

From: Philippine Stock Exchange <no-reply@pse.com.ph>
Sent: Thursday, November 10, 2022 11:35 AM
Subject: Quarterly Report

Dear Sir/Madam:

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

Company Name: APC Group, Inc.
Reference Number: 0040794-2022
Date and Time: Thursday, November 10, 2022 11:34 AM
Template Name: Quarterly Report
Report Number: CR07323-2022

Best Regards,
PSE EDGE

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended
Sep 30, 2022
2. SEC Identification Number
AS93008127
3. BIR Tax Identification No.
002-834-075-000
4. Exact name of issuer as specified in its charter
APC GROUP, INC.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
G/F MyTown New York Bldg., General E. Jacinto St. corner Capas St., Brgy. Guadalupe
Nuevo, Makati City
Postal Code
1212
8. Issuer's telephone number, including area code
(632) 8662-8888
9. Former name or former address, and former fiscal year, if changed since last report
NA
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?

☒ Yes ☐ No

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange, Inc. / Common Stock

12. Indicate by check mark whether the registrant:

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

☒ Yes ☐ No

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

☒ Yes ☐ No

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



APC Group, Inc. APC

PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2022
Currency (indicate units, if applicable)	Philippine Peso

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2022	Dec 31, 2021
Current Assets	13,517,826	16,636,207
Total Assets	256,076,766	259,078,089
Current Liabilities	107,568,679	108,120,596
Total Liabilities	110,850,332	111,402,250
Retained Earnings/(Deficit)	-24,799,271	-22,322,828
Stockholders' Equity	145,226,433	147,675,839
Stockholders' Equity - Parent	152,224,723	154,669,371
Book Value per Share	0.02	0.02

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	0	0	0	0
Gross Expense	0	0	0	0
Non-Operating Income	48,435	25,753	439,471	367,414
Non-Operating Expense	830,940	1,934,455	2,909,666	6,267,921
Income/(Loss) Before Tax	-782,505	-1,908,702	-2,470,195	-5,900,507
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	-782,505	-1,908,702	-2,470,195	-5,900,507
Net Income Attributable to Parent Equity Holder	-782,510	-1,858,515	-2,466,375	-5,792,521
Earnings/(Loss) Per Share (Basic)	0	0	0	0
Earnings/(Loss) Per Share (Diluted)	0	0	0	0

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0	0
Earnings/(Loss) Per Share (Diluted)	0	0

Other Relevant Information

NONE

Filed on behalf by:

Name	Ian Jason Aguirre
Designation	President and CEO

SEC Number AS93008127
File Number _____

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

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

(632) 8662-8888
(Telephone Numbers)

30 September 2022
(Quarter Ending)

SEC FORM 17-Q
(Form Type)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the nine months ended **30 September 2022**
2. SEC identification number: **AS93008127**
3. BIR Tax Identification No. **002-834-075-000**
4. Exact name of registrant as specified in its charter: **APC Group Inc.**
5. Province, country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of registrant's principal office:
**G/F MyTown New York Bldg. General E. Jacinto St. cor. Capas St.,
Brgy. Guadalupe Nuevo, Makati City, 1212**
8. Registrant's telephone number, including area code: **(632) 8662-8888**
9. Former name, former address and former fiscal year, if changed since last report:
n/a
10. Securities registered pursuant to Sections in Securities Regulation Code

<u>Title of each class</u>	<u>Number of shares outstanding</u>
Common Stock, ₱0.01 par value	7,504,203,997

11. Are any or all of the Securities listed on the Philippine Stock Exchange? **Yes**
12. Indicate whether the registrant:
 - a) Has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the SRC and SRC Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding 12 months (or for such shorter period the registrant was required to file such reports).
Yes
 - b) Has been subject to such filing requirements for the past 90 days.
Yes

APC GROUP, INC.

