COVER SHEET

AS093-8127
S. E. C. Registration Number

APC GROUP, INC.

(Company's Full Name)

G/F MYTOWN NEWYORK BLDG.
GENERAL E. JACINTO ST. CORNER
CAPAS ST. BRGY. GUADALUPE NUEVO
MAKATI CITY

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

JACKSON T. ONGSIP
Contact Person

662-8888
Company's Telephone Number

12 31
Month Day
Fiscal Year

SEC Form 17Q
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

LCU

Cashier

STAMPS

SEC Number **ASO93-008127-A**
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) 662-8888
(Telephone Numbers)

30 September 2017
(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 three months ended **30 September 2017**

2. Commission identification number: **AS093-08127**

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
   Postal Code 1212

8. Registrant's telephone number, including area code: **(632) 662-8888**

9. Former name, former address and former fiscal year, if changed since last report:

   8th Floor, PhilCom Bldg., 8755 Paseo de Roxas, Makati City
   Postal Code 1226

10. Securities registered pursuant to Sections in Securities Regulation Code

Title of each class	Number of shares of stock outstanding
Common Stock, ₱1.00 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.

APC GROUP, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED

30 September 2017

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
as at September 30, 2017 and December 31, 2016

		September 30 2017		December 31 2016
ASSETS				
Current Assets				
Cash and cash equivalents	P	198,596,797	P	138,624,426
Trade and other receivables - net		828,066		81,769,879
Available-for-sale financial assets		10,322,911		7,524,951
Other current assets		8,419,196		7,533,539
Total Current Assets		**218,166,970**		**235,452,795**
Noncurrent Assets				
Property and equipment		-		125,585
Investment properties		22,374,000		22,374,000
Other noncurrent assets - net		59,642,353		59,203,236
Total Noncurrent Assets		**82,016,353**		**81,702,821**
Total Assets	P	**300,183,323**	P	**317,155,616**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	30,151,522	P	36,595,555
Income tax payable		-		71,437
Advances from related parties		79,772,006		79,772,006
Total Current Liabilities		**109,923,528**		**116,438,998**
Noncurrent Liabilities				
Subscriptions payable		161,959		161,959
Accrued retirement costs		2,909,475		2,800,500
Total Noncurrent Liabilities		**3,071,434**		**2,962,459**
Total Liabilities	P	**112,994,962**	P	**119,401,457**
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock	P	6,388,078,749	P	6,388,078,749
Additional paid-in capital		1,613,942,096		1,613,942,096
Unrealized mark-to-market gain on available-for-sale financial assets		9,474,910		6,676,950
Gain on dilution		226,304		226,304
Remeasurement loss on defined benefit obligation		(2,863,605)		(2,863,605)
Deficit		(7,782,104,045)		(7,768,808,557)
Treasury shares		(29,435,220)		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		**197,319,189**		**207,816,717**
Equity Attributable to Non-controlling Interests		(10,130,828)		(10,062,558)
Total Equity		**187,188,361**		**197,754,159**
Total Liabilities and Equity	P	**300,183,323**	P	**317,155,616**

APC GROUP INC.

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Comparable periods ended September 30, 2017 and September 30, 2016

