COVER SHEET

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S. E. C. Registration Number

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

(Company's Full Name)

8TH FLOOR PHILCOM BUILDING

8755 PASEO DE ROXAS

MAKATI CITY

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

JACKSON T. ONGSIP

Contact Person

845-0614

Company's Telephone Number

1	2		3	1

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

L C U

Cashier

S T A M P S

Remarks = Pls. use black ink for scanning purposes

SEC Number ASO93-008127-A
File Number ____

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

8th Floor PhilCom Bldg.
8755 Paseo de Roxas, Makati City
(Company's Address)

(632) 845-0614
(Telephone Numbers)

30 September 2016
(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 2016**

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:

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

8. Registrant's telephone number, including area code: **(632) 845-0614**

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

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FOR THE NINE MONTHS ENDED

30 September 2016

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Financial Position
as of September 30, 2016 and December 31, 2015

		September 30 2016		December 31 2015
ASSETS				
Current Assets				
Cash and cash equivalents	P	122,526,067	P	133,801,121
Trade and other receivables - net		564,679		650,242
Available-for-sale financial assets		6,571,101		4,154,681
Other current assets		7,834,917		7,308,995
Total Current Assets		**137,496,763**		**145,915,039**
Noncurrent Assets				
Property and equipment		150,556		196,003
Investment properties		129,548,000		129,548,000
Other noncurrent assets - net		78,410,390		77,488,181
Total Noncurrent Assets		**208,108,946**		**207,232,184**
Total Assets	P	**345,605,709**	P	**353,147,223**
LIABILITIES AND EQUITY				
Current Liabilities				
Trade and other payables	P	28,587,528	P	29,406,279
Income tax payable		-		342
Advances from related parties		79,772,006		79,772,006
Total Current Liabilities		**108,359,534**		**109,178,627**
Noncurrent Liabilities				
Subscriptions payable		161,959		161,959
Accrued retirement costs		2,691,525		2,364,600
Total Noncurrent Liabilities		**2,853,484**		**2,526,559**
Total Liabilities		**111,213,018**		**111,705,186**
Equity Attributable to Equity Holders of the Parent Company				
Capital Stock		6,388,072,148		6,388,072,148
Additional paid-in capital		1,613,942,096		1,613,942,096
Unrealized mark-to-market gain on available-for-sale financial assets		5,723,100		3,306,680
Gain on dilution		226,304		226,304
Remeasurement loss on defined benefit obligation		(2,863,605)		(2,863,605)
Deficit		(7,732,050,959)		(7,722,678,819)
Treasury shares		(29,435,220)		(29,435,220)
Total Equity Attributable to Equity Holders of the Parent Company		**243,613,864**		**250,569,584**
Equity Attributable to Non-controlling Interests		(9,221,173)		(9,127,547)
Total Equity		**234,392,691**		**241,442,037**
Total Liabilities and Equity	P	**345,605,709**	P	**353,147,223**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
comparable periods ended September 30, 2016 and September 30, 2015

	3rd Quarter 2016 (July to September)	YTD 2016 (January to September)	3rd Quarter 2015 (July to September)	YTD 2015 (January to September)
INCOME (EXPENSES)				
General and Administrative	(3,474,608)	(10,764,464)	(6,204,284)	(15,248,503)
Dividend Income	-	136,719	-	139,898
Interest Income	330,120	1,490,742	659,975	1,824,425
Other Income (loss)			15,500	15,500
INCOME (LOSS) BEFORE INCOME TAX	**(3,144,488)**	**(9,137,003)**	**(5,528,809)**	**(13,268,680)**
Provision for Income tax-current	75,830	328,763	118,022	324,086
NET INCOME(LOSS)	**P (3,220,319)**	**P (9,465,766)**	**P (5,646,831)**	**P (13,592,766)**
OTHER COMPREHENSIVE INCOME (LOSS)				
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	(953,850)	2,416,420	(1,271,800)	(7,312,850)
TOTAL COMPREHENSIVE INCOME (LOSS)	**(4,174,169)**	**(7,049,346)**	**(6,918,631)**	**(20,905,616)**
Income/(loss) attributable to:				
Equity holders of the Parent Company		(9,372,140)		(13,407,938)
Non-controlling interests		(93,626)		(184,827)
		(9,465,766)		**(13,592,766)**
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent Company		(6,955,720)		(20,720,788)
Non-controlling interests		(93,626)		(184,827)
		(7,049,346)		**(20,905,616)**
Basic/Diluted Earnings (Loss) Per common Share				
(P-9,465,766/7,504,203,997) Sept 30, 2016		**P (0.00126)**		
(P-13,592,766/7,504,203,997) Sept 30, 2015				**P (0.00181)**
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, 2016 and September 30, 2015

