

SEC Number 37535  
File Number \_\_\_\_\_

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**ATN HOLDINGS, INC.**

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(Company)

**9th Floor, Summit One Tower,  
530 Shaw Blvd., Mandaluyong**

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(Address)

**717-0523**

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(Telephone Number)

**March 31**

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(Fiscal Year Ending)  
(month & day)

**SEC 17Q**

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(Form Type)

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Amendment Designation (if applicable)

**September 30, 2017**

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(Period Ended Date)

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(Secondary License Type and File Number)

**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 September 30, 2017
2. Commission identification no. 37535                      3.BIR Tax Identification No. 005-056-869
4. ATN Holdings, Inc. (the "Company")
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
8. Telephone No. 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to 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, P.01	
Class "A"	3,700,000,000
Class "B"	800,000,000

11. These securities are not all listed on the Philippine Stock Exchange.
  - (a) The company has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA 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 the registrant was required to file such reports)
  - (b) The company has been subject to such filing requirements for the past ninety (90) days.

I. Financial Statements.

**ATN HOLDINGS, INC. and Subsidiaries**
**CONSOLIDATED FINANCIAL POSITIONS**

			<b>Unaudited 30-Sep 2017</b>		<b>Audited 31-Mar 2017</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	9	P	<b>32,043,502</b>	P	12,509,322
Accounts receivables	10		<b>516,110</b>		898,122
Real estate inventories	11		<b>4,485,000</b>		4,485,000
Other current assets	13		<b>2,889,539</b>		2,618,210
			39,934,151		20,510,654
Non-current assets held for sale	12		<b>42,100,683</b>		42,100,683
			82,034,835		62,611,337
<b>Noncurrent assets</b>					
Investment in:					
Available-for-sale investments	15		<b>22,201,700</b>		22,201,700
Associates-Net	14		<b>328,732,657</b>		329,920,466
Investment properties	16		<b>2,231,661,996</b>		2,231,661,996
Property and equipment - net	17		<b>20,725,778</b>		22,366,014
Intangible assets	18		<b>6,062,500</b>		6,700,000
Advances to related parties	25		<b>306,940</b>		30,212,961
			<b>2,609,691,571</b>		2,643,063,137
		P	<b>2,691,726,406</b>	P	2,705,674,474
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	19	P	<b>7,219,472</b>	P	4,641,033
Bank loans	20		<b>23,900,000</b>		3,900,000
			31,119,472		8,541,033
Liability portion of non-current assets held for sale			<b>41,416,867</b>		41,052,955
			72,536,339		49,593,988
<b>Noncurrent Liabilities</b>					
Bank loans - non-current	20		<b>23,125,340</b>		22,203,823
Deposits	21		<b>5,987,580</b>		5,628,882
Subscription payable			<b>123,943,700</b>		156,943,700
Payables to related parties	25		<b>66,450,839</b>		67,422,399
Pension liability			<b>672,157</b>		702,866
Deferred tax liabilities			<b>580,891,065</b>		580,891,065
			801,070,680		833,792,735
<b>TOTAL LIABILITIES</b>			<b>873,607,019</b>		<b>883,386,723</b>
<b>EQUITY</b>					
Share capital	22		<b>450,000,000</b>		450,000,000
Additional paid-in capital			<b>22,373,956</b>		22,373,956
Unrealized gain on available-for-sale financial assets - net of tax			<b>(2,204,351)</b>		(2,204,351)
Retained Earnings			<b>1,347,949,783</b>		1,352,118,146
			<b>1,818,119,387</b>		1,822,287,751
		P	<b>2,691,726,406</b>	P	2,705,674,474

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. and Subsidiaries****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Quarter Ending		Six (6) Months Ending	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
REVENUE				
Lease of properties	P2,063,170	P1,852,443	<b>P5,863,277</b>	P5,709,121
Healthcare services	234,221	2,087,650	<b>1,859,642</b>	6,397,339
OTHER INCOME (EXPENSES)				
Interest income	3,645	41,422	<b>12,337</b>	232,284
	2,301,036	3,981,515	<b>7,735,256</b>	12,338,744
COST AND EXPENSES				
Direct cost - Note 22	1,278,442	2,147,153	<b>3,620,187</b>	5,778,566
Administrative expenses - Note 23	2,466,441	2,329,356	<b>6,256,843</b>	6,755,954
Finance cost	254,159	153,021	<b>734,241</b>	584,918
Equity I net loss of an associate	341,095	359,896	<b>1,187,809</b>	1,159,487
	4,340,136	4,989,426	<b>11,799,079</b>	14,278,925
INCOME (LOSS) BEFORE INCOME TAX	(2,039,100)	(1,007,911)	<b>(4,063,823)</b>	(1,940,181)
INCOME TAX EXPENSE	(37,878)	11,427	<b>104,540</b>	130,831
	(2,001,222)	(1,019,338)	<b>(4,168,363)</b>	(2,071,012)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	(P2,001,222)	(P1,019,338)	<b>(P4,168,363)</b>	(P2,071,012)
EARNINGS PER SHARE			<b>(0.0093)</b>	(0.0046)

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. and Subsidiaries****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	<b>Six (6) Months Ending</b>	
	<b>30-Sep-17</b>	<b>30-Sep-16</b>
Share Capital		
Balance at beginning of fiscal year	<b>P450,000,000</b>	P450,000,000
Issuance during the fiscal year	-	-
Balance at end of fiscal year	<b>P450,000,000</b>	P450,000,000
Share Premiums	<b>22,373,956</b>	22,373,956
Unrealized gain on available-for sale financial asset - net of tax		
Balance at beginning of fiscal year	<b>(2,204,351)</b>	8,350,602
Change in fair value of Available-for-sale financial assets	-	-
Balance at end of fiscal year	<b>(2,204,351)</b>	8,350,602
Retained earnings (deficit)		
Balance at beginning of fiscal year	<b>1,352,118,146</b>	1,349,014,534
Net income (loss) for the period	<b>(4,168,363)</b>	(2,071,012)
Balance at end of the year	<b>1,347,949,783</b>	1,346,943,522
	<b>P1,818,119,387</b>	P1,827,668,080

