	**23,822**	**–**	**–**	**–**	**23,822**
Advances to subsidiaries	**–**	**–**	**–**	**85,614,960**	**85,614,960**
Financial assets at FVOCI	**4,006,170**	**–**	**–**	**–**	**4,006,170**
	₱28,583,132	**₱3,973,670**	**₱–**	**₱91,910,558**	**₱124,467,360**

**Excluding cash on hand amounting to ₱50,000.*

	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	–	4,195,519	–	6,066,572	10,262,091
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.*

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:

	2023		
	On demand	**Less than 3 months**	**Total**
Trade and other payables*	**₱20,814,242**	**₱7,837,450**	**₱28,651,692**
Advances from a related party	**79,978,631**	**–**	**79,978,631**
	₱100,792,873	**₱7,837,450**	**₱108,630,323**

**Excluding statutory payables.*

	2022		
	On demand	Less than 3 months	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.*

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 ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, respectively (see Note 6).

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

	Change in Equity Price*	Effect on Equity
2023	**2%**	**₱70,559**
	(2%)	**(70,559)**
2022	8%	₱234,472
	(8%)	(234,472)

**Based on PSE market index*

18. **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:

	2023		
	Total	**Level 1**	**Level 2**
Assets measured at fair value:			
Investment properties	**₱9,156,000**	**₱–**	**₱9,156,000**
Financial assets at FVOCI	**4,006,170**	**4,006,170**	**–**
	₱13,162,170	**₱4,006,170**	**₱9,156,000**

	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

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, 2023 and 2022.

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 years ended December 31, 2023 and 2022.

19. **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, 2023 and 2022, the Company was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2023 and 2022.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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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, 2023 and 2022, and have issued our report thereon dated February 29, 2024. 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, 2023 is the responsibility of the Company's management.

The supplementary schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic separate financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

February 29, 2024
Makati City, Metro Manila

APC GROUP, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

		Amount
Unappropriated retained earnings (deficit), beginning of reporting period		(₱16,840,382)
Add:	Category A: Items that are directly credited to unappropriated retained earnings (deficit)	–
Less:	Category B: Items that are directly debited to unappropriated retained earnings (deficit)	–
	Treasury shares	(29,435,220)
Unappropriated retained earnings (deficit), as adjusted		**(46,275,602)**
Add:	Net income for the current year	5,350,217
Less:	Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–
Add:	Category C.2: Unrealized income recognized in the profit of loss in prior reporting periods but realized in the current reporting period (net of tax)	–
Add:	Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	–
Adjusted Net Income		**5,350,217**
Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	–
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP	–
Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	–
		–
Total retained earnings (deficit), end of the reporting period available for dividend		**(₱40,925,385)**

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, 2023. 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, 2023 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
Treasurer and Financial Controller

IAN JASON R. AGUIRRE
President and Chief Executive Officer

February 28, 2024

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:

MAKATI CITY
FEB 29 2024

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 MANILA
Marie Joy T. Co		09 JAN 2033	DFA MANILA

DOC NO. 198
PAGE NO. 41
BOOK NO. 12
SERIES OF 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City

Gmail

Aivebel Tabarnilla <aivytabarnilla.apc@gmail.com>

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1 message

eafs@bir.gov.ph <eafs@bir.gov.ph> Thu, Apr 4, 2024 at 12:04 PM
To: AIVYTABARNILLA.APC@gmail.com
Cc: AIVEBEL.TABARNILLA@premiumleisurecorp.com

Hi APC GROUP, INC.,

Valid files

- EAFS002834075OTHTY122023.pdf
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- EAFS002834075TCRTY122023-04.pdf
- EAFS002834075ITRTY122023.pdf
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- <None>

Transaction Code: **AFS-0-6FC97HDK0CEJE9588MR2ZWPPQ085GG7GHE**
Submission Date/Time: **Apr 04, 2024 12:04 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.

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DRAFT ONLY – FOR APPROVAL BY STOCKHOLDERS

MINUTES OF THE STOCKHOLDERS' MEETING OF

APC GROUP, INC.

Held 22 June 2023 at 11:00 a.m.
Via Webinar (Zoom) link

DIRECTORS PRESENT:

WILLY N. OCIER	Chairman of the Board Director Chairman, Executive Committee Chairman, Compensation and Remuneration Committee
IAN JASON R. AGUIRRE	President & CEO Director Member, Executive Committee
JACKSON T. ONGSIP	Director Chairman, Risk Oversight Committee Member, Audit Committee Member, Corporate Governance Committee Member, Related Party Transactions Committee
RAFAEL M. ALUNAN III	Lead Independent Director Chairman, Audit Committee Member, Corporate Governance Committee Member, Related Party Transactions Committee Member, Risk Oversight Committee
EDMUNDO L. TAN	Director Member, Compensation and Remuneration Committee
VIRIGINIA A. YAP	Director Member, Executive Committee Member, Compensation and Remuneration Committee
JERRY C. TIU	Independent Director Chairman, Corporate Governance Committee Chairman, Related Party Transactions Committee Member, Audit Committee Member, Risk Oversight Committee

<u>ALSO PRESENT</u>:

NICOLE BERNADETTE M. DULAY	Asst. Corporate Secretary
MICHELLE T. HERNANDEZ	Contact for Stakeholders' Concerns/ Chief Risk Officer
MS. MARIE JOY T. CO	Compliance Officer and Treasurer/Host
MS. CRISTINA CASTRO NAGUIT	Third Party Tabulator
Stockholders present in person or represented by proxy	3,923,623,971 constituting 52.29% of the total outstanding capital of the Corporation as of record date 30 May 2023 (Please see the Record of Attendance here attached as Annex "A")

The representatives from the Company's external auditor, Reyes Tacandong & Co., were likewise in attendance to address questions from the stockholders during the Meeting.

