

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

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2021	Dec 31, 2020
Current Assets	22,494,805	25,194,022
Total Assets	264,477,023	267,425,944
Current Liabilities	108,455,753	108,631,475
Total Liabilities	114,421,760	114,597,482
Retained Earnings/(Deficit)	-16,315,060	-13,903,180
Stockholders' Equity	150,055,263	152,828,462
Stockholders' Equity - Parent	156,963,540	159,693,371
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	44,287	1,083,034	44,287	1,083,034
Non-Operating Expense	2,499,534	2,908,069	2,499,534	2,908,069

Income/(Loss) Before Tax	-2,455,247	-1,825,035	-2,455,247	-1,825,035
Income Tax Expense	0	0	0	0
Net Income/(Loss) After Tax	-2,455,247	-1,825,035	-2,455,247	-1,825,035
Net Income Attributable to Parent Equity Holder	-2,411,880	-1,821,505	-2,411,880	-1,821,505
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	Maria Neriza Banaria
Designation	Controller

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)

31 March 2021

(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 **31 March 2021**
2. SEC identification number: **AS93008127**
3. BIR Tax Identification No. **002-834-075-000**
4. Exact name of registrant as specified in its charter: **APC Group Inc.**
5. Province, country or other jurisdiction of incorporation or organization: **Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of 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 THREE MONTHS ENDED

31 March 2021

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

APC GROUP INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱ 17,320,708	₱ 21,475,809
Trade and other receivables - net	5,158,157	3,702,273
Other current assets	15,940	15,940
Total Current Assets	22,494,805	25,194,022
Noncurrent Assets		
Property and equipment	29,506	34,712
Investment property	12,048,000	12,048,000
Financial assets at fair value through other comprehensive income	2,511,805	2,829,755
Deferred exploration costs and other noncurrent assets	227,392,907	227,319,455
Total Noncurrent Assets	241,982,218	242,231,922
	₱ 264,477,023	₱ 267,425,944
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables	₱ 28,477,122	₱ 28,652,844
Advances from a related party	79,978,631	79,978,631
Total Current Liabilities	108,455,753	108,631,475
Noncurrent Liabilities		
Accrued retirement costs	5,966,007	5,966,007
Other noncurrent liabilities		
Total Noncurrent Liabilities	5,966,007	5,966,007
Total Liabilities	114,421,760	114,597,482
Equity Attributable to Equity Holders of the Parent Company		
Capital stock	63,880,787	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	1,663,804	1,981,754
Remeasurement loss on defined benefit obligation	(3,986,494)	(3,986,494)
Equity reserves	(3,140,235)	(3,140,235)
Deficit	(16,315,060)	(13,903,180)
Treasury shares - 7,606,000 shares	(29,435,220)	(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company	156,963,540	159,693,371
Equity Attributable to Non-controlling Interests	(6,908,277)	(6,864,909)
Total Equity	150,055,263	152,828,462
	₱ 264,477,023	₱ 267,425,944



APC GROUP INC.

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2021		2020	
	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	P 44,287	P 44,287	P 763,558	P 763,558
Dividend income	-	-	319,476	319,476
	44,287	44,287	1,083,034	1,083,034
EXPENSES				
General and administrative expenses	(2,499,534)	(2,499,534)	(2,908,069)	(2,908,069)
NET LOSS BEFORE AND AFTER INCOME TAX	(2,455,247)	(2,455,247)	(1,825,035)	(1,825,035)
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized loss on financial assets at fair value through other comprehensive income	(317,950)	(317,950)	(1,685,135)	(1,685,135)
TOTAL COMPREHENSIVE LOSS	P (2,773,197)	P (2,773,197)	P (3,510,170)	P (3,510,170)
Net Loss Attributable to:				
Equity holders of the Parent Company		(2,411,880)		(1,821,505)
Non-controlling interests		(43,367)		(3,530)
		P (2,455,247)		P (1,825,035)
Total Comprehensive Loss Attributable to:				
Equity holders of the Parent Company		(2,729,830)		(3,506,640)
Non-controlling interests		(43,367)		(3,530)
		P (2,773,197)		P (3,510,170)
Basic/Diluted Loss Per Common Share				
(P-2,455,247 / 7,504,203,997) March 31, 2021		(0.000327)		
(P-1,825,035 / 7,504,203,997) March 31, 2020			P	(0.000243)
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				
		2021		
		(Unaudited)	2020	(Unaudited)
Authorized:				
Preferred stock - P0.1 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				
	P	59,981,491	P	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		1,981,754		2,776,629
Other comprehensive income		(317,950)		(1,685,135)
Balance at the end of period		1,663,804		1,091,494
Remeasurement loss on defined benefit obligation				
		(3,986,494)		(2,237,878)
Equity Reserves		(3,140,235)		(3,140,235)
Deficit				
Balance at the beginning of period		(13,903,180)		(7,801,877,958)
Adjustment from quasi-reorganization		-		7,793,844,100
Net loss		(2,411,880)		(1,821,505)
Balance at the end of period		(16,315,060)		(9,855,363)
Treasury shares - 7,606,000 shares		(29,435,220)		(29,435,220)
Minority interest		(6,908,277)		(6,856,279)
		P	P	
		150,055,263		157,743,264