*See accompanying Notes to Financial Statements.*

**ATN HOLDINGS, INC. and Subsidiaries****STATEMENT OF CASH FLOWS**

	Quarter Ending		Six (6) Quarter Ending	
	30-Sep-17	30-Sep-16	30-Sep-17	30-Sep-16
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income ( Loss )	(P3,116,689)	(P1,019,338)	<b>(P4,168,363)</b>	(P2,071,012)
Adjustments for:				
Depreciation and amortization	879,104	2,189,314	<b>2,277,736</b>	3,587,946
Equity in net loss of an associate	388,218	359,896	<b>1,187,809</b>	1,159,487
Unrealized foreign exchange gain	-	-	-	-
Interest income	(4,526)	(224,473)	<b>(12,337)</b>	(232,284)
Interest expense	302,344	153,021	<b>734,241</b>	584,918
Operating income before working capital change	(1,551,550)	1,458,420	<b>19,085</b>	3,029,055
Decrease (increase) in current assets				
Receivables	(682,251)	138,589	<b>382,012</b>	1,202,852
Other current assets	(168,033)	34,299	<b>(271,329)</b>	(68,997)
Increase (decrease) in current liabilities				
Accounts payable and accrued expense	3,095,496	(223,265)	<b>2,578,439</b>	(740,322)
Cash (used in) provided by operations	693,661	1,408,043	<b>2,708,206</b>	3,422,588
Interest received	4,526	224,473	<b>12,337</b>	232,284
	698,187	# 1,632,516	<b>2,720,543</b>	3,654,872
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in:				
Advances to related party	16,082,206	229,098	<b>28,903,751</b>	13,050,643
(Increase) in property and equipment	-	-	-	(993,332)
Payment of subscription	(21,000,000)	-	<b>(33,000,000)</b>	(12,000,000)
Increased (decreased) in deposits	(414,545)	2,552,179	<b>722,610</b>	3,689,334
	(5,332,339)	2,781,277	<b>(3,373,639)</b>	3,746,645
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Debt servicing				
Principal	20,921,517	(1,033,130)	<b>20,921,517</b>	(1,033,130)
Interest	(302,344)	(153,021)	<b>(734,241)</b>	(584,918)
	20,619,173	(1,186,151)	<b>20,187,276</b>	(1,618,048)
NET INCREASE/(DECREASE) IN CASH	<u>15,985,021</u>	<u>3,227,642</u>	<b>19,534,180</b>	5,783,469
CASH AT BEGINNING OF PERIOD			<b>12,509,322</b>	5,907,888
CASH AT END OF PERIOD			<b>P32,043,502</b>	P11,691,357

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2017 and FY March 31, 2017**

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**1. Corporate Information**

ATN Holdings, Inc. (*ATN, the Parent or the Company*) was registered with the Securities and Exchange Commission (SEC) on February 12, 1969 under the name Jabpract Mining and Industrial Corporation. On March 14, 1996, Jabpract Mining and Industrial Corporation changed its corporate name to ATN Holdings, Inc. and its primary and secondary purposes were amended to enable it to perform the acts of a holding company. On November 10, 2016, the Company's articles of incorporation was amended extending its corporate life for another fifty (50) years from February 12, 2019. The amendment was approved by the SEC on November 21, 2016.

The common shares of ATN are listed and traded on the Philippine Stock Exchange. The registered office address of ATN is 9<sup>th</sup> Floor Summit One Tower Bldg., 530 Shaw Blvd., Mandaluyong City. ATN Holdings, Inc. has no ultimate Parent company.

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**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

The accompanying consolidated financial statements of the Parent Company and Subsidiaries (*the Group*) have been prepared in accordance with Philippine Financial Reporting Standards on a historical cost basis, except for available-for-sale financial assets (AFS) and investment properties that have been measured at fair values.

The consolidated financial statements are presented in Philippine Peso, which is the Group's functional currency. All values represent absolute amounts except when otherwise indicated.

*Statement of Compliance*

The accompanying consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council.

*Principle for Consolidation*

The consolidated financial statements comprise the financial statements of the Parent Company and those of the subsidiaries. The reporting dates of the subsidiaries are December 31. A parent controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with a subsidiary and has the ability to affect those returns through its power over the subsidiary. Specifically, control is achieved if and only if the parent company has the following;

- (i) Power over the investee;
- (ii) Exposure rights, to variable returns from its involvement with the subsidiary; and
- (iii) The ability to use its power over the investee to affect the amount of the parent company's returns.

The parent reassesses whether or not it controls a subsidiary if facts and circumstances indicates that there are changes to one or more of the three elements of control.

As of September 30, 2017 and FY March 31, 2017, the consolidated subsidiaries are as follows:

<b>Subsidiary</b>	<b>Principal place of business</b>	<b>Principal Activity</b>	<b>% of Ownership</b>
Palladian Land Development, Inc. (PLDI)	Summit One Tower, Mandaluyong	Real Property Developer	100%
Advanced Home Concept Development Corporation (AHCDC)	Summit One Tower, Mandaluyong	Real Property Developer	100%
Managed Care Philippines, Inc. (MCPI)	Summit One Tower, Mandaluyong	Health and Wellness Provider	100%

PLDI and AHCDC are companies engaged in the development of residential real estate projects.

MCPI is an out-patient ambulatory surgical center, well-equipped with modern technologies such as x-ray machine, ultrasound, colored echocardiography, complete laboratory and operating room set-up, giving emphasis on preventive, constructive/re-constructive health care and clinical service.

Subsidiaries are consolidated from the date when control is transferred to the ATN Group and cease to be consolidated when control is transferred out of the ATN Group.

For consolidation purposes, the financial statements of the subsidiaries with calendar period ending December 31, are consolidated in the Parent Company's financial statements as of March 31 which is allowed by the existing standard if the difference is not more than three months. Adjustments and disclosures are made for the effects of significant transactions or events that occurred between the date of subsidiaries' financial statements and the date of the consolidated financial statements.

### 3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

#### Current versus non-current classification

The Group presents assets and liabilities in the consolidated statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash and cash equivalent unless restricted from being exchanged or use to settle a liability for at least twelve months after the end of the reporting period.

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current.



### Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

### Financial Instruments

#### *Date of Recognition*

Financial assets and financial liabilities are recognized in the consolidated statements of financial position of the Group when it becomes a party to the contractual provisions of the instrument.

#### *Initial Recognition*

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at fair value through profit or loss, the initial measurement of financial instruments includes transaction costs.

#### *Determination of Fair Value*

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instruments or based on a valuation technique, the Group recognizes the difference between the transaction price and fair value in the consolidated statements of income unless it qualifies for recognition as some other type of asset.

#### *Classification of Financial Instruments*

The Group classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of September 30, 2017 and FY March 31, 2017, the Group's financial instruments are of the nature of AFS securities, loans and receivables, and other financial liabilities.

#### *AFS securities*

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the consolidated statements of financial position. Changes in the fair value are recognized directly in equity account as "Unrealized gain on AFS financial assets". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in consolidated statement of income.

Included under this category are shares of stock of publicly listed companies.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. Loans and receivables are carried at amortized cost in the consolidated statement of financial position. Amortization is determined using the effective interest method less any impairment losses. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category are the Group's cash, receivables and due from related parties.

#### *Other Financial Liabilities*

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statements of comprehensive income.

Included under this category are accounts payable and accrued expenses, bank loans, deposits, subscription payable and advances from related parties.

#### *Reclassification of Financial Assets*

A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the consolidated statements of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

#### *Impairment*

##### *Financial Assets*

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

##### *(i) Assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

##### *(ii) Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows

discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

*Non-Financial Assets*

The Group's investment properties, property and equipment, investment in associates and intangible asset are subject to impairment testing. All other individual assets or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

*Derecognition of Financial Instruments*

*Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party;
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

*Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Real Estate Inventories

Real estate inventories are carried at the lower of cost and net realizable value (NRV). Cost includes the value of land plus expenditures necessary to complete the housing units. Net realizable value is the estimated selling price in the ordinary course of business less cost to complete and sell the units. NRV is determined in a manner provided in Note 5.