==

I. CALL TO ORDER

Mr. Willy N. Ocier, the Chairman of the Board, welcomed the stockholders, called the meeting to order, and presided over the proceedings. The Assistant Corporate Secretary, Atty. Nicole Bernadette M. Dulay, recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Assistant Corporate Secretary certified that the notice of the annual stockholders' meeting and the Definitive Information Statement, along with the Corporation's "Guidelines for Participation via Remote Communication and Voting in Absentia" were uploaded via PSE EDGE on May 25, 2023 and posted on the Corporation's website beginning on the same day. In addition, the Assistant Corporate Secretary also certified that the notices of the meeting were distributed electronically and by courier to the shareholders starting on May 24, 2023.

The Chairman inquired from the Assistant Corporate Secretary whether there was a quorum for the transaction of business by the stockholders.

The Assistant Corporate Secretary certified that based on record, stockholders who have registered and participated in this meeting, personally and by proxy, represent 3,923,623,971 common shares, constituting **52.29%** of the total outstanding capital stock of the Corporation as of record date May 30, 2023.

The Chairman then declared that there was a quorum for the transaction of business. He then acknowledged the presence of Ms. Cristina Castro Naguit who has been engaged as third-party tabulator of votes cast for today's meeting.

Likewise, the Chairman informed all stockholders and other participants that the meeting is recorded and that though the holding of the meeting is in a virtual format, it is the desire of the Company to provide the stockholders the opportunity to participate in said meeting to the same extent possible as in an in-persona meeting.

He then invited everyone to listen to a brief discussion on the rules of conduct and voting procedures of the meeting.

The Assistant Corporate Secretary discussed the rules of conduct and voting procedures set forth in the Definitive Information Statement and in the Notice of Annual Stockholders' Meeting, in accordance with the rules of the Securities and Exchange Commission as follows:

The rules of conduct and voting procedures are set forth in the Definitive Information Statement and in the Notice of Annual Stockholders' Meeting, in accordance with the rules of the Securities and Exchange Commission.

First, stockholders who notified the Corporation of their intention to participate in this meeting by remote communication have sent their questions or comments through the e-mail address provided for the purpose.

Stockholders now participating through the livestream can continue sending more questions throughout the duration of the meeting through the Q&A button located at the bottom of your screens.

Second, some of the questions or comments received will be read out during the Open Forum, after all matters in the agenda are concluded.

As our time dedicated for the meeting, however, is limited, the questions and comments which will not be read out and responded to during the meeting will be answered by the appropriate officers of the Corporation concerned.

Third, resolutions will be proposed for adoption by the stockholders for each of the items in the Agenda for this meeting. Each proposed resolution will be shown on the screen as the same is being taken up.

Finally, as tabulated, the votes cast as of **June 19, 2023**, are from stockholders owning **3,923,623,971** voting shares, representing **52.29%** of the total outstanding voting shares. The results of this preliminary tabulation will be referred to when the voting results are reported out throughout the meeting.

The results of the final tabulation of votes, with full details of the affirmative and negative votes and abstentions, will be reflected in the Minutes of this Meeting.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING.

The Chairman proceeded to the next item in the agenda which is the approval of the minutes of the previous annual meeting of the stockholders held on June 9, 2022 posted on the Corporation's website several days after its adjournment. A copy of the minutes is also appended to the Definitive Information Statement posted on the PSE EDGE and the Corporation's website. The minutes reflect the proceedings of the last annual meeting, including resolutions adopted and approved, with corresponding tabulation of votes for each item then for approval.

Upon inquiry from the Chair, the Assistant Corporate Secretary reported that based on the tabulation of votes, 100% of the shareholders present voted in favor of the approval. Below was the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
3,923,623,971	100%	0	0%	0	0%

The Chairman then declared that the motion was carried and the minutes were approved, and the following resolution was passed and adopted:

"RESOLVED, that the Minutes of the Annual Stockholders' Meeting of APC Group, Inc. held on June 9, 2022 is approved."

IV. APPROVAL OF THE 2022 OPERATION AND RESULTS

The Chairman proceeded to the next item in the agenda which is the approval of the 2022 operations and results of the Corporation. The Chairman explained that the copies of the Corporation's Definitive Information Statement and the accompanying Annual Report had been sent and made available to all stockholders several weeks prior to the meeting, and the same were likewise posted in the Corporation's website. The Annual report contains the summaries of operations and the Audited Financial Statements of the Corporation for the Year 2022. The Information Statement and Annual report likewise contains the items required under Section 49 of the Revised Corporation Code.

The Chairman then requested the President and CEO, Mr. Ian Jason Aguirre, to render his report on the Company's results of operations for 2022. The President reported as follows:

"To our fellow stockholders, members of the Board of Directors and friends, good morning and welcome to APC Group Inc.'s 2023 Annual Stockholders' Meeting. Thank you for taking the time to be with us today.

Status of Operations

I am pleased to report that your Company, through its subsidiary, Aragorn Power and Energy Corporation or APEC, continues to move forward in its Kalinga Geothermal Project (KGP).

In 2022, the Company remained committed to continuing its exploration activities focusing its efforts towards attaining reliable results, amidst the various challenges and difficulties in supply chain and working conditions resulting from Global factors we are all facing. The Company *focused on re-confirming and evaluating the geology, geochemical, and geophysical surveys (3G) information it acquired to refine the Project's Resource Conceptual Model.*

Analysis of the 3G results reaffirm the commercial temperatures observed in the area suggesting close proximity to the resource, but at a narrower band of drilling targeting. The results also suggest the existence of multiple systems to the South West of the current exploration area. As such, further study is needed to ascertain the new discoveries that would allow assessment of the Kalinga prospect as a whole before proceeding to drilling operations. Understanding the potential of the additional systems is key in determining the technical viability, commerciality, and overall value of the prospect, as well as-improving the likelihood of Project success.

With the newly discovered potential systems, we submitted a Request for New Investment which allows for the awarding of a new service contract for the newly discovered systems, South West of the current area.