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

FOR THE NINE MONTHS ENDED

30 September 2022

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

APC GROUP INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	P 10,554,617	P 13,976,898
Trade and other receivables - net	2,947,269	2,643,369
Other current assets	15,940	15,940
Total Current Assets	13,517,826	16,636,207
Noncurrent Assets		
Property and equipment	-	13,884
Investment property	12,048,000	12,048,000
Financial assets at fair value through other comprehensive income	2,766,165	2,734,370
Deferred exploration costs and other noncurrent assets	227,744,775	227,645,628
Total Noncurrent Assets	242,558,940	242,441,882
	P 256,076,766	P 259,078,089
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	P 27,590,048	P 28,141,965
Advances from a related party	79,978,631	79,978,631
Total Current Liabilities	107,568,679	108,120,596
Noncurrent Liabilities		
Accrued retirement costs	3,281,654	3,281,654
Total Noncurrent Liabilities	3,281,654	3,281,654
Total Liabilities	110,850,332	111,402,250
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	1,918,164	1,886,369
Remeasurement loss on defined benefit obligation	(495,461)	(495,461)
Equity reserves	(3,140,235)	(3,140,235)
Deficit	(24,799,271)	(22,322,828)
Treasury shares - 7,606,000 shares	(29,435,220)	(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company	152,224,723	154,669,371
Equity Attributable to Non-controlling Interests	(6,998,290)	(6,993,532)
Total Equity	145,226,433	147,675,839
	P 256,076,766	P 259,078,089

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2022		2021	
	3rd Quarter	Year-to-date	3rd Quarter	Year-to-date
	(July to September)	(January to September)	(July to September)	(January to September)
INCOME				
Interest income	P 48,435	P 119,995	P 25,753	P 108,285
Dividend income	-	319,476	-	259,129
	48,435	439,471	25,753	367,414
EXPENSES				
General and administrative expenses	(830,940)	(2,909,666)	(1,934,455)	(6,267,921)
NET LOSS BEFORE AND AFTER INCOME TAX	(782,505)	(2,470,195)	(1,908,702)	(5,900,507)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized loss on financial assets at fair value through other comprehensive income	222,565	31,795	(31,795)	(158,975)
TOTAL COMPREHENSIVE LOSS	P (559,940)	P (2,438,400)	P (1,940,497)	P (6,059,482)
Net Loss Attributable to:				
Equity holders of the Parent Company	(782,510)	(2,466,375)	(1,858,515)	(5,792,521)
Non-controlling interests	5	(3,820)	(50,187)	(107,986)
	(782,505) P	(2,470,195)	(1,908,702) P	(5,900,507)
Total Comprehensive Loss Attributable to:				
Equity holders of the Parent Company	(559,945)	(2,434,580)	(1,890,310)	(5,951,496)
Non-controlling interests	5	(3,820)	(50,187)	(107,986)
	(559,940) P	(2,438,400)	(1,940,497) P	(6,059,482)
Basic/Diluted Loss Per Common Share				
(P-2,466,375/7,504,203,997) September 30, 2022	P	(0.000329)		
(P-5,792,521/7,504,203,997) September 30, 2021			P	(0.000772)
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 Nine Months Ended September 30				
		2022		2021
		(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
<hr/>				
Issued	P	59,981,491	P	59,981,491
Subscribed (net of subscription receivable)		3,899,297		3,899,297
<hr/>				
Capital stock		63,880,787		63,880,787
<hr/>				
Additional paid-in capital		144,295,958		144,295,958
<hr/>				
Unrealized gain/loss on financial assets at fair value through other comprehensive income				
Balance at the beginning of period		1,886,369		1,981,754
Other comprehensive income		31,795		(158,975)
<hr/>				
Balance at the end of period		1,918,164		1,822,779
<hr/>				
Remeasurement loss on defined benefit obligation				
		(495,461)		(3,986,494)
<hr/>				
Equity Reserves		(3,140,235)		(3,140,235)
<hr/>				
Deficit				
Balance at the beginning of period		(22,332,896)		(13,903,180)
Net loss		(2,466,375)		(5,792,521)
<hr/>				
Balance at the end of period		(24,799,271)		(19,695,701)
<hr/>				
Treasury shares - 7,606,000 shares		(29,435,220)		(29,435,220)
<hr/>				
Minority interest		(6,998,290)		(6,972,896)
<hr/>				
	P	145,226,433	P	146,768,978
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APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Nine Months Ended September 30			
	2022		2021	
	(Unaudited)		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	P	(2,470,195)	P	(5,900,507)
Adjustments for:				
Interest income		(119,995)		(108,285)
Dividend income		(319,476)		(259,129)
Depreciation and amortization		13,884		15,621
Operating loss before working capital changes		(2,895,782)		(6,252,300)
Decrease (increase) in:				
Trade and other receivables		(303,900)		1,655,773
Other current assets		0		-
Decrease in:				
Trade and other payables		(562,923)		(905,020)
Advances from a related party		(0)		-
Cash used in operations		(3,762,605)		(5,501,547)
Interest received		119,995		108,285
Dividends received		319,476		259,129
Net cash used in operating activities		(3,323,134)		(5,134,133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in deferred exploration costs and noncurrent assets		(99,147)		(197,650)
Net cash used in investing activities		(99,147)		(197,650)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,422,281)		(5,331,783)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		13,976,898		21,475,809
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P	10,554,617	P	16,144,026