As of September 30, 2017 and FY March 31, 2017, real estate inventories are carried at cost.

#### Non-current Assets Held for Sale

The Company classifies its non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

The Company measures its non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

#### Other Current Assets

Other current assets include 12% input tax from purchases of goods and services which can be claimed against output tax, prior year's excess credit and security deposits. Other current assets are carried at original amounts.

#### Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the Group.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Group. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from service and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statements of income in the year of retirement or disposal.

#### Investment in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which a company has significant influence. Under the equity method, the investments in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

Upon loss of significant influence over the associate, the equity method is discontinued and the investment is accounted in accordance with PAS 39, Financial Instruments: Recognition and Measurement.

#### Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their

cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of years
Medical equipment and fixtures	15
Office furniture and fixtures	10
Leasehold improvements	3-13 or lease term whichever is shorter
Transportation equipment	5

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The residual values and estimated useful lives of property and equipment are reviewed, and adjusted if appropriate, at each reporting period.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of income in the year the item is derecognized.

#### Intangible Asset

The Group's portal and enterprise system is carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Amortization is computed based on the aggregate predicted life of 15-20 years from the date of launch.

#### Bank Loans

Bank loans are measured at their nominal values and subsequently recognized at amortized costs less payments.

#### Deposits

Deposits represent security deposits from clients and reservation fees from real estate buyers. The same will be applied to contract price when the buyer committed to purchase the unit. Reservation fees are non-refundable should the buyer decided not to go through with the acquisition of the property.

#### Equity

Share capital is determined using the par value of shares that have been issued and fully paid.

Additional paid-in capital includes premiums received on the issuance of share capital. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Unrealized gain/loss on AFS financial assets pertains to mark-to-market valuation of available-for-sale financial assets.

Retained earnings include all current and prior period results of operations as disclosed in the consolidated statements of comprehensive income.

#### Other Comprehensive Income

Other comprehensive income comprises items of income and expenses that are not recognized in the profit or loss for the year in accordance with PFRS.

#### Revenue and Cost Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

- (i) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.
- (ii) Profit from assets sold or exchanged – recognized when the title to the asset is transferred to the buyer or if the collectability is reasonably assured. If collectability is not reasonably assured, revenue is recognized only to the extent cash is received.
- (iii) Rental income - properties leased out under operating leases are included in investment property in the consolidated statements of financial position. Lease income is recognized over the term of the lease on a straight-line basis.
- (iv) Sales of services – revenue are recognized upon rendering of services or completion of services made.
- (v) Dividends - dividends are recognized in the period in which they are declared.
- (vi) Fair value gains on investment properties – fair value gains on investment properties are recognized when the market value of the investment properties are higher than its carrying value. Measurement of fair value is discussed in Note 6.

Cost and expenses are recognized in the consolidated statements of income upon utilization of the assets or services or at the date they are incurred. Interest expense is reported on accrual basis.

#### Retirement Benefit Cost

The Group accrues retirement expense based on the provision of the Retirement Pay Law (R.A. 7641). The RA requires that employers with no formal retirement plan or agreement providing for retirement benefits shall provide for retirement pay equivalent to at least 15 days plus 1/12 of the 13<sup>th</sup> month pay and the cash equivalent of not more than five (5) days of service incentive leave for employees who have rendered at least five (5) years of service and have reach the age of 60 at the time of retirement. Annually, the Group assesses the sufficiency of the recorded retirement liability. Any increase or decline thereto is adjusted in the consolidated statement of financial position.

#### Borrowing Costs

Borrowing costs are generally expense as incurred. Borrowing costs are capitalized if they are attributable to the acquisition, construction or production of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use.

#### Income Taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted at the end of reporting period.

Deferred tax is provided using the balance sheet liability method on temporary differences at the end of reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the balance sheet liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deferred tax asset is to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the consolidated statements of comprehensive income. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

#### Foreign Currency Transactions and Translations

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (*the functional currency*). The consolidated financial statements of the Parent and subsidiaries are presented in Philippine Peso, the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income.

#### Provisions

Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. In addition, long term provisions are discounted at their present values, where time value of money is material.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

#### Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

#### Earnings (Loss) Per Share

Earnings (Loss) per share are determined by dividing the profit for the year by the weighted average number of common shares outstanding during the fiscal year.

#### Related Party Transactions and Relationships

Related party relationships exist when one party has the ability to control directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting entity and its key management personnel, directors or its

shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form.

#### Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

#### Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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## 4. Changes in Accounting Standards

### New Accounting Standards and Amendments to Existing Standards Effective as of April 1, 2016

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning April 1, 2016.

#### *Amendments to PAS 1, Presentation of Financial Statements – Disclosure Initiative*

The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. These clarify the following:

- 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;
- That specific line items in the statements of income and OCI and the statements of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the Notes to Financial Statements;
- That the share of 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.

These amendments do not have any impact on the Group.

#### *Amendments to PAS 16, Property, Plant and Equipment, and PAS 38, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*

The 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. The amendment does not have any significant impact on the Group's financial position or performance.

#### *Amendments to PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture - Bearer Plants*

The 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. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and either the cost model or revaluation model (after maturity). The amendments also



require that produce growing 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 do not have any impact to the Group as the Group does not have any bearer plants.

#### *Amendments to PAS 27, Separate Financial Statements - Equity Method in Separate Financial Statements*

The amendments 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. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after April 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Group's financial position or performance.

#### *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.*

These 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, when it measures all of its subsidiaries at fair value. They also clarify 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) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the consolidated financial statements. The amendments are effective for annual periods beginning on or after April 1, 2016, with early adoption permitted. These amendments do not have any impact on the Group's financial statements.

#### *Amendments to PFRS 11, Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*

The amendments to PFRS 11 require that a joint operator 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, a 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 April 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Group's financial position or performance.

#### *PFRS 14, Regulatory Deferral Accounts*

PFRS 14 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. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after April 1, 2016. This standard does not apply since the Group is not a first-time adopter of PFRS.

#### Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after April 1, 2016 and do not have any material impact to the Group's financial statements. They include:

- *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 of 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).

#### *New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to March 31, 2017*

The standards, amendments and interpretations which have been issued but not yet effective as at March 31, 2017 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

### *Deferred*

#### **PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after April 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

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## **5. Summary of Significant Accounting Judgments and Estimates**

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about varying values of assets and liabilities that are not readily apparent from other sources. Although, these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

### *(i) Judgments*

The following judgments were applied which have the most significant effect on the amounts recognized in the consolidated financial statements.

#### *Determination of functional currency*

The Group has determined that its functional currency is the Philippine peso which is the currency of the primary economic environment in which the Group operates.

#### *Classification of financial assets*

In classifying its financial assets, the Group follows the guidance of PFRS 9. In making the judgment, the Group evaluates its intention, marketability of the instrument and its ability to hold the investments until maturity.