	September 30 2016			September 30 2015		
	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	389,923,089		389,923,089	389,923,089		389,923,089
Capital Stock						
Common						
Balance at end of quarter	6,388,072,148		6,388,072,148	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			5,723,100			5,468,740
Remeasurement loss on defined benefit obligation			(2,863,605)			(2,725,405)
Deficit						
Balance at beginning of year			(7,722,678,819)			(7,676,711,115)
Net income(loss)			(9,372,140)			(13,407,938)
Balance at end of year			(7,732,050,959)			(7,690,119,053)
Less cost of 7,606,000 shares held by a subsidiary			(29,435,220)			(29,435,220)
Minority interest			(9,221,173)			(8,830,078)
		P	**234,392,691**		**P**	**276,599,531**

APC GROUP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
comparable periods ended September 30, 2016 and September 30, 2015

		3rd Quarter 2016 (July to September)		YTD 2016 (January to September)		3rd Quarter 2015 (July to September)		YTD 2015 (January to September)
Net cash provided by (used in) operating activities	P	(3,156,773)	P	(10,352,845)	P	(5,557,075)	P	(19,315,774)
Net cash provided by (used in) investing activities		(195,656)		(922,209)		(398,090)		(1,030,850)
Net cash provided by (used in) financing activities		-		-		-		-
Net increase(decrease) in cash and cash equivalents	**P**	**(3,352,429)**	**P**	**(11,275,054)**	**P**	**(5,955,165)**	**P**	**(20,346,624)**
Cash and cash equivalents, beginning, January 1				133,801,121				157,411,732
Cash and cash equivalents, September 30			**P**	**122,526,067**			**P**	**137,065,108**

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

Balance Sheet

(Amounts in Pesos, except percentages)	September 30	December 31	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)			
	2016	2015	Amount	%	2016	2015
ASSETS						
Cash and cash equivalents	**122,526,067**	133,801,121	(11,275,054)	*-8%*	*35%*	*38%*
Trade and other receivables - net	**564,679**	650,242	(85,563)	*-13%*	*0%*	*0%*
Available-for-sale financial assets	**6,571,101**	4,154,681	2,416,420	*58%*	*2%*	*1%*
Other current assets	**7,834,916**	7,308,995	525,921	*7%*	*2%*	*2%*
Property and equipment	**150,556**	196,003	(45,447)	*-23%*	*0%*	*0%*
Investment properties	**129,548,000**	129,548,000	-	*0%*	*37%*	*37%*
Other noncurrent assets - net	**78,410,390**	77,488,181	922,209	*1%*	*23%*	*22%*
Total Assets	**345,605,709**	353,147,223	(7,541,514)	*-2%*	*100%*	*100%*
LIABILITIES AND EQUITY						
Trade and other payables	**28,587,528**	29,406,279	(818,751)	*-3%*	*8%*	*8%*
Income tax payable	**-**	342	(342)	*-100%*	*0%*	*0%*
Advances from related parties	**79,772,006**	79,772,006	-	*0%*	*23%*	*23%*
Subscriptions payable	**161,959**	161,959	-	*0%*	*0%*	*0%*
Accrued retirement costs	**2,691,525**	2,364,600	326,925	*14%*	*1%*	*1%*
Total Liabilities	**111,213,018**	111,705,186	(492,168)	*0%*	*32%*	*32%*
Capital Stock	**6,388,072,148**	6,388,072,148	-	*0%*	*1848%*	*1809%*
Additional paid-in capital	**1,613,942,096**	1,613,942,096	-	*0%*	*467%*	*457%*
Unrealized mark-to-market gain on available-for-sale financial assets	**5,723,100**	3,306,680	2,416,420	*73%*	*2%*	*1%*
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	**(7,732,050,959)**	(7,722,678,819)	(9,372,140)	*0%*	*-2237%*	*-2187%*
Treasury shares	**(29,435,220)**	(29,435,220)	-	*0%*	*-9%*	*-8%*
Equity Attributable to Non-controlling Interests	**(9,221,173)**	(9,127,547)	(93,626)	*1%*	*-3%*	*-3%*
Total Equity	**234,392,691**	241,442,037	(7,049,346)	*-3%*	*68%*	*68%*
Total Liabilities and Equity	**345,605,709**	353,147,223	(7,541,514)	*-2%*	*100%*	*100%*

As of September 30, 2016, APC Group's consolidated assets stood at ₱345.6 million, 2% lower compared to the balance as of December 31, 2015 amounting to ₱353.1 million.