APC GROUP INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Three Months Ended March 31			
	2021		2020	
	(Unaudited)		(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	₱	(2,455,247)	₱	(1,825,035)
Adjustments for:				
Interest income		(44,287)		(763,558)
Dividend income		-		(319,476)
Depreciation and amortization		5,206		7,438
Operating loss before working capital changes		(2,494,328)		(2,900,631)
Decrease (increase) in:				
Trade and other receivables		(1,455,884)		(2,170,446)
Other current assets		-		-
Decrease in:				
Trade and other payables		(175,722)		(70,009)
Advances from a related party		-		-
Cash used in operations		(4,125,934)		(5,141,086)
Interest received		44,287		763,558
Dividends received		-		319,476
Net cash used in operating activities		(4,081,647)		(4,058,052)
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase in deferred exploration costs and noncurrent assets		(73,454)		(177,395)
Net cash used in investing activities		(73,454)		(177,395)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4,155,101)		(114,410,682)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		21,475,809		137,491,340
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱	17,320,708	₱	23,080,658



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

Consolidated Statements of Financial Position

	Mar 31, 2021 (Unaudited)	Dec 31, 2020 (Audited)	Horizontal Analysis Increase (Decrease)		Vertical Analysis	
			Amount	%	2021 %	2020 %
ASSETS						
Current Assets						
Cash and cash equivalents	₱ 17,320,708	₱ 21,475,809	(4,155,101)	-19%	51%	8%
Trade and other receivables - net	5,158,157	3,702,273	1,455,884	39%	0%	1%
Other current assets	15,940	15,940	-	0%	3%	0%
Total Current Assets	22,494,805	25,194,022	(2,699,217)	-11%	55%	9%
Noncurrent Assets						
Property and equipment	29,506	34,712	(5,206)	-15%	0%	0%
Investment property	12,048,000	12,048,000	-	0%	4%	5%
Financial assets at fair value through other comprehensive income	2,511,805	2,829,755	(317,950)	-11%	2%	1%
Deferred exploration costs and other noncurrent assets	227,392,907	227,319,455	73,452	0%	40%	85%
Total Noncurrent Assets	241,982,218	242,231,922	(249,704)	0%	45%	91%
	₱ 264,477,023	₱ 267,425,944	(2,948,921)	-1%	100%	100%
LIABILITIES AND EQUITY						
Current Liabilities						
Trade and other payables	₱ 28,477,122	₱ 28,652,844	(175,722)	-1%	10%	11%
Advances from a related party	79,978,631	79,978,631	-	0%	29%	30%
Total Current Liabilities	108,455,753	108,631,475	(175,722)	0%	39%	41%
Noncurrent Liabilities						
Accrued retirement costs	5,966,007	5,966,007	-	0%	1%	2%
Total Noncurrent Liabilities	5,966,007	5,966,007	-	0%	1%	2%
Total Liabilities	114,421,760	114,597,482	(175,722)	0%	40%	43%
Equity Attributable to Equity Holders of the Parent Company						
Capital stock	63,880,788	63,880,788	-	0%	2291%	24%
Additional paid-in capital	144,295,958	144,295,958	-	0%	579%	54%
Unrealized gain on financial assets at fair value through other comprehensive income	1,663,804	1,981,754	(317,950)	-16%	2%	1%
Remeasurement loss on defined benefit obligation	(3,986,494)	(3,986,494)	-	0%	-1%	-1%
Equity reserves	(3,140,235)	(3,140,235)	-	0%	-1%	-1%
Deficit	(16,315,060)	(13,903,180)	(2,411,880)	17%	-2797%	-5%
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	156,963,541	159,693,371	(2,729,830)	-2%	63%	60%
Equity Attributable to Non-controlling Interests	(6,908,278)	(6,864,909)	(43,369)	1%	-2%	-3%
Total Equity	150,055,263	152,828,462	(2,773,199)	-2%	60%	57%
Total Liabilities and Equity	₱ 264,477,023	₱ 267,425,944	(2,948,921)	-1%	100%	100%