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

Consolidated Statements of Financial Position

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2022	2021
ASSETS						
Current Assets						
Cash and cash equivalents	P 10,554,617	P 13,976,898	(3,422,281)	-24%	4%	5%
Trade and other receivables - net	2,947,269	2,643,369	303,900	11%	1%	1%
Other current assets	15,940	15,940	(0)	0%	0%	0%
Total Current Assets	13,517,826	16,636,207	(3,118,381)	-19%	5%	6%
Noncurrent Assets						
Property and equipment	-	13,884	(13,884)	-100%	0%	0%
Investment property	12,048,000	12,048,000	-	0%	5%	5%
Financial assets at fair value through other comprehensive income	2,766,165	2,734,370	31,795	1%	1%	1%
Deferred exploration costs and other noncurrent assets	227,744,775	227,645,628	99,147	0%	89%	88%
Total Noncurrent Assets	242,558,940	242,441,882	117,058	0%	95%	94%
	P 256,076,766	P 259,078,089	(3,001,323)	-1%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	P 27,590,048	P 28,141,965	(551,917)	-2%	11%	11%
Advances from a related party	79,978,631	79,978,631	(0)	0%	31%	31%
Total Current Liabilities	107,568,679	108,120,596	(551,917)	-1%	42%	42%
Noncurrent Liabilities						
Accrued retirement costs	3,281,654	3,281,654	(1)	0%	1%	1%
Total Noncurrent Liabilities	3,281,654	3,281,654	(1)	0%	1%	1%
Total Liabilities	110,850,332	111,402,250	(551,918)	0%	43%	43%
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	63,880,788	63,880,788	(1)	0%	25%	25%
Additional paid-in capital	144,295,958	144,295,958	0	0%	56%	56%
Unrealized gain on financial assets at fair value through other comprehensive income	1,918,164	1,886,369	31,795	2%	1%	1%
Remeasurement loss on defined benefit obligation	(495,461)	(495,461)	-	0%	0%	0%
Equity reserves	(3,140,235)	(3,140,235)	-	0%	-1%	-1%
Deficit	(24,799,271)	(22,322,828)	(2,476,443)	11%	-10%	-9%
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	152,224,723	154,669,371	(2,444,648)	-2%	59%	60%
Equity Attributable to Non-controlling Interests	(6,998,290)	(6,993,532)	(4,758)	0%	-3%	-3%
Total Equity	145,226,433	147,675,839	(2,449,406)	-2%	57%	57%
	P 256,076,766	P 259,078,089	(3,001,323)	-1%	100%	100%

As of September 30, 2022, consolidated assets of APC Group, Inc. and its subsidiaries (the Company) amounted to ₱256.1M million, ₱3.0 million (1%) lower compared to the December 31, 2021 balance of ₱259.1 million.

- Cash decreased mainly due to the disbursements for the general and administrative expenses amounting to ₱2.9 million and ₱0.5 million, respectively, as well as payment of previous year's payable amounting to ₱0.6 million. These declines were slightly offset by interest income, dividend income and collection of receivables from the reimbursable expenses related to the Kalinga Project.

The Company's consolidated liabilities amounted to ₱111 million. The movement in this account pertains to the payment of the accrued and other payables.

Total equity as of September 30, 2022 and December 31, 2021 amounted to ₱145.2 million and ₱147.7 million, respectively. The decline, amounting to ₱2.4 million, is attributable to the comprehensive loss incurred during the period.

There were no off-balance sheet transactions.