	3rd Quarter 2017 (July to September)	YTD 2017 (January to September)	3rd Quarter 2016 (July to September)	YTD 2016 (January to September)
INCOME (EXPENSES)				
General and Administrative	P (2,359,788)	P (16,580,780)	P (3,474,608)	P (10,764,464)
Dividend Income	-	178,688	-	136,719
Interest Income	855,140	3,047,252	330,120	1,490,742
Other Income (loss)	2,700	44,500	-	-
Loss on sale of property and equipment	(26,684)	(26,684)	-	-
INCOME (LOSS) BEFORE INCOME TAX	**(1,528,631)**	**(13,337,023)**	**(3,144,488)**	**(9,137,003)**
Provision for Income tax-current	722	26,736	75,830	328,763
NET INCOME(LOSS)	**(1,529,353)**	**(13,363,759)**	**(3,220,318)**	**(9,465,766)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	381,540	2,797,960	(953,850)	2,416,420
TOTAL COMPREHENSIVE INCOME (LOSS)	P **(1,147,813)**	P **(10,565,799)**	P **(4,174,168)**	P **(7,049,346)**
Income/(loss) attributable to:				
Equity holders of the Parent Company		(13,295,488)		(9,372,140)
Non-controlling interests		(68,271)		(93,626)
		P **(13,363,759)**		P **(9,465,766)**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent Company		(10,497,528)		(6,955,720)
Non-controlling interests		(68,271)		(93,626)
		P **(10,565,799)**		P **(7,049,346)**
Basic/Diluted Earnings (Loss) Per common Share				
(P-13,379,448/7,504,203,997) September 30, 2017		P **(0.001781)**		
(P-9,465,766/7,504,203,997) September 30, 2016				P **(0.00126)**
Weighted average number of common shares:				
Total common shares		7,511,809,997		7,511,809,997
Less: Treasury shares		7,606,000		7,606,000
Weighted average common shares		**7,504,203,997**		**7,504,203,997**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
as of September 30, 2017 and September 30, 2016

	September 30, 2017		September 30, 2016	
	Number of Shares	Amount	Number of Shares	Amount
CAPITAL STOCK				
P 1 par value				
Authorized				
Preferred shares	6,000,000,000	P 6,000,000,000	6,000,000,000	P 6,000,000,000
Common shares	14,000,000,000	14,000,000,000	14,000,000,000	14,000,000,000
	20,000,000,000	20,000,000,000	20,000,000,000	20,000,000,000
Issued				
Common				
Balance at end of quarter	5,998,149,059	5,998,149,059	5,998,149,059	5,998,149,059
Subscribed (net of subscription receivable)				
Common				
Balance at end of quarter	389,929,690	389,929,690	389,923,089	389,923,089
Capital Stock				
Common				
Balance at end of quarter	6,388,078,749	6,388,078,749	6,388,072,148	6,388,072,148
Additional Paid-in Capital		1,613,942,096		1,613,942,096
Gain on dilution		226,304		226,304
Unrealized Mark-to-Market Gain /Loss on Available for Sale Financial Assets		9,474,910		5,723,100
Remeasurement loss on defined benefit obligation		(2,863,605)		(2,863,605)
Deficit				
Balance at beginning of year		(7,768,808,557)		(7,722,678,819)
Net income(loss)		(13,295,488)		(9,372,140)
Balance at end of year		(7,782,104,045)		(7,732,050,959)
Less cost of 7,606,000 shares held by a subsidiary		(29,435,220)		(29,435,220)
Minority interest		(10,130,828)		(9,221,173)
		P **187,188,361**		P **234,392,691**

APC GROUP INC.

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
comparable periods ended September 30, 2017 and September 30, 2016

	3rd Quarter 2017 (July to September)	YTD 2017 (January to September)	3rd Quarter 2016 (July to September)	YTD 2016 (January to September)
Net cash provided by (used in) operating activities	P (9,086,070)	P 57,149,938	P (3,156,773)	P (10,352,845)
Net cash provided by (used in) investing activities	799,737	2,822,433	(195,656)	(922,209)
Net cash provided by (used in) financing activities	-	-	-	-
Net increase(decrease) in cash and cash equivalents	P **(8,286,333)**	P **59,972,371**	P **(3,352,429)**	P **(11,275,054)**
Cash and cash equivalents, beginning, January 1		138,624,426		133,801,121
Cash and cash equivalents, March 31		P **198,596,797**		P **122,526,067**