Moreover, due to the pandemic and typhoons in the period of 2020 to 2022, which significantly hampered our drilling and exploration activities, APEC requested the Department of Energy for a period of suspension of its obligations as well as an extension of the existing contract. The DOE approved the period of suspension last June 23, 2022.

Notwithstanding the many challenges, your Company continues its commitment to partnership and relationship-building with its host communities through the continuation of educational assistance and tree-planting activities within the 8 ancestral domains in its contract area. To date, The Project has already extended scholarships to 380 grantees and has produced 297 graduates in various courses, which includes 54 licensed professionals. In fact, five (5) scholar graduates in engineering and geology have been hired for the Project. We have also planted more than 100 native bamboo and guyabano seedlings in landslide prone areas within our service contract.

Financial Performance

Now, please allow me to shift and briefly go through the Company's financial performance in 2022. For your reference, the details of the financial statements are contained in the Information Statement sent to the stockholders.

- *In 2022, the Company recorded consolidated assets of P259.6 million, higher by 0.2% from P259.1 million in 2021.*

- *Total liabilities is at P112.3 million, a 1% or P0.9 million increase versus last year.*

- *The Company reported 25% lower general and admin costs from the previous year as a result of continuous cost optimization initiatives. A P5.3M gain was also recognized during the year from the sale of properties in Cebu. These resulted to 90% improvement in total comprehensive loss of P400 thousand.*

In closing, the Company has remained focused on its mission of creating value for our investors and our stakeholders. We look forward to working together with our many stakeholders to move our project further and create value in the future.

Thank you and good day to everyone."

The Chairman then requested the Assistant Corporate Secretary to announce the results of the voting for the approval of the 2022 Operations and Results of the Corporation which were appended to the Definitive Information Statement, the 2022 Annual Report and the Consolidated Audited Financial Statements of the Corporation as of December 31, 2022 as audited by Reyes Tacandong & Co.

The Assistant Corporate Secretary reported that based on the tabulation of votes, 100% of the shareholders present voted in favor of the approval. Below was the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
3,923,623,971	100%	0	0%	0	0%

The Chairman then declared that the motion was carried and the minutes were approved, and the following resolution was passed and adopted:

> "**RESOLVED**, That the 2022 Annual Report, 2022 Consolidated Audited Financial Statements of APC Group, Inc., and the Corporation's 2022 Operations and Results are approved."

5. **Approval and Ratification of the Acts of the Board of Directors and Management**

The next item in the agenda was the approval and ratification of the acts of the Board of Directors and Management during their term of office. The Chairman explained that the summary of these acts could be found in the Definitive Information Statement that was made available to all stockholders.

Upon inquiry from the Chair, the Assistant Corporate Secretary reported that based on the tabulation of votes, 100% of the shareholders present voted in favor for the approval and ratification. Below was the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
3,923,623,971	100%	0	0%	0	0%

The Chairman then declared that the motion was carried and the minutes were approved, and the following resolutions were passed and adopted:

> **"RESOLVED**, that all acts, transactions and contracts entered into as well as resolutions made and adopted by the Board of Directors, Board Committees, and Management of APC Group, Inc. (the 'Corporation') from the date of the last Annual Stockholders' Meeting up to the date of meeting are approved, ratified, and confirmed.
>
> "**RESOLVED FINALLY**, that all acts, proceedings, elections and appointments performed or taken pursuant to the foregoing resolution, be in all respects approved, ratified and confirmed."

VI. ELECTION OF DIRECTORS FOR 2023-2024

The next item in the agenda is the election of directors for the year 20223-2024. The Chairman requested the Assistant Corporate Secretary to announce the nominees.

The Assistant Corporate Secretary announced the following nominees, prequalified by the Corporate Governance Committee, for the election to the Board for 2023-2024:

WILLY N. OCIER
IAN JASON R. AGUIRRE
JACKSON T. ONGSIP
EDMUNDO L. TAN
VIRGINIA A. YAP

Independent Directors

RAFAEL M. ALUNAN III
JERRY C. TIU

Upon inquiry from the Chair, the Assistant Corporate Secretary announced the tabulation of the votes received and cast in favor of the said nominees, as follows:

Nominee	Number of shares voting in favor	%
Willy N. Ocier	**3,923,623,971**	100%
Ian Jason R. Aguirre	**3,923,623,971**	100%
Jackson T. Ongsip	**3,923,623,971**	100%
Edmundo L. Tan	**3,923,623,971**	100%
Virginia A. Yap	**3,923,623,971**	100%
Rafael M. Alunan III	**3,923,623,971**	100%
Jerry C. Tiu	**3,923,623,971**	100%

The Assistant Corporate Secretary announced that since there are only seven (7) nominees and with the votes received, all nominees have obtained sufficient votes for election. The following resolution was then passed and approved:

> "RESOLVED, that the following persons are elected directors of APC Group, Inc. for a period of one (1) year until their successors shall have been duly elected and qualified.
>
> WILLY N. OCIER
> IAN JASON R. AGUIRRE
> JACKSON T. ONGSIP
> EDMUNDO L. TAN
> VIRGINIA A. YAP
>
> Independent Directors
>
> RAFAEL ALUNAN III
> JERRY C. TIU

VII. **APPOINTMENT OF EXTERNAL AUDITOR**

The next item in the agenda was the appointment of the Company's External Auditor for 2023. The Assistant Corinformed the shareholders that the Audit Committee has pre-screened and recommended, and the Board has endorsed for consideration of the stockholders, the appointment of Reyes Tacandong & Co. as the Corporation's external auditor for 2023.