#### *Estimating net realizable value of real estate inventories*

The carrying value of real estate inventories is carried at the lower of cost and net realizable value (NRV). The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

#### *Distinction between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as investment property. If an insignificant portion is leased out under the operating lease, the property is treated as property and equipment. If the property is not occupied and is held to earn, it is treated as investment property.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of services or for administrative purposes. If these portions cannot be sold separately as of the end of reporting period, the property is accounted for as investment property only if an insignificant portion is held for use to the production or supply of services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

*Classification of assets held for sale*

The Group classifies a noncurrent asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable.

In 2017, management determined that certain investment properties are available for immediate sale within the next 12 months and already has an identified buyer. Management reclassified these from *Investment properties* into *Non-current assets held for sale* in the consolidated statement of financial position as of March 31, 2017. The carrying value of these assets amounted to P42.1 million as of March 31, 2017.

*Operating leases – Group as lessor*

The Group has entered into property leases on a portion of its investment property. The Group has determined that it retains all significant risks and rewards of ownership of those properties which are leased out on operating leases.

The Group's rental income amounted to P5.8 million in Sept., 2017, P5.7 million in Sept., 2016.

*Determination of fair value of assets and liabilities*

The Company measures fair value of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair value determination is discussed below.

Level 1

Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. An asset or liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value of assets and liabilities were determined in a manner disclosed in Note 6.

*Provision and contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies.

*(ii) Estimates*

The key assumptions concerning the future and other key sources of estimation of uncertainty at end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

*Estimation of allowance for impairment losses on receivables*

The Group maintains allowance for impairment losses at a level considered adequate to provide for potential uncollectible accounts. The level of allowance for impairment losses is evaluated by management on the basis of factors affecting collectability of the receivables. In addition, a review of the accounts designed to identify accounts to be provided with allowance, is made on a continuing basis.

*Estimated useful lives of property and equipment*

The Group reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P20.72 million and P22.36 million as of Sept. 30, 2017 and FY March 31, 2017, respectively.

*Estimating fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar properties and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) appraisal of independent qualified appraisers.

In March 2014, a reappraisal was made for part of the Group's investment properties. The appraisal resulted into an increment amounting to P676.7 million. For lots, raw land and condominium units, the value were arrived at using the *Sales Comparison Approach*. This is a comparative approach to value that considers the sales of similar substitute properties and related market data and establishes a value estimate by processes involving comparison, listings and offerings. The value of improvements was determined under the *Cost approach*. The approach is based on the reproduction cost of the subject property, less depreciation, plus the value of the land to which an estimate of entrepreneurial incentive is commonly added.

Investment properties amounted to P2.231 billion as of September 30, 2017 and FY March 31, 2017, respectively.

*Estimating the cost of assets held for sale*

The Group measures its assets held for sale at the lower of their carrying amount and fair value less costs to sell. Management has determined the fair value less costs to sell of the Group's assets held for sale based on the indicative price agreed with identified buyer. The carrying value of assets held for sale as of March 31, 2017 amounted to P42.1 million.

*Impairment of investment in associates and advances to related parties*

The Group assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

The net carrying value of Investment in and Advances to Associates as of September 30, 2017 and March 31, 2017 is as follows:

	Quarter ending September 30, 2017			FY ending March 31, 2017		
	Gross carrying amount	Allowance for impairment	Net carrying value	Gross carrying amount	Allowance for impairment	Net carrying value
Investment in associates						
ATN Phils. Solar	328,732,657	-	328,732,657	329,920,466	-	329,920,466
Mriestad Mining Corp.	7,000,000	(7,000,000)	-	7,000,000	(7,000,000)	-
Advances to related parties						
Unipage Mgt., Inc.	-	-	-	28,974,869	-	28,974,869
Sierra Madre Consolidated	4,306,000	(4,306,000)	-	4,306,000	(4,306,000)	-
	P 335,732,657	P -	P 328,732,657	P 370,201,335	\$ (11,306,000)	P 358,895,335

## 6. Fair Value Measurement

### Fair value of Financial Instruments

The fair value of financial instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable price exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Group recognizes the difference between the transaction price and the fair value in the consolidated statements of income unless it qualifies for recognition as some other type of asset.

Set out below is the comparison of fair value and carrying value by category of financial assets and liabilities at the end of the reporting period.

	Quarter ending Sept 30, 2017		FY ending March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loand and receivables				
Cash	32,043,502	32,043,502	12,509,322	12,509,322
Trade receivables	516,110	516,110	898,122	898,122
AFS securities	22,201,700	22,201,700	22,201,700	22,201,700
Other financial liabilities				
Accounts payable and accrued expenses	7,219,472	7,219,472	4,641,033	4,641,033
Bank loans	47,025,340	47,025,340	26,103,823	26,103,823
Deposits	5,987,580	5,987,580	5,628,882	5,628,882
Subscription payable	123,943,700	123,943,700	156,943,700	156,943,700

Fair values were determined as follows:

- *Cash, receivables, accounts payable and accrued expenses, deposits, and subscription payable* – the fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *AFS securities* – The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The value of unquoted AFS securities was derived also by reference to the quoted AFS securities.
- *Bank loans* – The fair value of the loans payable is determined by discounting the principal using the market rate of 5%.

Fair value hierarchy

The fair value hierarchy of financial instruments measured at fair value is as follows:

Fair value hierarchy

Sept. 30, 2017		Carrying value	Level 1	Level 2	Level 3
<b>AFS securities</b>					
	Listed	P 517,700	517,700.00	-	-
	Unlisted	21,864,000		21,864,000	-
<hr/>					
FY March 31, 2017		Carrying value	Level 1	Level 2	Level 3
<b>AFS securities</b>					
	Listed	P 517,700	517,700.00	-	-
	Unlisted	21,864,000		21,864,000	-

## 7. Financial Instruments, Risk Management Objectives and Policies

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, and market risk. Risk management policies are summarized below.

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or inability to generate cash inflows as anticipated.

Liquidity risk is a risk due to uncertain liquidity. An institution may suffer liquidity problem when its credit rating falls. The Group is also exposed to liquidity risk if markets on which it depends on are subject to loss of liquidity.

The Group manages its liquidity profile to: a) ensure that adequate funding is available at all times; b) meet commitments as they arise without incurring unnecessary costs; c) be able to access funding when needed at the least possible cost, and d) maintain an adequate time spread of financial maturities.