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

Consolidated Statements of Comprehensive Income

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Sept 30 2017	Sept 30 2016	Increase (Decrease) Amount	%	Sept 30 2017	Sept 30 2016
Interest Income	**3,047,252**	1,490,742	1,556,510	*104%*	*93%*	*92%*
Dividend Income	**178,688**	136,719	41,969	*31%*	*5%*	*8%*
Other Income	**44,500**	-	44,500	*100%*	*1%*	*0%*
Total Revenue	**3,270,440**	1,627,461	1,642,979	*101%*	*100%*	*100%*
General and Administrative Expenses	**(16,634,199)**	(11,093,227)	(5,540,972)	*50%*	*-509%*	*-682%*
Total Costs and Expenses	**(16,634,199)**	(11,093,227)	(5,540,972)	*50%*	*-509%*	*-682%*
Net Income (Loss)	**(13,363,759)**	(9,465,766)	(3,897,993)	*41%*	*-409%*	*-582%*
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	2,797,960	2,416,420	381,540	*16%*	*86%*	*148%*
Total Comprehensive income (loss) for the period	**(10,565,799)**	(7,049,346)	(3,516,453)	*50%*	*-323%*	*-433%*

APC Group, Inc. and its subsidiaries (the Company) ended the third quarter of 2017 with total revenues amounting to ₱3.3 million, 101% higher compared to the same period in 2016 mainly due to higher interest received in 2017.

General and administrative expenses were higher by 50% due to listing fees paid to PSE amounting to ₱4.9 million during the first quarter of 2017.

Compared to the same period last year, this year's net loss was higher by ₱3.9 million, which was slightly tempered by the unrealized mark-to-market gain on available-for-sale financial assets, resulting to higher comprehensive loss by ₱3.5 million for the period ended September 30, 2017.

As of September 30, 2017, 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 September 30, 2017 and September 30, 2016 except those mentioned above.

Consolidated Statements of Financial Position

(Amounts in Peso, except percentages)	September 30	December 31	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		Sept 30,	Dec 31,
	2017	2016	Amount	%	2017	2016
ASSETS						
Cash and cash equivalents	**198,596,797**	138,624,426	59,972,371	43%	66%	44%
Trade and other receivables - net	**828,066**	81,769,879	(80,941,813)	-99%	0%	26%
Available-for-sale financial assets	**10,322,911**	7,524,951	2,797,960	37%	3%	2%
Other current assets	**8,419,196**	7,533,539	885,657	12%	3%	2%
Property and equipment	-	125,585	(125,585)	-100%	0%	0%
Investment properties	**22,374,000**	22,374,000	-	0%	7%	7%
Other noncurrent assets - net	**59,642,353**	59,203,236	439,117	1%	20%	19%
Total Assets	**300,183,323**	317,155,616	(16,972,293)	-5%	100%	100%
LIABILITIES AND EQUITY						
Trade and other payables	**30,151,522**	36,595,555	(6,444,033)	-18%	10%	12%
Income tax payable	-	71,437	(71,437)	-100%	0%	0%
Advances from related parties	**79,772,006**	79,772,006	-	0%	27%	25%
Subscriptions payable	**161,959**	161,959	-	0%	0%	0%
Accrued retirement costs	**2,909,475**	2,800,500	108,975	4%	1%	1%
Total Liabilities	**112,994,962**	119,401,457	(6,406,495)	-5%	38%	38%
Capital Stock	**6,388,078,749**	6,388,078,749	-	0%	2128%	2014%
Additional paid-in capital	**1,613,942,096**	1,613,942,096	-	0%	538%	509%
Unrealized mark-to-market gain on AFS financial assets	**9,474,910**	6,676,950	2,797,960	42%	3%	2%
Gain on dilution	**226,304**	226,304	-	0%	0%	0%
Remeasurement loss on defined benefit obligation	**(2,863,605)**	(2,863,605)	-	0%	-1%	-1%
Deficit	**(7,782,104,045)**	(7,768,808,557)	(13,295,488)	0%	-2592%	-2450%
Treasury shares	**(29,435,220)**	(29,435,220)	-	0%	-10%	-9%
Equity Attributable to Non-controlling Interests	**(10,130,828)**	(10,062,558)	(68,270)	1%	-3%	-3%
Total Equity	**187,188,361**	197,754,159	(10,565,798)	-5%	62%	62%
Total Liabilities and Equity	**300,183,323**	317,155,616	(16,972,293)	-5%	100%	100%

As of September 30, 2017, consolidated assets of the Company amounted to ₱300.2 million, ₱17.0 million or 5% lower compared to the December 31, 2016 balance of ₱317.2 million.