Upon inquiry from the Chair, the Assistant Corporate Secretary reported that based on the tabulation of votes, 100% of the shareholders present voted in favor for the approval and ratification. Below was the tabulation of votes:

In Favor		Against		Abstain	
No. of Shares	%	No. of Shares	%	No. of Shares	%
3,923,623,971	100%	0	0%	0	0%

Accordingly, the following resolution was passed and approved:

> "RESOLVED that Reyes Tacandong & Co. is appointed as the External Auditor of APC Group, Inc. for 2023, under such terms and conditions as may be approved by the Board."

The Chairman then announced that as stated in the Definitive Information Statement, all stockholders of record were allowed to submit questions via email to apc_governance@bellecorp.com

, and through the live comments broadcast section of the proceedings. He added that for those not entertained due to time constraints, the Corporation will endeavor to respond to their questions via email.

Upon request of the Chair, the host read the following questions sent via email:

“What can we expect with the Kalinga Geothermal Project?

The President and Chief Executive Officer, Mr. Ian Jason Aguirre gave the following reply:

“The Project intends to continue exploration activities through further 3G surveys upon awarding of the new service contract under South West Kalinga. We will pursue a more thorough well targeting and evaluation of the rig requirements in preparation for the actual drilling of new exploration wells.”

The other question that was sent to us states: *“How do you see Geothermal Energy supporting the country's push for Renewable Energy in the Philippines?”*

Our company supports the government's advocacy for green entry and sustainable development. Being a company engaging in Geothermal Energy, which is considered a baseload energy that provides energy 24/7. The Company plans to provide additional source of clean, indigenous and reliable power to the Luzon grid.

VIII. **OTHER MATTERS**

The Chairman inquired if there were other matters that could properly be taken up at this meeting. The Assistant Corporate Secretary confirmed that there was none.

IX. **ADJOURNMENT**

There being no further business to transact, the meeting was upon motion duly made and seconded thereupon adjourned.

CERTIFIED CORRECT:

NICOLE BERNADETTE M. DULAY
Asst. Corporate Secretary

ATTESTED BY:

WILLY N. OCIER
Chairman

Nilda/2023Minutes/22 June 2023 ASM Minutes

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Jerry C. Tiu**, Filipino, of legal age and a resident of
after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director (ID) of **APC Group, Inc.** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Premium Leisure Corp.	Independent Adviser to the Board	April 22, 2024 to present
Tagaytay Highlands Community Condominium Association, Inc.	Director President	August 9, 2001 to present August 25, 2001 to present
Tagaytay Midlands Community Homeowners' Association, Inc.	Director President	September 3, 2002 to present June 28, 2008 to present
Greenlands Community Homeowners' Association, Inc.	Director Chairman President	April 26, 2006 to present December 12, 2014 to June 24, 2017 September 20, 2006 to December 12, 2014 Sept. 20, 2006 to present
The Hillside at Tagaytay Highlands Community Homeowners' Association, Inc.	Trustee and Vice President	
The Highlands Prime Community Condominium Owners' Association, Inc.	Trustee and Vice President	
The HPI's Horizon Community Condominium Owners' Association, Inc.	Trustee and Vice President	
Tagaytay Highlands International Golf Club, Inc.	Director President	December 22, 1999 to present June 28, 2001 to present
The Country Club at Tagaytay Highlands, Inc.	Director President	December 22, 1999 to present November 21, 2001 to present
Tagaytay Midlands Golf Club, Inc.	Director President	April 12, 2000 to present November 21, 2001 to present

The Spa & Lodge at Tagaytay Highlands, Inc.	Director and President	August 16, 2001 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. I am not in government service/affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this __ day of MAY 0 8 2024, at MAKATI CITY.

Jerry C. Tiu

SUBSCRIBED AND SWORN to before me this __ day of MAY 0 8 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with TIN

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
Roll Of Attorney No. 77376
MCLE Compliance VIII No. 0001393-
Jan. 3, 2023 until Apr. 12, 2028
PTR NO. 10073945/ Jan. 2, 2024/ Makati City
IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

Doc. No. 267;
Page No. 55;
Book No. 13;
Series of 2024

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **Rafael M. Alunan III,** Filipino, of legal age, and with address at after having been duly sworn to in accordance with law hereby declare that:

1. I am a nominee for independent director (ID) of **APC Group, Inc. (APC)** (the "Corporation").

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Pepsi Cola Products (Philippines), Inc.	Vice Chairman and Independent Director	2007 to present
Philippine Council for Foreign Regulations	Chairman	2018 to present
Harvard Kennedy School Alumni Association of the Philippines Inc.	Chairman	2013 to present
Philippine Taekwondo Association	President	Jan 2023 to present
Spirit of EDSA Foundation	Board Member	1998 to present
One Philippines Party List	Founder	2018 to present
Rotary Club of Manila	Director and President-elect	2023-2024
Kaltimex Energy Phils.	Senior Adviser	2018 to present
Development Academy of the Philippines	Fellow	2015 to present
Institute of Corporate Directors	Fellow	2014 to present
Institute for Solidarity in Asia	Fellow	2014 to present

3. I possess all the qualifications and none of the disqualifications to serve as an ID of the Corporation, as provided for in Section 38 of the Securities Regulation Code (SRC), its Implementing Rules and Regulations (IRR) and other Securities and Exchange Commission (SEC) issuances.

4. I am related to the following director/officer/substantial shareholder of (covered company and its subsidiaries and affiliates) other than the relationship provided under Rule 38.2.3 of the SRC. (where applicable)

NAME OF DIRECTOR/OFFICER/ SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Not applicable		

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding / I disclose that I am the subject of the following criminal/administrative investigation or proceeding (as the case may be):

OFFENSE CHARGED/INVESTIGATED	TRIBUNAL OR AGENCY INVOLVED	STATUS
Not applicable		

6. I am not in government service/affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as ID under the SRC and its IRR, Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the abovementioned information within five (5) days from its occurrence.

Done, this _ day of MAY 0 8 2024, at MAKATI CITY.