- Consolidated cash and cash equivalents amounted to ₱122.5 million as of September 30, 2016, which declined by 8% compared to the balance as of December 31, 2015. This is mainly attributable to the disbursements for general and administrative expenses (₱11.1 million).
- Available-for-sale financial assets increased by 58% or ₱2.4 million compared to year-end of 2015 due to an improvement in market price of stocks held by the Company as of September 30, 2016.
- Non-current Assets increased by ₱0.9 million due to the increase in deferred exploration costs.

APC Group's consolidated liabilities decreased by only ₱0.5 million as at September 30, 2016 from total liabilities as at December 31, 2015 amounting to ₱111.7 million.

Stockholders' equity as of September 30, 2016 and December 31, 2015 amounted to ₱234.4 million and ₱241.4 million, respectively. The decline amounted to ₱7.0 million, which was due to the net operating loss of ₱9.5 million partially offset by the unrealized mark-to-market gains of ₱2.4 million on available-for-sale financial assets.

There were no off-balance sheet transactions.

Income Statement

(Amounts in Pesos, except percentages)	Year on Year		Horizontal Analysis		Vertical Analysis	
	Sept 30 2016	Sept 30 2015	Increase (Decrease) Amount	%	2016	2015
Interest Income	**1,490,742**	1,824,425	(333,683)	*-18%*	*92%*	*92%*
Dividend Income	**136,719**	139,898	(3,179)	*100%*	*8%*	*7%*
Other Income	**-**	15,500	(15,500)	*-100%*	*0%*	*1%*
Total Revenue	**1,627,461**	1,979,823	(352,362)	*-18%*	*100%*	*100%*
General and Administrative Expenses	**(11,093,227)**	(15,572,589)	4,479,362	*-29%*	*682%*	*787%*
Total Costs and Expenses	**(11,093,227)**	(15,572,589)	4,479,362	*-29%*	*682%*	*787%*
Net Income (Loss)	**(9,465,766)**	(13,592,766)	4,127,000	*-30%*	*-582%*	*-687%*
Other Comprehensive Income (Loss)						
Unrealized mark-to-market gain/(loss) on available-for-sale financial assets	**2,416,420**	(7,312,850)	9,729,270	*-133%*	*148%*	*-369%*
Total Comprehensive income (loss) for the period	**(7,049,346)**	(20,905,616)	13,856,270	*-66%*	*-433%*	*-1056%*

As of September 30, 2016, APC Group recorded revenue of ₱1.6 million, offset by general and administrative expenses amounting to ₱11.1 million, which resulted to a consolidated net loss of ₱9.5 million. Compared to the same period last year, the net loss was lower by 30% mainly due to lower professional fees incurred on projects in 2016.

Furthermore, as a result of unrealized gains amounting to ₱2.4 million on available-for-sale financial assets, total comprehensive loss of ₱7.0 million was 66% lower for the period ending September 30, 2016 compared to the ₱20.9 million comprehensive loss as of September 30, 2015.

As of September 30, 2016, 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, 2016 and September 30, 2015 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 30 Sept 2016	**YTD 31 Dec 2015**	**YTD 30 Sept 2015**
Return on Assets Ratio...……………………………………...	(0.03)	(0.15)	(0.04)
Return on Equity Ratio...……………………………………...	(0.04)	(0.22)	(0.05)

	YTD 30 Sept 2016	YTD 31 Dec 2015	YTD 30 Sept 2015
Current Ratio………………………………………………..	1.27	1.34	1.40
Debt to Equity Ratio………………………………………....	0.47	0.47	0.40
Asset to Equity Ratio ………………………………………..	1.47	1.47	1.40

Discussion on the key performance indicators

Return on Assets Ratio
The Company's consolidated Return on Assets Ratio as of September 30, 2016 was slightly higher compared to its ROA Ratio as of September 30, 2015 due to lower net loss incurred for the year.

Return on Equity Ratio
Likewise, Return on Equity Ratio was slightly higher for the current year due to lower net loss recorded as of September 30, 2016.