Consolidated Statements of Comprehensive Income

	2022		2021		Horizontal Analysis		Vertical Analysis	
	3rd Quarter (July to September)	Year-to-date (January to September)	3rd Quarter (July to September)	Year-to-date (January to September)	Increase (Decrease) Amount	%	2022 %	2021 %
INCOME								
Interest income	P 48,435	P 119,995	P 25,753	P 108,285	11,710	11%	27%	29%
Dividend income	-	319,476	-	259,129	60,347	23%	73%	71%
	48,435	439,471	25,753	367,414	72,057	20%	100%	100%
EXPENSES								
General and administrative expenses	(830,940)	(2,909,666)	(1,934,455)	(6,267,921)	3,358,255	-54%	-662%	-1706%
NET LOSS BEFORE AND AFTER INCOME TAX	(782,505)	(2,470,195)	(1,908,702)	(5,900,507)	3,430,312	-58%	-562%	-1606%
OTHER COMPREHENSIVE INCOME (LOSS)								
Unrealized loss on financial assets at fair value through other comprehensive income	222,565	31,795	(31,795)	(158,975)	190,770	0%	7%	-43%
TOTAL COMPREHENSIVE LOSS	P (559,940)	P (2,438,400)	P (1,940,497)	P (6,059,482)	3,621,082	-60%	-555%	-1649%

The Company ended the 3rd quarter of 2022 with total net loss of Php2.4 million. This lower net loss versus the loss incurred in the same period in 2021 is attributable mainly to the decrease in general and administrative expenses of the Company due to filing fee and taxes for the increase in ACS of APEC last year and lower manpower count this year.

Unrealized mark-to-market gain on its investments at FVOCI contributed to bringing the Company's comprehensive loss to ₱2.4 million as of September 30, 2022.

As of September 30, 2022, except for what has been noted in the preceding, there were no material events or uncertainties known to management that had a material impact on past performance, or that would have a material impact on the future operations, in respect of the following:

- Known trends, demands, commitments, events or uncertainties that would have a material impact on the Company;
- Material commitments for capital expenditures that are reasonably expected to have a material impact on the Company's short-term or long-term liquidity;
- Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations;
- Significant elements of income or loss that did not arise from the Company's continuing operations;
- Seasonal aspects that had a material impact on the Company's results of operations; and
- Material changes in the financial statements of the Company for the periods ended June 30, 2022 and June 30, 2021, except those mentioned above.

KEY PERFORMANCE INDICATORS

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

1. **Return on Assets Ratio (ROA).** Return on Assets is an indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings and is calculated by dividing the Company's annual earnings by its total assets.
2. **Return on Equity Ratio (ROE).** Return on Equity measures how much profit is generated with the money shareholders have invested in the Company. It is expressed as a percentage and calculated by dividing net income by total Stockholders' Equity.

3. **Current Ratio.** Current ratio is computed by dividing current assets by current liabilities. This indicates the liquidity of the Company in the short term and measures the peso amount of current asset available to cover a peso amount of current liability.
4. **Debt-to-Equity Ratio (DER).** DER gives an indication of the Company's leverage position and is computed by dividing total liabilities with total stockholders' equity.
5. **Asset-to-Equity Ratio (AER).** Asset-to-Equity Ratio is computed using total assets divided by the total stockholders' equity. This ratio shows the relationship of the total assets of the firm owned by shareholders and an indicator of the leverage used to finance the Company.

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

	YTD	YTD	YTD
	September 30, 2022	December 31, 2021	September 30, 2021
Return on Assets Ratio	(0.01)	(0.03)	(0.03)
Return on Equity Ratio	(0.02)	(0.06)	(0.05)
Current Ratio	0.13	0.15	0.17
Debt to Equity Ratio	0.76	0.75	0.77
Asset to Equity Ratio	1.76	1.75	1.77

Discussion on the key performance indicators

Return on Assets Ratio and Return on Equity Ratio

The Company's ROA and ROE as of September 30, 2022 and 2021 are negative due to the reported net loss for both years. ROA and ROE as of September 30, 2022 are higher than previous year due decrease in general and administrative expenses of the Company.

Current Ratio

Current ratio decreased from 0.15 as of December 31, 2021 to 0.13 as of September 30, 2022 due to the decline in the cash balance of the Company as discussed above.