Rafael M. Alunan III

SUBSCRIBED AND SWORN to before me this _ day of MAY 0 8 2024 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Tax Identification Number (TIN) Card with

Doc. No. 268
Page No. 55
Book No. 13
Series of 2024

ATTY. JOEL FERRER FLORES
Notary Public for Makati City
Until December 31, 2024
Appointment No. M-115 (2023-2024)
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IBP No. 330740/ Jan. 2, 2024/ Pasig City
1107 Bataan St., Guadalupe Nuevo, Makati City

C O V E R S H E E T

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	9	3	0	0	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)
588	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.*

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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 separate financial statements of APC Group, Inc. (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, 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 material accounting policy information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, 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.

APC GROUP, INC.

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱24,603,140**	₱16,297,418
Receivables	5	**3,973,670**	4,195,519
Prepayments		**57,898**	42,415
Total Current Assets		**28,634,708**	20,535,352
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	6	**4,006,170**	3,020,525
Investments in and advances to subsidiaries	7	**243,313,182**	243,313,182
Investment properties	8	**9,156,000**	9,156,000
Other noncurrent assets	9	**7,882,441**	7,431,964
Total Noncurrent Assets		**264,357,793**	262,921,671
		₱292,992,501	₱283,457,023
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**₱28,680,520**	₱26,175,240
Advances from a related party	12	**79,978,631**	79,978,631
Income tax payable		**185,913**	–
Total Current Liabilities		**108,845,064**	106,153,871
Noncurrent Liabilities			
Retirement liability	13	**3,948,342**	3,481,207
Subscription payable	12	**10,000,000**	10,000,000
Total Noncurrent Liabilities		**13,948,342**	13,481,207
Total Liabilities		**122,793,406**	119,635,078
Equity			
Capital stock	11	**63,880,788**	63,880,788
Additional paid-in capital	11	**144,295,958**	144,295,958
Treasury stock - at cost	11	**(29,435,220)**	(29,435,220)
Deficit		**(11,490,165)**	(16,840,382)
Equity reserves		**2,947,734**	1,920,801
Total Equity		**170,199,095**	163,821,945
		₱292,992,501	₱283,457,023

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2023**	2022
INCOME			
Interest	4	**₱524,904**	₱185,070
Dividend	6	**319,476**	319,476
Others	16	**12,817,281**	–
		13,661,661	504,546
GENERAL AND ADMINISTRATIVE EXPENSES	14	**(8,119,185)**	(5,914,371)
GAIN ON SALE OF INVESTMENT PROPERTIES	8	**–**	5,309,000
INCOME (LOSS) BEFORE INCOME TAX		**5,542,476**	(100,825)
PROVISION FOR CURRENT INCOME TAX	15	**192,259**	–
NET INCOME (LOSS)		**5,350,217**	(100,825)
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on fair value changes of financial assets at FVOCI	6	**985,645**	286,155
Remeasurement gain on retirement liability	13	**41,288**	243,738
		1,026,933	529,893
TOTAL COMPREHENSIVE INCOME		**₱6,377,150**	₱429,068

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CHANGES IN EQUITY

	Note	Years Ended December 31	
		2023	2022
CAPITAL STOCK	11	**₱63,880,788**	₱63,880,788
ADDITIONAL PAID-IN CAPITAL	11	**144,295,958**	144,295,958
TREASURY STOCK - at Cost	11	**(29,435,220)**	(29,435,220)
DEFICIT			
Balance at beginning of year		**(16,840,382)**	(16,739,557)
Net income (loss)		**5,350,217**	(100,825)
Balance at end of year		**(11,490,165)**	(16,840,382)
EQUITY RESERVES			
Cumulative Changes in Fair Value of Financial Asset at FVOCI	6		
Balance at beginning of year		**2,172,524**	1,886,369
Unrealized gain		**985,645**	286,155
Balance at end of year		**3,158,169**	2,172,524
Cumulative Remeasurement Losses on Retirement Liability	13		
Balance at beginning of year		**(251,723)**	(495,461)
Remeasurement gain		**41,288**	243,738
Balance at end of year		**(210,435)**	(251,723)
		2,947,734	1,920,801
		₱170,199,095	₱163,821,945

See accompanying Notes to Separate Financial Statements.

APC GROUP, INC.

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2023**	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**₱5,542,476**	(₱100,825)
Adjustments for:			
Interest income	4	**(524,904)**	(185,070)
Retirement cost	13	**508,423**	443,291
Dividend income	6	**(319,476)**	(319,476)
Provision for (reversal of) impairment	14	**229,026**	(446,803)
Gain on sale of investment property	8	**–**	(5,309,000)
Depreciation	9	**–**	13,884
Operating income (loss) before working capital changes		**5,435,545**	(5,903,999)
Decrease (increase) in:			
Input Value-added Tax		**(450,477)**	(148,809)
Prepayments		**(15,483)**	(26,473)
Receivables		**(7,177)**	284,692
Increase in trade and other payables		**2,505,280**	864,777
Net cash generated from (used for) operations		**7,467,688**	(4,929,812)
Interest received		**524,904**	185,070
Dividend received		**319,476**	319,476
Income taxes paid		**(6,346)**	–
Net cash provided by (used in) operating activities		**8,305,722**	(4,425,266)
CASH FLOW FROM AN INVESTING ACTIVITY			
Proceeds from sale of investment property	8	**–**	8,201,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**8,305,722**	3,775,734
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**16,297,418**	12,521,684
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱24,603,140**	₱16,297,418

See accompanying Notes to Separate Financial Statements.

1. **General Information**

<u>Corporate Information</u>

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 as at December 31, 2023 and 2022:

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

**A direct subsidiary of APEC*

The registered office address of the 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 Geothermal 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 which provides that AKL will be responsible for the exploration, development and operation of the steam field and power activities. As at December 31, 2023 and 2022, 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 the 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.

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 the 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. The DOE provided guidance on proceeding with the New Investment and awarding of the new systems their own GSC as Southwest Kalinga Geothermal Power Project (SW KGPP).