- Consolidated cash and cash equivalents amounted to ₱198.6 million as of September 30, 2017, 43% higher compared to ₱138.6 million as of December 31, 2016. The increase was mainly attributable to the collection of receivables from a third party arising from the sale of investment property in 2016 (₱80 million), which was partially reduced by payments for general and administrative expenses (₱16.6 million), disbursement of funds for the scholarship program (₱4.4 million) and payment of other payables;
- Trade and other receivables decreased by ₱80.9 million primarily due to the collection of receivables from a third party as mentioned above;
- Increase in available-for-sale financial assets amounting to ₱2.8 million due to the improvement in market price of stocks held by the Company as of September 30, 2017;
- Increase in other current assets generally pertains to the additional input tax not utilized by the Company;

APC Group's consolidated liabilities decreased by ₱6.4 million from ₱119.4 million as at December 31, 2016 to ₱113.0 million as at September 30, 2017 due to the disbursement of funds payable to the scholars under Aragorn Power's Community Development Scholarship Program and payment of other payables.

Total equity as of September 30, 2017 and December 31, 2016 amounted to ₱187.2 million and ₱197.8 million, respectively. The decline of ₱10.6 million pertains to the net loss incurred by the Company as of September 30, 2017 amounting to ₱ 13.4 million which was partially mitigated by the unrealized mark-to-market gains of ₱2.8 million on available-for-sale financial assets.

There were no off-balance sheet transactions.

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 30 Sep 2017	YTD 31 Dec 2016	YTD 30 Sep 2016
Return on Assets Ratio....................	(0.04)	(0.15)	(0.03)
Return on Equity Ratio.....................	(0.07)	(0.24)	(0.04)
Current Ratio..............................	1.98	2.02	1.27
Debt to Equity Ratio......................	0.60	0.60	0.47
Asset to Equity Ratio	1.60	1.60	1.47

Discussion on the key performance indicators

Return on Assets Ratio and Return on Equity Ratio
Return on asset and return on equity ratios both decreased as of September 30, 2017 versus the ratios for the same period in 2016. These were attributable to the increase in net loss and decrease in total assets and equity.

Current Ratio
There is no significant change in the current ratio of the Company as of September 30, 2017 and as of December 31, 2016.

Debt to Equity Ratio
Debt to Equity Ratio was 0.60x, which increased by 27% versus the same period in 2016 due to lower consolidated stockholders' equity.

Assets to Equity Ratio
There is no significant change in the company's assets to equity ratio as of September 30, 2017 and as of December 31, 2016.

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"):

	Percentage of Ownership
APC Cement Corporation (ACC)	100.00 *(1)*
APC Energy Resources, Inc. (APCERI) – Previously Aragorn Coal Resources, Inc.)	100.00 *(1)*
Aragorn Power & Energy Corporation (Aragorn Power)	90.00 *(1)*
APC Mining Corporation	83.00 *(1)*

(1) Still in the pre-operating stage

2. RISK EXPOSURES

Financial Risk Management

The Company's principal financial instruments comprise advances from related parties. The main purpose of these financial liabilities is to finance the Company's operations. The Company has other financial assets and liabilities such as cash and cash equivalents, trade and other receivables, refundable deposits and trade and other payables that arise directly from its operations. The Company also holds AFS financial assets.