Current Ratio
Current Ratio as of September 30, 2016 declined by 5% compared to year-end 2015 and 10% compared to the same period of 2015 due to decline in cash and cash equivalents for general and administrative expenses.

Debt to Equity Ratio
Debt to Equity Ratio as of September 30, 2016 and December 31, 2015 was at 0.47x due to minimal movement on its consolidated liabilities.

Assets to Equity Ratio
Assets to Equity Ratio declined by 5% year-on-year due to lower consolidated assets from the decline in cash and cash equivalents as of September 30, 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 (APEC)	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 and loans payable. The main purpose of these financial liabilities is to finance the Company's operations. The Company has cash and cash equivalents, trade and other receivables, 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.

<u>Credit Risk</u>

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, 2016 interim financial statements compared to the December 31, 2015 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, 2016 and December 31, 2015 are as follows:

	September 30, 2016		December 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets:				
Loans and receivables:				
Cash and cash equivalents	**₱122,526,067**	**₱122,526,067**	₱133,801,121	₱133,801,121
Trade and other Receivables	**564,679**	**564,679**	650,242	650,242
Deposits*	**29,213**	**29,213**	29,213	29,213
AFS financial assets	**6,571,101**	**6,571,101**	4,154,681	4,154,681
Total financial assets	**₱129,691,060**	**₱129,691,060**	**₱138,635,257**	**₱138,635,257**
Financial liabilities -				
Other financial liabilities:				
Trade and other payables**	**₱28,686,123**	**₱28,686,123**	₱32,774,061	₱32,774,061
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	**₱108,620,088**	**₱108,620,088**	**₱112,708,026**	**₱112,708,026**

** 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. <u>FUTURE CHANGES IN ACCOUNTING POLICIES</u>

Standards and Interpretations Issued but not yet Effective

Standards issued but are not yet effective up to the date of the Company's financial statements are listed below. The Company intends to adopt these standards when they become effective. Except as otherwise indicated, the Company does not expect these new standards, amendments and interpretations to have a significant impact on its financial statements.

Effective January 1, 2016

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative* (Amendments), are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. They clarify the following:

  a. That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions
  b. That specific line items in the statement of comprehensive income and the balance sheet may be disaggregated
  c. That entities have flexibility as to the order in which they present the notes to financial statements

  d. That the share of other comprehensive income (OCI) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

  Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company is currently assessing the impact of these amendments on its financial statements.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments), clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company given that the Company is not using a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment, and* PAS 41, *Agriculture - Bearer Plants* (Amendments), change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company as the Company does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments), will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company‘s financial statements.

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception* (Amendments), clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity that measures all of its subsidiaries at fair value and that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. These amendments are effective for annual periods beginning on or after January 1, 2016. These amendments are not applicable to the Company since the Company is not an investment entity nor does it have investment entity associates.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments), require that a joint operator that is accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted.

- PFRS 14, *Regulatory Deferral Accounts*, is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Company is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRS (2012–2014 cycle)

The annual improvements to PFRS (2012-2014 cycle), effective for annual periods beginning on or after January 1, 2016, contain non-urgent but necessary amendments to the following standards. The Company does not expect the amendments to have a significant impact on its financial statements.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations* - *Changes in Methods of Disposal*. The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures* - *Servicing Contracts.* PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements.* This amendment is applied retrospectively and clarifies that the disclosures on offsetting financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits* - *Regional Market Issue Regarding Discount Rate*. This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting* - *Disclosure of Information 'Elsewhere in the Interim Financial Report'.* The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

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, 2015. 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, 2016, 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, 2016 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, 2016.

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 10, 2016

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

November 10, 2016

APPENDIX 1
APC GROUP INC. and SUBSIDIARIES
Aging of Accounts Receivables
As of September 30, 2016

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	P	**25,537,556**					25,537,556
Less: Allowance for Doubtful Accounts		**25,511,756**					25,511,756
Net Non - Trade Receivables	**P**	**25,800**				**-**	**25,800**
Advances to Officers and Employees		**82,160**				82,160	
Receivables - Others		**456,719**	6,132	119,268	-	-	331,320
APC		***372,995***	*4,278*	*56,918*			*311,800*
APCERI		***-***					
Cement		***16,950***					*16,950*
APEC		***64,920***		*62,350*			*2,570.00*
PRCMagma		***1,854***	*1,854*				
		-					
TOTAL		**564,679**	**6,132**	**119,268**	**-**	**82,160**	**357,120**