The table below summarizes the maturity profile of the Group's financial liabilities at September 30, 2017 and FY March 31, 2017 based on contractual undiscounted payments:

Sept. 30, 2017	On demand	Not later than one month	Later than 1 month & not later than 1 3 months	Later than 3 month & not later than 1 1 year	Later than 1 year & not later than 1 5 years	Total
<b>Accounts payable and accrued expenses</b>						
	1,990,000.00	P 5,229,472		-	P	7,219,472
<b>Bank loans</b>						
				23,900,000	23,125,340	47,025,340
<b>Due to related parties</b>						
	P 1,990,000	P 5,229,472	-	P 23,900,000	P 89,576,178	P 120,695,650
<hr/>						
FY March 31, 2017	On demand	Not later than one month	Later than 1 month & not later than 1 3 months	Later than 3 month & not later than 1 1 year	Later than 1 year & not later than 1 5 years	Total
<b>Accounts payable and accrued expenses</b>						
	P 1,990,000	P 2,651,032			P	4,641,032
<b>Bank loans</b>						
				3,900,000	22,203,823	26,103,823
<b>Due to related parties</b>						
	P 1,990,000	P 2,651,032	-	P 3,900,000	P 89,626,222	P 98,167,254

Credit Risk

Credit risk is risk due to uncertainty in a counterparty's (also called an obligor) ability to meet its obligation.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the consolidated statements of financial position (or in the detailed analysis provided in the notes to consolidated financial statements). Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2017 and FY March 31, 2017. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure			
	Sept. 30, 2017		FY March 2017	
Cash and cash equivalents	P	32,043,502	P	12,499,322
AFS		22,201,700		22,233,240
Trade receivable		516,110		898,128
Due from related parties		306,940		41,968,961
	P	55,068,252	P	77,599,651

The credit quality of the Group's assets as of September 30, 2017 and FY March 31, 2017 is as follows:

Sept. 30, 2017	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	32,043,502	-	-	-	P 32,043,502
AFS	-	22,201,700	-	-	22,201,700
Accounts receivable	-	-	516,110	-	516,110.33
Due to related parties	-	-	306,940	-	306,940
	P 32,043,502	P 22,201,700	P 823,050	-	P 55,068,252

FY March 31, 2017	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	12,499,322	-	-	-	P 12,499,322
AFS	-	22,201,700	-	31,540	22,233,240
Trade receivable	-	898,128	-	-	898,128
Due from related parties	-	19,908,826	10,304,135	11,756,000	41,968,961
	P 12,499,322	P 43,008,654	P 10,304,135	P 11,787,540	P 77,599,651

High grade cash and cash equivalents are short-term placements placed, invested, or deposited in banks belonging to the top banks in the Philippines in terms of resources and profitability.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

As of September 30, 2017 and FY March 31, 2017, all of the Company's past due but not impaired receivables are 120 days past due amounting to P438,497 and P10,304,135, respectively.

Market Risk

Market risk is the risk of change in fair value of financial instrument from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.



Market risk represents what the Group would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

The Group manages market risk by evenly distributing capital among investment instruments in different financial institution.

Sensitivity analysis of market risk exposure follows:

*Interest Rate Risk*

The primary source of the Group's interest rates risk relates to debt instruments with floating interest rates disclosed in Note 20.

An estimate of 100 basis points increase or decrease is used in reporting interest rate changes on fair value of loans and represents management's assessment of the reasonable possible change in interest rates.

*Price Risk*

The Group's price risk exposure at year-end relates to financial asset whose value fluctuates as a result of changes in market price, principally, AFS financial asset. Before taking into account the effect of taxes, equity as of September 30, 2017 and March 31, 2017 would either decrease or increase by P51,770., had the variable change by 10%. The impact on the Group's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Investment in AFS securities.

Capital Management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividends paid to shareholders or issue new shares.

The capital structure of the Group consists of issued share capital and additional paid-in capital.

The financial ratio at the year end, which is within the acceptable range of the Group, is as follows:

	Sept. 30, 2017		FY March 31, 2017	
Equity	P	1,818,119,387	P	1,822,287,751
Total assets		2,691,726,406		2,705,674,474
Ratio		0.68		0.67

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**8. Segment information**

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are (i) Real estate development and (ii) Health care management.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements.

The segment information in the consolidated financial statements as of September 30, 2017 and FY March 31, 2017, follows:

Sept. 30, 2017		Real estate		Health care		Corporate and others		Total
Revenues	P	5,519,130	P	1,859,642	P	344,147	P	7,722,919
Other income		880		3,443		8,014		12,337
		5,520,010		1,863,085		352,161		7,735,256
Direct cost		633,301		2,986,886		-		3,620,187
Administrative expenses		4,052,970		1,949,514		254,359		6,256,843
Equity in net loss of associate		-		-		1,187,809		1,187,809
Finance cost		734,241		-		-		734,241
		5,420,511		4,936,400		1,442,168		11,799,079
Income before income tax		99,498		(3,073,315)		(1,090,007)		(4,063,823)
Income tax expense		97,717		-		6,823		104,540
Income		1,781		(3,073,315)		(1,096,830)		(4,168,363)
Segment assets		2,277,672,591		27,416,577		617,417,586		2,922,506,753
Segment liabilities		125,077,222		20,266,906		160,021,744		305,365,872
Other information:								
Depreciation and amort		1,029,525		2,803,176		-		3,832,702
Non-cash expenses other than depreciation		-		-		1,187,809		1,187,809

Sept 30, 2016		Real estate		Health care		Corporate and others		Total
Revenues	P	5,522,817	P	6,397,339	P	186,304	P	12,106,460
Other income		230,199		1,502		583		232,284
		5,753,016		6,398,841		186,887		12,338,744
Direct cost		410,773		5,367,792		-		5,778,565
Administrative expenses		4,536,513		1,779,351		440,090		6,755,954
Equity in net loss of associate						1,159,487		1,159,487
Finance cost		584,918						584,918
		5,532,204		7,147,143		1,599,577		14,278,924
Income before income tax		220,812		(748,302)		(1,412,690)		(1,940,180)
Income tax expense		104,652		20,591		5,589		130,832
Income	P	116,160		(768,893)		(1,418,279.00)		(2,071,012)
Segment assets		2,251,569,123		12,559,082		518,704,027	P	2,782,832,232
Segment liabilities		677,098,043		2,692,451		43,112,094		722,902,588
Other information:								
Depreciation and amortiz		985,887		2,602,061		-		3,587,948
Non-cash expenses other than depreciation						1,159,487		1,159,487

## 9. Cash

The composition of this account as is as follows:

		Sept. 2017		FY March 2017
Cash in banks	P	32,033,502	P	12,499,322
Cash on hand		10,000		10,000
	P	32,043,502	P	12,509,322

Cash accounts with the banks generally earn interest at rates based on prevailing bank deposit rates.

## 10. Trade Receivable

The composition of this account is as follows:

	Sept. 2017		FY March 2017
Receivable from:			
Real estate owners	P0	P	148,057
Medical and health related services	516,110		750,065
	P		898,122
	516,110	P	898,122

The terms and conditions of the above receivables are as follows:

- Receivables from real estate owners are expenses on the common area of Summit One Tower paid by the Group. These receivables are not subject to interest.
- Trade receivables from medical and health related services are normally collectible on a 30 to 90 days term.

As of September 30, 2017, management believes that amounts are fully collectible and no provision for probable loss is necessary.

## 11. Real Estate Inventories

As of September 30, 2017 and March 31, 2017, this account represents the cost of unsold residential lots of PLDI and AHCDC. While these lots are actively marketed by PLDI and AHCDC through their agents, there has been no sales for the last two years.