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and equity price risk. The BOD reviews and approves policies of managing each of the risks and they are summarized below.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or customer contract, leading to a financial loss.

Exposure to credit risk is monitored on an ongoing basis, credit checks are performed on all clients requesting credit over certain amounts. Credit granted is subject to regular review, to ensure it remains consistent with the customers' current credit worthiness and appropriate to the anticipated volume of business. The investment of the Company's cash resources is managed so as to minimize risk while seeking to enhance yield. The Company's holding of cash and cash equivalents exposes the Company to credit risk, if the counterparty is unwilling or unable to fulfill its obligations and the Company consequently suffers financial loss. Credit risk management involves entering into financial transactions only with counterparties with acceptable credit rating.

The credit terms are short, with deposits and advance payments requirement before rendering the service, thus, mitigating the possibility of non-collection. In cases of non-collection, defaults of debtors are not tolerated and additional penalties are imposed by the Company.

There are no significant concentrations of credit risk within the Company. Since the Company trades only with recognized third parties, there is no requirement for collateral. The carrying values of the Company's financial assets represent the maximum exposure to credit risk as at the reporting date.

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising funds to meet commitments from financial instruments. The Company's objective is to maintain continuity of funding. The Company's policy is to maximize the use of suppliers' credit for all its major purchases and limit major capital expenditures at a reasonable level.

The Company monitors its cash position by a system of cash forecasting. All expected collections, check disbursements and other payments are determined on a weekly basis to arrive at the projected cash position to cover its obligations.

There is no material change in the financial risk exposures of the company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks on its September 30, 2017 interim financial statements compared to the December 31, 2016 audited consolidated financial statements of APC Group Inc.

3. FINANCIAL INSTRUMENTS

Fair value of financial instruments

A comparison by category of the carrying values and estimated fair values of the Company's financial instruments that are carried in the consolidated financial statements as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017		December 31, 2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	198,596,797	198,596,797	138,624,426	138,624,426
Trade and other receivables	828,066	828,066	81,769,879	81,769,879
Deposits*	185,398	185,398	29,213	29,213
AFS financial assets	10,322,911	10,322,911	7,524,951	7,524,951
Total financial assets	**209,933,172**	**209,933,172**	**227,948,469**	**227,948,469**
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	30,186,994	30,186,994	36,531,489	36,531,489
Advances from related parties	79,772,006	79,772,006	79,772,006	79,772,006
Subscriptions payable	161,959	161,959	161,959	161,959
Total current financial liabilities	**110,120,959**	**110,120,959**	**116,465,454**	**116,465,454**

** Included in "Other noncurrent assets" account*

***Excluding statutory liabilities.*

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

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

AFS Financial Assets

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

Deposits and Other Noncurrent Liabilities

Estimated fair value of deposits is based on the discounted value of future cash flows using the prevailing interest rates that are specific to the tenor of the instruments' cash flows as of reporting dates.

The company has no investments in foreign securities.

4. FAIR VALUE HIERARCHY

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

5. MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect certain reported amounts and disclosures. In preparing the consolidated financial statements, management has made its best judgments and estimates of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from those estimates, and such estimates will be adjusted accordingly.

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

Fair Value of Financial Assets and Liabilities. Certain financial assets and liabilities are required to be carried at fair value, which requires the use of accounting estimates and judgment. While significant components of fair value measurement are determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates, and volatility rates), the timing and amount of changes in fair value would differ with the valuation methodology used. Any change in the fair value of these financial assets and financial liabilities would directly affect profit or loss and equity.