On May 26, 2023, APEC applied for contract term extension for Kalinga GRESC 2010-03-024. On June 5, 2023, the GRESC was converted into GSC No. 2023-04-073 as a result of the request to apply for new investment on Southwest Kalinga, amending the contract area of GRESC No. 2010-03-024. This amended GSC has a pre-development and development term until July 1, 2033 and renewable for not more than 25 years.

On July 7, 2023, GSC 2023-07-074 was then awarded for Southwest Kalinga. Southwest Kalinga GSC has a pre-development and development contract period of 25 years or until 2048 with a possible extension of another 25 years. The total period from pre-development stage to the development / commercial stage shall not exceed 50 years.

KGP also continues its operations and has maintained full engagement with the host LGUs and Communities. As at February 29, 2024, 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 2022-2023, KGP has already extended scholarships to 410 grantees and has produced 327 graduates in various courses, which includes 62 licensed professionals. Scholarship accounts for 29% of CD Projects Expenditures. Five (5) scholar graduates in engineering and geology have been hired for the Project.

With the newly discovered potential systems and newly awarded GSC, the KGP intends to continue exploration activities, exploring the South West areas under the SW KGPP GSC upon awarding through further 3G surveys and eventual exploratory and appraisal drilling. To date, KGP is currently doing Information Education Communication campaigns within the new contract area and is expecting community engagement meeting on the first half of 2024 in preparation for the 3G surveys. Meanwhile, the approval of the contract term extension for the old GSC will lead to the continuation of exploration activities and eventual resumption of drilling operations within the existing and remaining contract area.

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.

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, 2023, 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, 2023 and 2022 were authorized and approved for issuance by the Board of Directors (BOD) on February 29, 2024, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

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 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.

The material accounting policy information used in the preparation of the separate financial statements have been consistently applied to all the years presented, unless otherwise stated.

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:

- investments 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 18 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 amended PFRS 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.

- 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.

- 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.

- Amendments to PAS 1, *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.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules* – The amendments provide a mandatory temporary exemption for the accounting of the deferred taxes arising from the implementation of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (Pillar Two income taxes). The amendments also introduce the disclosure requirements for the affected entities to enable users of the financial statements understand the extent to which an entity will be affected by the Pillar Two income taxes, particularly before its effectivity date.

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, 2023 and have not been applied in preparing the separate financial statements, are summarized below.

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

- 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.

- Amendments to PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instrument: Disclosures - Supplier Finance Arrangements* – The amendments introduced new disclosure requirements to enable users of the financial statements assess the effects of supplier finance arrangements on the liabilities, cash flows and exposure to liquidity risk. The amendments also provide transitional relief on certain aspects, particularly on the disclosures of comparative information. Earlier application is permitted.

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

Financial Assets and Liabilities

Date of Recognition. Financial assets and liabilities are recognized in the separate 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, 2023 and 2022, 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.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, the financial asset is reclassified at its fair value at the reclassification date. Any cumulative gain or loss previously recognized in OCI is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost.

For a financial asset reclassified out of the financial asset at FVOCI category to financial assets at FVPL, the financial asset continues to be measured at fair value. Any cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

A financial asset pertaining to an equity instrument that has been irrevocably 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.

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.

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.

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.

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.

Other Comprehensive Income (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 changes in fair value of 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

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

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

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.

<u>Income Taxes</u>

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 benefit 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.

<u>Related Parties</u>

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.

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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, 2023 and 2022.

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 are 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, 2023 and 2022 are disclosed in Notes 4, 5, 7 and 9 to the separate financial statements.

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 Company’s other nonfinancial assets in 2023 and 2022.

The carrying amounts of the Company’s nonfinancial assets are disclosed in Notes 7 and 9 to the separate financial statements.

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. 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.

The properties pertain to parcels of land in the Municipality of Ginatilan, Cebu. The fair value of investment properties as at December 31, 2023 and 2022 are disclosed in Note 8 to the separate financial statements.

Further information about the assumptions made in measuring the fair value of the investment properties are discussed in Notes 8 and 18 to the separate financial statements.

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 2023 and 2022 and the carrying amount of accrued retirement costs as at December 31, 2023 and 2022 are disclosed in Note 13 to the separate financial statements.

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 ₱5.4 million and ₱6.5 million as at December 31, 2023 and 2022, 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:

	2023	2022
Cash on hand and in banks	**₱14,821,989**	₱9,039,786
Short-term investments	**9,781,151**	7,257,632
	₱24,603,140	₱16,297,418

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 ₱0.5 million and ₱0.2 million in 2023 and 2022, respectively.

5. Receivables

This account consists of:

	Note	2023	2022
Receivables from related parties	12	**₱10,224,550**	₱10,185,259
Others		**44,718**	76,832
		10,269,268	10,262,091
Allowance for ECL		**(6,295,598)**	(6,066,572)
		₱3,973,670	₱4,195,519

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

Movements in the allowance for ECL are as follows:

	Note	2023	2022
Balance at beginning of year		**₱6,066,572**	₱6,513,375
Provision for (reversal of) impairment	14	**229,026**	(446,803)
Balance at end of year		**₱6,295,598**	₱6,066,572

6. Financial Assets at FVOCI

The Company has 6,359,000 shares in Premium Leisure Corp. (PLC) amounting to ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Balance at beginning of year	**₱3,020,525**	₱2,734,370
Unrealized gain	**985,645**	286,155
Balance at end of year	**₱4,006,170**	₱3,020,525

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):

	2023	2022
Balance at beginning of year	**₱2,172,524**	₱1,886,369
Change in fair value	**985,645**	286,155
Balance at end of year	**₱3,158,169**	₱2,172,524

The Company received dividend income from PLC shares amounting to ₱0.3 million in 2023 and 2022.