As of September 30, 2017 and March 31, 2017, these lots have a carrying value of P4,485,000.

Management believes that the carrying values as at year-end is fully recoverable when these assets are sold.

## 12. Non-Current Assets Held for Sale

In prior year, the Group entered into a contract to sell for the sale of its investment properties at a total contract price of P47.15 million. Payments are made in equal monthly installments over a period of 10 years. In 2017, management believes, that with the cumulative payments to date, it is reasonably expected that the remaining balance will be faithfully completed by the buyer. Hence, the cost of investment property subject of the contract to sell was reclassified to Non-current asset held-for-sale during 2017.

The breakdown of this account as of September 30, 2017 and FY March 31, 2017 is as follows:

		Sept. 2017		FY March 2017
Carrying value at the time of reclassification	P	42,100,683	P	43,331,584
Impairment loss recognized in profit or loss				1,230,901
	P	42,100,683	P	42,100,683

During 2017, the Group recognized impairment loss amounting to P1,230,901 after the asset were measured to lower of cost or fair value less cost to sell. The impairment loss is reported as part of administrative expenses in the consolidated statement of income.

Consistent with the reclassification of the investment properties, the related liability of the asset held for sale were also reclassified to liability portion of non-current assets held for sale amounting to P41.05 million as of September 30, 2017 and FY March 31, 2017. These liabilities comprise the payments made by the other party in the aforesaid contract to sell.

Management expects to record the sale of above investment properties within the fiscal year ended March 31, 2018.

### 13. Other Current Assets

The composition of this account is as follows:

		Sept. 2017		FY March 2017
Creditable withholding taxes	P	1,605,996	P	1,555,557
Deposits		1,087,676		747,574
Input taxes		195,867		315,079
	P	2,889,539	P	2,618,210

- Creditable withholding taxes represents the 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of March 31, 2017 and 2016, creditable withholding taxes are considered recoverable in full and no impairment losses is necessary.
- Deposits are advance payment of rental that are expected to be applied within the next 12 months.
- Input taxes represent the 12% tax on domestic purchases of goods and services from VAT registered entities. Input tax is applied against output taxes on a monthly basis.

### 14. Investments in Associates

This account consists of the following:

		Sept. 2017		FY March 2017
<b>Cost:</b>				
Beginning of the year				
ATN Phils Solar Energy Group	P	336,425,000	P	175,625,000
Mariestad Mining Corp.		7,000,000		7,000,000
	P	343,425,000	P	182,625,000
Additions during the year		-		160,800,000
Disposal during the year		-		-
		343,425,000		343,425,000
<b>Equity in net losses</b>				
Beginning of the year		(6,504,534)		(5,827,267)
Current year		(1,187,809)		(677,267)
		(7,692,343)		(6,504,534)
Total		335,732,657		336,920,466
Allowance for impairment		(7,000,000)		(7,000,000)
	P	328,732,657	P	329,920,466

#### ATN Solar

ATN Solar is a grantee of a 25-year Renewable Energy Contract (*service contract*) with the Department of Energy (DOE) under Republic Act 9513 (*the RA*). The service contract grants ATN Solar the exclusive right to explore, develop, and utilize the solar energy source within Rodriguez, Rizal, as its contract area. More specifically, the contract includes setting up a 30 MW Solar PV Project (*the Project*). The project is expected to generate a gross capacity of 33 MW peak of direct current and 30 MW of alternating current to be distributed within Metro Manila with projected revenue of P540 Million per year for the next 25 years.

The Project contains a 2-year pre-development stage and another 2 years for development stage, after which construction of power plants and connection to distribution network is to commence.

On March 14, 2017, the Company subscribed for additional 160,800,000 shares with a par value of P1 bringing the Company's equity interest to 48% from 47%. From the total subscription, P40.4 million have been paid in cash and the balance is reported as part of "Subscription payable" in the liabilities section of the statement of financial position.

On March 14, 2016, the Group sold 6 million shares of ATN Solar to Unipage Management, Inc. (UMI) with a carrying value of P1 per share for P18 million subject to the following conditions:

- the Project should complete all governmental and grid approvals;
- the Company should deliver the shares of ATN Solar within 12 months from execution of the Investment Agreement;
- the Company should cause the registration of the shares sold to UMI in the stock and transfer book of ATN Solar.

The Company recognized a gain on sale of its investment in ATN Solar amounting to P12 million in 2016 and was reflected in the consolidated statements of income. UMI is a related party (see Note 25).

ATN Solar's fiscal period is January 1 to December 31. As of December 31, 2016, ATN Solar has not commenced commercial operation and still in a pre-operating stage.

#### MMC

In 2007, the Group entered into an investment agreement with MMC to participate in the extraction of manganese ores in the former's mining site. The Group's participation is in the form of providing financial resources to undertake the mining operations. The Group has financed a total of P7 million that is equivalent to 25% equity interest in MMC. Due to the non-commencement of mining operation, the Group provided a full impairment losses on its investment in MMC. Furthermore, no financial information is available for MMC for the last 5 years.

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## 15. Available-for-Sale Investments

The composition of this account as of March 31 is as follows:

		Sept. 2017		FY March 2017
Listed shares of stock	P	517,700	P	517,700
Unlisted shares of stock		21,684,000		21,684,000
	P	<b>22,201,700</b>	P	<b>22,201,700</b>

Listed and unlisted shares comprise the investment in Transpacific Broadband Group International, Inc. (TBGI), a publicly listed company in the Philippine Stock Exchange. Fair values were determined thru the published price from Philippine Stock Exchange.

During 2017, the Group sold 11,060,459 TBGI shares amounting to P19.8 million to UMI. Such sale resulted to a gain on sale amounting to P10.7 million reported in the consolidated statement of income.

During 2016, the Group also sold its investment in Ambulatory Health Care Institute, Inc. (AHCII) to UMI for P8.6 million for which no gain or loss was realized.

## 16. Investment Properties

The composition of this account is as follows:

		Sept. 2017		FY March 2017
Land	P	2,003,634,520	P	2,003,634,520
Condominium units		168,451,363		168,451,363
Parking slots		34,272,670		34,272,670
Townhouses		14,023,443		14,023,443
Commercial building		11,280,000		11,280,000
	P	<b>2,231,661,996</b>	P	<b>2,231,661,996</b>

During 2016, certain investment property were transferred to a third party in exchange for shares stocks the latter held. The transaction is a result of a compromise agreement involving an intra-corporate dispute filed by a stock broker (the third party) to the SEC. Accordingly, shares of stock of the Parent held by the broker was exchange for a condominium unit owned by the Group. The subject shares of the Parent was transferred to UMI. The settlement between the Group and UMI were taken up as inter-company transactions amounting to P8,289,850 (see Notes 25 and 30).

On March 27, 2014, certain investment properties situated in Mandaluyong and Rodriguez, Rizal were re-appraised to properly reflect its fair market value. The appraisal resulted to an increase in value of investment amounting to P676.06 million. The fair market value is determined by a firm of independent appraiser on March 4, 2014 using the Sales Comparison Approach, a comparative approach valuation that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Accordingly, the Company categorized these condominium units under Level 2 of the fair value hierarchy. Management believes that there are no present material factors that would significantly increase or decrease the fair value of these properties as of March 31, 2017.