6. FUTURE CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year, except that the Company has adopted the following new accounting pronouncements starting January 1, 2016. Adoption of these pronouncements did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities* and PAS 28, *Investments in Associates and Joint Ventures, Investment Entities: Applying the Consolidation Exception*
- Amendments to PFRS 11, *Joint Arrangements, Accounting for Acquisitions of Interests in Joint Operations*
- PFRS 14, *Regulatory Deferral Accounts*
- Amendments to PAS 1, *Presentation of Financial Statements, Disclosure Initiative*
- Amendments to PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets*, *Clarification of Acceptable Methods of Depreciation and Amortization*
- Amendments to PAS 16 and PAS 41, *Agriculture: Bearer Plants*
- Amendments to PAS 27, *Separate Financial Statements, Equity Method in Separate Financial Statements*
- Annual Improvements to PFRS 2012 - 2014 Cycle
  - Amendment to PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*, *Changes in Methods of Disposal*
  - Amendment to PFRS 7, *Financial Instruments: Disclosures*, *Servicing Contracts*
  - Amendment to PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  - Amendment to PAS 19, *Employee Benefits*, *Discount Rate: Regional Market Issue*
  - Amendment to PAS 34, *Interim Financial Reporting*, *Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Effective beginning on or after January 1, 2017

- Amendment to PFRS 12, *Disclosure of Interests in Other Entities*, *Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRS* 2014 - 2016 Cycle), clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments will not have any impact on the Company's financial statements.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative,* require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted. The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 12, *Income Taxes*, *Recognition of Deferred Tax Assets for Unrealized Losses*, clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. The Company is currently assessing the impact of adopting this standard.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*, address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted. The amendments will not have any impact on the Company's financial statements.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*, address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Company since the Company has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 15, *Revenue from Contracts with Customers*, establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. The amendments will not have any impact on the Company's financial statements.

- PFRS 9, *Financial Instruments*, reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

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

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRS* 2014 - 2016 Cycle), clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted. The Company is currently assessing the impact of adopting this standard.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*, clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight. The amendments will not have any impact on the Company's financial statements.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*, clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The amendments will not have any impact on the Company's financial statements.

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*, under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17, *Leases*. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their balance sheets, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Company is currently assessing the impact of adopting PFRS 16.

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*, address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3, *Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

7. OTHER REQUIRED DISCLOSURES

A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial Statements for the period ended December 31, 2016. The adoption of PFRS 9, Financial Instruments: *Classification and Measurement,* will have an effect on the classification and measurement of the Company's financial assets but will have no impact on the classification and measurement of the Company's financial liabilities. The Company will quantify the effect in conjunction with the other phases when issued, to present a comprehensive picture. As of September 30, 2017, the Company has decided not to early adopt PFRS 9 on its consolidated financial statements.

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, 2017 and up to the date of this report that need disclosure herein.

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

G.) There were no changes in contingent liabilities or contingent assets as at September 30, 2017.

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:

JACKSON T. ONGSIP
President and Chief Executive Officer

November 8, 2017

IAN JASON R. AGUIRRE
Executive Vice President and Chief Finance Officer

November 8, 2017

APPENDIX 1
APC GROUP INC. and SUBSIDIARIES
Aging of Accounts Receivables
As of September 30, 2017

COMPANY	TOTAL	1 Month	2 - 3 Months	4 - 6 Months	7 Months to 1 Year	more than 1 year
Type of Accounts Receivables						
Non - Trade Receivables	₱ 25,540,126	-	-	-	-	25,540,126
Less: Allowance for Doubtful Accounts	25,511,756	-	-	-	-	25,511,756
Net Non - Trade Receivables	28,370	-	-	-	-	28,370
Advances to Officers and Employees	81,207	-	16,000	65,207	-	-
Receivables - Others	718,489	50,189	73,705	147,021	101,907	345,667
APC	*346,808*	*18,091.0*	-	-	-	*328,717.0*
APCERI	-	-				
Cement	*16,950*	-	-	-	-	*16,950*
APEC	*354,731*	*32,098.00*	*73,705.00*	*147,021.00*	*101,907.00*	-
PRCMagma	-	-	-	-	-	-
	-					
TOTAL	**828,066**	**50,189**	**89,705**	**212,228**	**101,907**	**374,037**