7. Investments in and Advances to Subsidiaries

This account consists of the following:

	Note	**2023**	2022
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:

	2023	2022
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:

	2023	2022
Advances to subsidiaries	**₱85,614,960**	₱85,614,960
Allowance for impairment losses	**(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, 2023 and 2022.

8. Investment Properties

The movement of this account follows:

	2023	2022
Balance at beginning of year	**₱9,156,000**	₱12,048,000
Sale	**–**	(2,892,000)
Balance at end of year	**₱9,156,000**	₱9,156,000

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 2023 and 2022. Real property tax paid amounted to ₱7,259 and ₱7,011 in 2023 and 2022, respectively.

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 and 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 18 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	**2023**	2022
Input VAT		**₱7,858,619**	₱7,408,142
Security deposits	17	**23,822**	23,822
Office and other equipment		**–**	–
		₱7,882,441	₱7,431,964

Office and Other Equipment

This account consists of:

	Note	2023	2022
Cost			
Balance at beginning and end of year		**₱1,676,615**	₱1,676,615
Accumulated depreciation			
Balance at beginning of year		**1,676,615**	1,662,731
Depreciation	14	**–**	13,884
Balance at end of year		**1,676,615**	1,676,615
Carrying amount		**₱–**	₱–

Fully depreciated office and other equipment with a total cost of ₱1.7 million as at December 31, 2023 and 2022, are still being used in the operations.

10. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade:			
Third parties		**₱3,644,395**	₱2,631,288
Related party	12	**435,723**	–
Nontrade		**20,814,242**	20,815,836
Accrued expenses		**3,757,332**	2,679,897
Statutory payables		**28,828**	48,219
		₱28,680,520	₱26,175,240

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, 2023 and 2022 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
February 20, 2020	Decrease in par value	–	0.01
		20,000,000,000	

The total number of shareholders is 588 and 593 as at December 31, 2023 and 2022.

On February 20, 2022, the SEC approved the equity restructuring of the Company primarily to write-off the 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.

d. Additional paid in capital as at December 31, 2023 and 2022 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, 2023 and 2022, 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		Outstanding Balance	
		2023	2022	**2023**	2022
Receivables					
Subsidiaries	Share in expenses	**₱1,116,891**	₱–	**₱9,984,988**	₱9,714,065
	Allowance for impairment	**229,026**	–	**(6,295,598)**	(6,066,572)
				3,689,390	3,647,493
Entity under common management	Reimbursements	–	471,194	**239,562**	471,194
				₱3,928,952	₱4,118,687
Payables					
Subsidiary	Share in expenses	**₱435,723**	₱–	**₱435,723**	₱–
Advances to subsidiaries					
Subsidiaries	Advances	**₱–**	₱–	**₱85,614,960**	₱85,614,960
	Allowance for impairment	**–**	–	**(85,614,960)**	(85,614,960)
				₱–	₱–
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
Subscription payable					
Subsidiary	Subscription	**₱–**	₱–	**₱10,000,000**	₱10,000,000

<u>Subscription Payable</u>

Subscription payable represents unpaid subscription in APC Energy as at December 31, 2023 and 2022.

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

Outstanding balances are noninterest-bearing, unsecured, collectible or 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:

	2023	2022
Salaries and short-term employee benefits	**₱1,539,707**	₱1,240,190
Retirement costs	**144,601**	123,294
	₱1,684,308	₱1,363,484

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 the retirement plan was performed by an independent actuary for the year ended December 31, 2023.

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):

	2023	2022
Current service cost	**₱283,885**	₱299,883
Interest cost	**224,538**	143,408
	₱508,423	₱443,291

Changes in present value of retirement liability are as follows:

	2023	2022
Balance at beginning of year	**₱3,481,207**	₱3,281,654
Current service cost	**283,885**	299,883
Interest cost	**224,538**	143,408
Remeasurement loss (gain) recognized in OCI:		
Changes in financial assumptions	**(7,381)**	(246,019)
Experience adjustments	**(33,907)**	2,281
Balance at end of year	**₱3,948,342**	₱3,481,207

The cumulative remeasurement loss recognized in OCI amounted to ₱0.2 million and ₱0.3 million as at December 31, 2023 and 2022, respectively.

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

	2023	2022
Discount rate	**6.52%**	6.45%
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, 2023 and 2022 assuming if all other assumptions were held constant:

	Increase (Decrease)	Increase (decrease) in accrued retirement cost	
		2023	2022
Discount rate	1.00%	**(₱101,557)**	(₱105,717)
	(1.00%)	**109,032**	113,578
Future salary increase rate	1.00%	**110,668**	115,204
	(1.00%)	**(104,904)**	(109,132)

The following are other defined benefit plan information:

	2023	2022
A. Weighted average duration of present value of defined benefit obligation	**2.7 years**	3.1 years
B. Maturity analysis of undiscounted retirement benefit payments		
Within one year	**₱3,359,380**	₱1,032,828
More than one year up to 10 years	**1,830,897**	1,774,633
C. Plan membership information		
Number of active plan members	**4**	4
Average attained age	**56.2 years**	55.2 years
Average past service	**15.2 years**	14.2 years
Average future service	**3.8 years**	4.8 years

14. **General and Administrative Expenses**

This account consists of:

	Note	**2023**	2022
Professional fees		**₱3,476,586**	₱645,014
Salaries and employee benefits		**1,539,707**	1,240,190
Transportation and travel		**1,094,377**	1,068,124
Representation		**521,426**	521,816
Retirement cost	13	**508,423**	443,291
Taxes and licenses		**278,530**	780,344
Provision for (reversal of) impairment	5	**229,026**	(446,803)
Outside services		**154,446**	187,268
Dues and subscriptions		**114,176**	367,965
Rental		**53,571**	53,571
Communication		**38,414**	49,251
Brokerage		**–**	900,050
Depreciation	9	**–**	13,884
Others		**110,503**	90,406
		₱8,119,185	₱5,914,371

15. **Income Tax**

The Company's provision for current income tax amounting to ₱192,259 pertains to Minimum Corporate Income Tax (MCIT) in 2023. There was no provision for current income tax in 2022 because the Company was in tax loss position.