Commercial building situated at San Fernando, Pampanga has a sound value of P22.63 million based on its depreciated appraisal value. The valuation method used in determining the appraised value of this property is Cost Approach, a comparative approach that considers a substitute for purchase of a given property, the possibility of constructing another property that is equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The management did not recognize any gain on its appraisal last March 27, 2014 since the building is not occupied and dilapidated.

Residential units are located at Riverside Village, Pasig City. Prices of foreclosed properties located near the properties owned were used by management as a guide in determining fair value of its own property. The fair value amounted to P13,577,015. The property is valued in terms of its highest and best use which is categorized under Level 3 of the fair value hierarchy.

The description of valuation techniques and inputs used in determining the fair value of investment properties in fair value hierarchy is as follows:

Certain investment properties subject to contracts to sell were reclassified to *Non-current asset held for sale* (see Note 12).

Certain investment property was mortgaged to the bank to secure the Group's financing requirements (see Note 20).

## 17. Property and Equipment

Property and equipment consists of:

September 30, 2017	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
At March 31, 2017	P 34,729,809	P 6,138,644	P 19,969,173	P 2,641,072	P 63,478,698
Addition	207,643	-	-	1,347,321	1,554,964
At Sept 30, 2017	34,937,452	6,138,644	19,969,173	3,988,393	65,033,662
<b>Accumulated depreciation</b>					
At March 31, 2017	20,090,468	5,352,104	14,345,469	1,324,643	41,112,684
Provisions	1,354,321	440,315	1,155,116	245,448	3,195,200
At Sept. 30, 2017	21,444,789	5,792,419	15,500,585	1,570,091	44,307,884
<b>Net Book Value</b>					
At Sept. 30, 2017	P 13,492,663	P 346,225	P 4,468,588	P 2,418,302	P 20,725,778

FY March 31, 2017	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
At March 31, 2016	P 34,194,095	P 6,138,644	P 19,969,173	P 2,641,072	P 62,942,984
Addition/(deduction)	535,714	-	-	-	535,714
At March 31, 2017	34,729,809	6,138,644	19,969,173	2,641,072	63,478,698
<b>Accumulated depreciation</b>					
At March 31, 2016	18,284,705	4,902,838	12,995,675	995,536	37,178,754
Provisions	1,805,763	449,266	1,349,794	329,107	3,933,930
At March 31, 2017	20,090,468	5,352,104	14,345,469	1,324,643	41,112,684
<b>Net Book Value</b>					
At March 31, 2017	P 14,639,341	P 786,540	P 5,623,704	P 1,316,429	P 22,366,014

Depreciation allocated to direct costs and administrative expenses are as follows:

	Sept. 2017	FY March 2017
Direct cost	P 1,354,322	P 1,805,763
Administrative expenses	1,840,879	2,128,167
	P 3,195,202	P 3,933,930

## 18. Intangible Asset

Intangible asset represents the cost of web-based portal development of a subsidiary for the marketing of its medical services to local and international clients. The portal enables its subsidiary to attract prospective patients availing different medical services. Management believes that the use of portal is limited to 16-20 years since the medical industry continues to change and the portal needs to be updated as patients' medical/health/wellness requirements changes.

The movement in intangible asset is as follows:

	Sept. 2017	FY March 2017
Cost	P 15,000,000	P 15,000,000
<b>Accumulated amortization</b>		
Balance, April 1	8,300,000	7,450,000
Provisions	637,500	850,000
	8,937,500	8,300,000
Net Book Value	P 6,062,500	P 6,700,000

The amortization allocated to direct costs and administrative expenses are as follows:

		Sept. 2017		FY March 2017
Direct cost	P	262,500	P	350,000
Administrative expenses		375,000		500,000
	P	637,500	P	850,000

## 19. Accounts Payable and Accrued Expenses

This account consists of the following:

		Sept. 2017		FY March 2017
Capital gains tax payable	P	1,990,000	P	1,990,000
Trade		5,229,472		1,895,105
Accrued expenses		-		545,567
Others		-		210,361
	P	7,219,472	P	4,641,033

Terms and conditions of the above financial liabilities are as follows:

- Trade payables are noninterest-bearing and are normally settled on a 90-day term;
- Accrued expenses are noninterest-bearing and have an average term of two (2) months;
- Capital gains tax payable pertains to the aggregate amount of taxes payable on sale of unlisted shares;
- Other current liabilities are non-interest bearing and have a maximum term of six (6) months.

The fair values of accounts payable and accrued expenses have not been disclosed due to their short duration. Management considers the carrying amounts recognized in the consolidated statements of financial position to be a reasonable approximation of their fair values.

## 20. Bank loans

This account consists of borrowings of PLDI as follows:

		Sept. 2017		FY March 2017
China Banking Corporation	P	24,821,517	P	3,900,000
Rizal Commercial Banking Corporation		22,203,823		22,203,823
		47,025,340		26,103,823
Less: current portion		23,900,000		3,900,000
	P	23,125,340	P	22,203,823

### CBC

Loans from CBC represents Peso credit facility for a maximum amount of P4 million subject to the following significant terms and conditions:

- Loan may be availed in US Dollar or PH Peso;
- The loan is for a period of 1 year with interest at prevailing bank rates;
- Interest is to be paid monthly in-arrears; principal upon maturity;
- Proceeds is to be used for working capital;
- The line is secured by real estate mortgage owned by PLDI;
- Surety agreement of stockholders in favor of CBC

### RCBC

Loan from RCBC which is denominated in Japanese Yen, was availed on August 2016 for working capital requirements. The loan is for a period of 2 years, subject to 3% interest per annum and collateralized by real estate mortgage owned by PLDI. Total principal amounted to JPY52.2 million or P22.2 million.



Loans from RCBC is subject to a hedging agreement with UMI under the following conditions:

- PLDI will pay UMI the amount of P150,000 to hedge the JPY52 million loan from foreign currency changes;
- Reckoning date of foreign currency loss shall be December 31, every year;
- Any book losses at the end of each fiscal year shall be for the account of UMI

As of March 31, 2017, foreign currency losses incurred related to translating the RCBC JP Yen loans amounted to P1.8 million were charged to UMI (see Note 25) in accordance with the hedging agreement.

Financing charges related to these loans amounted to P480,082 and P1,105,684 in June 30, 2017 and FY March 31, 2017, respectively.

## 21. Deposits

This account consists of the following:

		Sept. 2017		FY March 2017
Deposit on operating leases	P	5,987,580	P	5,628,882

Deposit on operating leases is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts.

Deposit on contract to sell represents advance payment on sale of investment properties reclassified to Non-current assets held for sale (see Note 12).