Debt to Equity Ratio

Debt to Equity ratio increased from 0.75 as of December 31, 2021 to 0.76 as of September 30, 2022 due to the reported net loss this quarter.

Assets to Equity Ratio

Asset to Equity ratio increased from 1.75 as of December 31, 2021 to 1.76 as of September 30, 2022 due to the reported net loss this quarter.

PART II OTHER INFORMATION

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

ANNEX TO THE MD&A SECTION

1. PRINCIPLES OF CONSOLIDATION

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

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

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

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

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

Credit Risk

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

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

The Company defines credit exposure as all transactions where losses might occur due to the fact that counterparties may not fulfill their contractual payment obligations based on original contractual terms. The Company’s exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these

financial assets. Credit risk from cash in banks is mitigated by transacting only with reputable banks duly approved by management.

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.

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.

There is no material change in the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks on its June 30, 2022 interim financial statements compared to the December 31, 2021 audited consolidated financial statements of APC Group Inc.

Fair value of Financial Instruments

A comparison by category of the carrying values and estimated fair values of the Company's financial instruments that are carried in the consolidated financial statements as of June 30, 2022 and December 31, 2021 are as follows:

	September 30, 2022		December 31, 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables:				
Cash and cash equivalents*	10,546,869	10,546,869	13,969,150	13,969,150
Trade and other Receivables	2,947,269	2,947,269	2,643,369	2,643,369
Deposits**	23,821	23,821	23,822	23,822
AFS financial assets	2,766,165	2,766,165	2,734,370	2,734,370
Total financial assets	16,284,125	16,284,125	19,370,711	19,370,711
Financial liabilities -				
Other financial liabilities:				
Trade and other payables***	27,559,847	27,559,847	28,121,926	28,121,926
Advances from related parties	79,978,631	79,978,631	79,978,631	79,978,631
Total current financial liabilities	107,538,477	107,538,477	108,100,557	108,100,557

*Excluding cash on hand amounting to ₱7,748 as at September 30, 2022 and December 31, 2021

** 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 Company's assets and liabilities as at September 30, 2022 and December 31, 2021:

September 30, 2022					
	Total		Level 1		Level 3
Assets measured at fair value:					
Investment properties	P	12,048,000	P	–	P 12,048,000
Financial assets at FVOCI		2,766,165		2,766,165	–
Total financial assets	P	14,814,165	P	2,766,165	P 12,048,000

December 31, 2021					
	Total		Level 1		Level 3
Assets measured at fair value:					
Investment properties	P	12,048,000	P	–	P 12,048,000
Financial assets at FVOCI		2,734,370		2,734,370	–
Total financial assets	P	14,782,370	P	2,734,370	P 12,048,000

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 September 30, 2022 and year ended December 31, 2021.

3. OTHER REQUIRED DISCLOSURES

- A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial Statements for the period ended December 31, 2021.
- B.) Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
- C.) There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
- D.) Except as disclosed in the MD&A, there were no other issuance, repurchase and repayments of debt and equity securities.
- E.) There were no material events that occurred subsequent to September 30, 2022 and up to the date of this report that need disclosure herein.
- F.) There were no changes in the composition of the Company during the interim period such as business combinations, acquisition or disposals of subsidiaries and long-term investments, restructuring and discontinued operations.
- G.) There were no changes in contingent liabilities or contingent assets since December 31, 2021 and as of September 30, 2022.
- H.) There exist no material contingencies and other material events or transactions affecting the current interim period.



APC GROUP INC.

SIGNATURES

Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **APC Group, Inc.**

By:

IAN JASON R. AGUIRRE
President and Chief Executive Officer
Date: November 10, 2022

MARIE JOY T. CO
Treasurer and Financial Controller, Compliance Officer
Date: November 10, 2022

APPENDIX 1
APC GROUP INC. and SUBSIDIARIES
Aging of Accounts Receivables
As of September 30, 2022

Trade and Other Receivables	Total	1 Month	2 - 3 Months	4 - 6 Months	7 Months to 1 Year	More than 1 year
Trade receivables	2,378,553	495,804	388,309	1,278,393	165,331	50,716
Advances to officers and employees	495,817	110,050	363,000	12,500	-	10,267
Other receivables	72,899	-	34,181	-	-	38,718
TOTAL	2,947,269	605,854	785,490	1,290,893	165,331	99,701