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

	2023	2022
NOLCO	**₱2,733,908**	₱4,223,151
Allowance for impairment losses	**1,573,900**	1,516,643
Accrued retirement costs recognized in profit or loss	**934,477**	807,371
Excess MCIT	**192,259**	–
	₱5,434,544	₱6,547,165

As at December 31, 2023, 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	–	(5,956,971)	1,063,735	2025
	₱16,892,604	₱–	(₱5,956,971)	₱10,935,633	

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 provision for (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:

	2023	2022
Provision for (benefit from) income tax computed at the statutory income tax rate	**₱1,385,619**	(₱25,206)
Change in unrecognized deferred tax assets	**(1,112,621)**	(734,380)
Tax effects of:		
Interest income subjected to final tax	**(131,226)**	(46,268)
Nondeductible expenses	**130,356**	130,454
Dividend income exempt from income tax	**(79,869)**	(79,869)
Expired NOLCO	**–**	2,082,519
Income subjected to capital gains tax	**–**	(1,327,250)
Provision for income tax computed at effective income tax rate	**₱192,259**	₱–

Under the Corporate Recovery and Tax Incentives for Enterprises (CREATE) law, domestic corporations shall be subjected to 25% or 20% RCIT depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three (3) years. The changes in the income tax rates became effective beginning July 1, 2020. Starting July 1, 2023, MCIT shall revert to 2% of gross income.

Accordingly, the income tax rates used in preparing the separate financial statements as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
RCIT	**25%**	25%
MCIT	**1.5%**	1%

16. **Other Income**

In 2023, the Company recognized other income amounting to ₱12.5 million arising from the settlement of a long-outstanding claim against a surety to a supply agreement with a previous customer.

Other income amounting to ₱0.3 million mainly pertain to service fees.

17. **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 to 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 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 counterparties 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:

	2023				
	Neither Past Due nor Impaired		**Past due but not impaired**		
	High Grade	**Standard Grade**		**Credit Impaired**	**Total**
Cash and cash equivalents*	**₱24,553,140**	**₱–**	**₱–**	**₱–**	**₱24,553,140**
Receivables	**–**	**3,973,670**	**–**	**6,295,598**	**10,269,268**
Security deposits	**23,822**	**–**	**–**	**–**	**23,822**
Advances to subsidiaries	**–**	**–**	**–**	**85,614,960**	**85,614,960**
Financial assets at FVOCI	**4,006,170**	**–**	**–**	**–**	**4,006,170**
	₱28,583,132	**₱3,973,670**	**₱–**	**₱91,910,558**	**₱124,467,360**

**Excluding cash on hand amounting to ₱50,000.*

	2022				
	Neither Past Due nor Impaired		Past due but not impaired		
	High Grade	Standard Grade		Credit Impaired	Total
Cash and cash equivalents*	₱16,294,068	₱–	₱–	₱–	₱16,294,068
Receivables	–	4,195,519	–	6,066,572	10,262,091
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.*

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:

	2023		
	On demand	**Less than 3 months**	**Total**
Trade and other payables*	**₱20,814,242**	**₱7,837,450**	**₱28,651,692**
Advances from a related party	**79,978,631**	**–**	**79,978,631**
	₱100,792,873	**₱7,837,450**	**₱108,630,323**

**Excluding statutory payables.*

	2022		
	On demand	Less than 3 months	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.*

<u>Equity Price Risk</u>

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 ₱4.0 million and ₱3.0 million as at December 31, 2023 and 2022, respectively (see Note 6).

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

	Change in Equity Price*	Effect on Equity
2023	**2%**	**₱70,559**
	(2%)	**(70,559)**
2022	8%	₱234,472
	(8%)	(234,472)

**Based on PSE market index*

18. **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:

	2023		
	Total	**Level 1**	**Level 2**
Assets measured at fair value:			
Investment properties	**₱9,156,000**	**₱–**	**₱9,156,000**
Financial assets at FVOCI	**4,006,170**	**4,006,170**	**–**
	₱13,162,170	**₱4,006,170**	**₱9,156,000**

	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

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, 2023 and 2022.

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 years ended December 31, 2023 and 2022.

19. **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, 2023 and 2022, the Company was able to meet its capital management objectives. No changes were made in the objectives, policies or processes in 2023 and 2022.

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, 2023 and 2022, and have issued our report thereon dated February 29, 2024. 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, 2023 is the responsibility of the Company's management.

The supplementary schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. The supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic separate financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

BELINDA B. FERNANDO
Partner
CPA Certificate No. 81207
Tax Identification No. 102-086-538-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-004-2022
Valid until October 16, 2025
PTR No. 10072407
Issued January 2, 2024, Makati City

February 29, 2024
Makati City, Metro Manila

APC GROUP, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

		Amount
Unappropriated retained earnings (deficit), beginning of reporting period		(₱16,840,382)
Add:	Category A: Items that are directly credited to unappropriated retained earnings (deficit)	–
Less:	Category B: Items that are directly debited to unappropriated retained earnings (deficit)	–
	Treasury shares	(29,435,220)
Unappropriated retained earnings (deficit), as adjusted		**(46,275,602)**
Add:	Net income for the current year	5,350,217
Less:	Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	–
Add:	Category C.2: Unrealized income recognized in the profit of loss in prior reporting periods but realized in the current reporting period (net of tax)	–
Add:	Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)	–
Adjusted Net Income		**5,350,217**
Add:	Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	–
Add/Less:	Category E: Adjustments related to relief granted by the SEC and BSP	–
Add/Less:	Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution	–
		–
Total retained earnings (deficit), end of the reporting period available for dividend		**(₱40,925,385)**