As of March 31, 2021, consolidated assets of APC Group, Inc. and its subsidiaries (the Company) amounted to ₱264.5 million, lower by ₱2.9 million (1%) compared to the December 31, 2020 balance of ₱267.4 million.

- Cash decreased by ₱4.2 million mainly due to the disbursements for general and administrative expenses for the quarter amounting to ₱2.5 million as well as payment of additional reimbursable expenses related to the Kalinga Project presented as part of the receivables in the consolidated statement of financial position.
- Financial assets at fair value through other comprehensive income decreased by ₱0.3 million due to the decrease in value of the investments in shares of the Company.



The Company's consolidated liabilities amounted to ₱114.4 million. The movement in this account pertains to the payment of the accrued and other payables during the first quarter of the year.

Total equity as of March 31, 2021 and December 31, 2020 amounted to ₱150.1 million and ₱152.8 million, respectively. The decline, amounting to ₱2.5 million, is attributable to the comprehensive loss incurred during the period.

There were no off-balance sheet transactions.

Consolidated Statements of Comprehensive Income

	For the Three Months Ended March 31		Horizontal Analysis		Vertical Analysis	
	2021 (Unaudited)	2020 (Unaudited)	Increase (Decrease) Amount	%	2021 %	2020 %
INCOME						
Interest income	₱ 44,287	₱ 763,558	(719,271)	-94%	100%	71%
Dividend income	-	319,476	(319,476)	-100%	0%	29%
	44,287	1,083,034	(1,038,747)	-96%	100%	100%
EXPENSES						
General and administrative expenses	(2,499,534)	(2,908,069)	408,535	-14%	-5644%	-269%
NET LOSS BEFORE AND AFTER INCOME TAX	(2,455,247)	(1,825,035)	(630,212)	35%	-5544%	-169%
OTHER COMPREHENSIVE INCOME (LOSS)						
Unrealized loss on financial assets at fair value through other comprehensive income	(317,950)	(1,685,135)	1,367,185	-81%	-718%	-156%
TOTAL COMPREHENSIVE LOSS	₱ (2,773,197)	₱ (3,510,170)	736,973	-21%	-6262%	-324%

The Company ended the first quarter of 2021 with total net loss of ₱2.5 million. This higher net loss versus the net loss of ₱1.8 million for the same period in 2020 is attributable mainly to the decline in interest income from its cash and cash equivalents and dividend income from its investments in FVOCI, offset in part by the decrease in general and administrative expenses of the Company for the period.

Unrealized mark-to-market loss on its investments at FVOCI contributed to bringing the Company's comprehensive loss to ₱2.8 million as of March 31, 2021.

As of March 31, 2021, 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 December 31, 2020 and March 31, 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 Mar 31, 2021	YTD Dec 31, 2020	YTD Mar 31, 2020
Return on Assets Ratio	(0.04)	(0.02)	(0.03)
Return on Equity Ratio	(0.07)	(0.04)	(0.05)
Current Ratio	0.21	0.23	0.25
Debt to Equity Ratio	0.76	0.75	0.71
Asset to Equity Ratio	1.76	1.75	1.71

Discussion on the key performance indicators

Return on Assets Ratio and Return on Equity Ratio

The Company's ROA and ROE as of March 31, 2021 and 2020 are negative due to the reported net loss for both years. There is no significant change in the ROA and ROE of the Company as of March 31, 2021 and 2020.

Current Ratio

Current ratio declined from 0.23 as of December 31, 2020 to 0.21 as of March 31, 2021 due to the decline in the cash balance of the Company as discussed above.

Debt to Equity Ratio

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

Assets to Equity Ratio

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

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	Nature of Business	Percentage of Ownership		
		Direct	Indirect	Total
APEC ⁽¹⁾	Energy	95.6	—	95.6 ⁽³⁾
PRC - Magma ^(1,2)	Energy	—	85.0	85.0
APC Cement ⁽¹⁾	Manufacturing	100.0	—	100.0
APC Energy ⁽¹⁾	Mining	100.0	—	100.0
APC Mining ⁽¹⁾	Mining	83.0	—	83.0

(1) Still in the pre-operating stage

(2) A direct subsidiary of APEC

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

All of the subsidiaries were incorporated in the Philippines.

2. RISK EXPOSURES

Financial Risk Management

The Company’s principal financial liabilities comprise trade and other payables and advances from related parties. The main purpose of these financial liabilities is to finance the Company’s operations. The Company’s principal financial assets include cash and cash equivalents that derive directly from its operations. Other financial instruments consist of financial assets at fair value through other comprehensive income (FVOCI) 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 and the management review and approve 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 is exposed 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.

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. The Company's financial assets which are used to meet its short-term liquidity needs, include cash and cash equivalents, receivables and financial assets at FVOCI.

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 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 March 31, 2021 interim financial statements compared to the December 31, 2020 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 March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		December 31, 2020	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	17,320,708	17,320,708	21,475,809	21,475,809
Trade and other Receivables	5,158,157	5,158,157	3,702,273	3,702,273
Deposits*	190,398	190,398	190,398	190,398
AFS financial assets	2,511,805	2,511,805	2,829,755	2,829,755
Total financial assets	25,181,068	25,181,068	28,198,235	28,198,235
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	27,960,152	27,960,152	36,531,489	36,531,489
Advances from related parties	79,978,631	79,978,631	79,978,631	79,978,631
Total current financial liabilities	107,938,783	107,938,783	116,510,120	116,510,120

*Excluding cash on hand amounting to ₱10,000 as at March 31, 2021 and December 31, 2020

** 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.

Deposits

The carrying value of deposits (included as part of "Other noncurrent assets" account in the consolidated statements of financial position) approximates fair value as at March 31, 2021 and December 31, 2020 due to unavailability of information as to the repayment date that would provide a reasonable basis for the fair value measurement.

Financial Assets at FVOCI

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

The following tables provide the fair value measurement hierarchy of the Company's assets and liabilities as at March 31, 2021 and December 31, 2020:

March 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		2,511,805		2,511,805	–
Total financial assets	P	14,559,805	P	2,511,805	P 12,048,000

December 31, 2020					
	Total		Level 1		Level 3
Assets measured at fair value:					
Investment properties	P	10,028,870	P	–	P 10,028,870
Financial assets at FVOCI		1,939,495		1,939,495	–
Total financial assets	P	11,968,365	P	1,939,495	P 10,028,870

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, 2021 and year ended December 31, 2020.

3. OTHER REQUIRED DISCLOSURES

- A.) The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial Statements for the period ended December 31, 2020.
- 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, 2021 and up to the date of this report that need disclosure herein.
- F.) There were no changes in the composition of the Company during the interim period such as business combinations, acquisition or disposals of subsidiaries and long-term investments, restructuring and discontinued operations.
- G.) There were no changes in contingent liabilities or contingent assets since December 31, 2020 and as of March 31, 2021.
- H.) There exist no material contingencies and other material events or transactions affecting the current interim period.



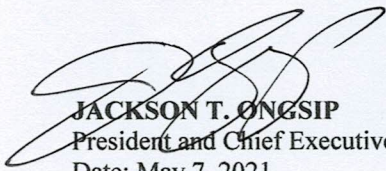
APC GROUP INC.

SIGNATURES

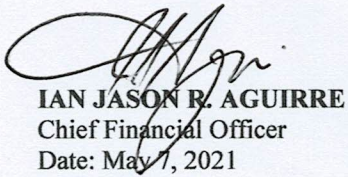
Pursuant to the requirement of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant: **APC Group, Inc.**

By:



JACKSON T. ONGSIP
President and Chief Executive Officer
Date: May 7, 2021



IAN JASON R. AGUIRRE
Chief Financial Officer
Date: May 7, 2021

APPENDIX 1**APC GROUP INC. and SUBSIDIARIES****Aging of Accounts Receivables****As of March 31, 2021**

Trade and Other Receivables	Total	1 Month	2 - 3 Months	4 - 6 Months	7 Months to 1 Year	More than 1 year
Trade receivables	4,694,122	-	1,214,043	3,429,363	5,274	45,442
Advances to officers and employees	422,747	-	331,500	-	-	91,247
Other receivables	41,288	-	-	-	-	41,288
TOTAL	5,158,157	-	1,545,543	3,429,363	5,274	177,977