## 22. Equity

### Share capital

Component of share capital is as follows:

Title of issue	Authorized share capital		Subscribed and paid	
	Number of shares	Amount	Number of shares	Amount
Common				
Class A	4,200,000,000	P 420,000,000	3,700,000,000	P 370,000,000
Class B	2,800,000,000	280,000,000	800,000,000	80,000,000
Preferred	5,000,000,000	500,000,000	-	-
	12,000,000,000	P 1,200,000,000	4,500,000,000	P 450,000,000

The share capital above is based on amended Articles of Incorporation which was approved during the Company's annual stockholders' meeting held on November 12, 2015. The amendment covers the following under Section 7 of the articles of incorporation.

- Decrease in authorized class "A" common shares from 7.2 million shares to 4.2 million shares with a par value of P0.10 per share;
- Decrease in authorized class "B" common shares from 4.8 million shares to 2.8 million shares with a par value of P0.10 per share;
- Introduction of 5 million preferred shares with a par value of P0.10 per share

These amendments were approved by the SEC on June 30, 2016.

In accordance with the Articles of Incorporation, certain restrictions have been imposed regarding issuance and transfer of share capital as follows:

- Class "A" common shares are to be issued only to citizens of the Philippines or to partnership, association or corporation organized under the laws of the Philippines.

- Class "B" common shares are to be issued to any person subject to the required foreign ownership limitation under the laws of the Philippines.
- Preferred shares have the following features, rights and privileges:
  - (i) Preferred shares are cumulative, non-participating and non-voting;
  - (ii) The dividend rate is based on a formula determined by the BOD, re-priced every 5 years, 7 years, or 10 years
  - (iii) The dividend is payable quarterly on each anniversary of issue date
  - (iv) Holders of preferred shares have preference over holders of common shares;
  - (v) Mandatory redemption on the 5<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> year anniversary from issuance.

Unrealized loss on available-for-sale investments as of September 30, 2017 and FY March 31, 2017 is P2,204,351.

### 23. Cost of sales and services

The breakdown of this account is as follows:

		Sept. 2017		Sept. 2016
Depreciation and amortization	P	1,354,322	P	1,534,322
Utilities		354,131		1,119,887
Medical supplies		271,337		864,982
Rent		794,266		906,333
Salaries, wages and benefits		141,830		849,364
Taxes and licenses		633,301		410,773
Professional fees		71,000		272,905
	P	<b>3,620,187</b>	P	<b>5,958,566</b>

### 24. Administrative expenses

The breakdown of this account is as follows:

		Sept. 2017		Sept. 2016
Depreciation and amortization	P	2,478,379	P	2,233,625
Communication and association dues		1,020,035		1,387,807
Salaries, wages and benefits		1,096,272		997,577
Taxes, licenses and permits		214,445		480,547
Security services		440,939		406,374
Rent		422,044		420,117
Transportation and travel		310,434		342,535
Office supplies and printing		120,060		160,730
Professional fees		120,000		136,618
Miscellaneous		34,234		190,024
	P	<b>6,256,843</b>	P	<b>6,755,954</b>

Pursuant to a *Teaming Agreement* executed in January 2013, a 75%-25% cost sharing of cost/expenses related to technical operations was implemented. All other cost including, but not limited to salaries and utilities shall be borne solely by Palladian Land Development, Inc.

## 25. Related Party Transactions

The Company's related parties and its relationship are as follows:

Related party	Relationship
Unipage Management, Inc. (UMI)	Affiliated company
Transpacific Broadband Group Int'l, Inc. (TBGI)	Affiliated company
Sierra Madre Consolidated Mines, Inc. (SMCM)	Affiliated company
ATN Philippines Solar Energy Group, Inc. (ATN Solar)	Affiliated company
Certain shareholders	Key management officers

Transactions, year-end balances and terms and conditions with related parties are as follows:

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		Sept 2017	FY March 2017	Sept 2017	FY March 2017	
Advances to related parties						
UMI	Intercompany advance	(28,974,869)	(18,469,101)	-	28,974,869	no payment terms
	Sale of shares of ATN Solar		19,908,826			unsecured
SMCM	Intercompany advances			11,756,000	11,756,000	fully impaired
ATN Solar		33,000	273,940	306,940	273,940	no payment terms
Shareholder	Advances/Payments	-	964,152	-	964,152	unsecured
				12,062,940	41,968,961	
Less: allowance for probable losses				11,756,000	11,756,000	
				306,940	30,212,961	
Advances from related parties						
TBGI	Intercompany advances / payments	2,069,646	(1,298,918)	4,279,047	2,209,401	no payment terms
						unsecured
ATN Solar	Intercompany advances / payments		(257,310)		257,310	on demand
UMI		(16,556)		(16,556)		on demand
Shareholders	Advances	(3,024,650)	(24,970,544)	62,188,348	65,212,998	no payment terms
						unsecured
				66,450,839	67,679,709	

The details of significant transactions with related parties are as follows:

- Transactions with UMI for the years 2017 and 2016 are as follows:
  - (i) During 2017 and 2016, the Group has net payment of advances from UMI amounting to P20,200,000 million and P35,787,508 million, respectively.
  - (ii) – (iii) Sale of shares of stock to UMI during 2017 and 2016 is as follows:  
TBGI shares were sold based on the close/bid price from the Philippine Stock Exchange. ATN Solar shares were sold based on par value adjusted for time value of money, with gain on sale amounting to P12 million. AHCII shares were sold at par value.
  - (iv) The Group transferred one of its investment property as payment to Blue Stock Development Holdings, Inc. amounting to P8,289,850 (see Note 30 and 16).
  - (v) As discussed in Note 20, the Group and UMI are parties to a *Hedging Agreement* covering the former's bank loans. The net effect of the hedging were accounted for as related party transaction as follows:

Net foreign currency loss on hedged account	<b>P 1,880,899</b>
Transaction fee due to UMI	<b>(150,000)</b>
	<b>P 1,730,899</b>

In prior years, the Group made advances to SMCM to fund its mining activities. Such advances will be converted into equity interest in SMCM when mining operations commence. Due to unforeseen circumstances, SMCM encountered financial difficulties and were unable to operate and generate revenues and cash flows. Accordingly, the Group

provided a full impairment loss on its advances to SMCM in 2014 amounting to P11.7 million.

- The Group and TBGI are parties to a Teaming Agreement executed in January 2013. Pursuant thereto, sharing of cost and expenses incurred within Summit One Condominium Tower related to technical operations is to be advanced by either of the parties and to be reimbursed from the other parties proportionately or by actual usage as the case maybe.
- The details of subsidiaries' accounts that were eliminated in the process of consolidation are as follows:

		<b>Sept. 2017</b>		FY March 2017
AHCDC	<b>P</b>	<b>11,647,392</b>	<b>P</b>	10,768,677
MCPI		<b>6,868,790</b>		11,942,328
PLDI		<b>(54,734,430)</b>		(50,185,273)
		<b>(36,218,248)</b>		(27,474,268)

The Group did not recognize any key management compensation nor provided any stock options and bonuses as of September 30, 2017 and for the fiscal years ended March 31, 2017 and 2016.

## 26. Earnings per Share

Earnings per share is computed by dividing the income for the period by the weighted average number of common shares as follows:

	<b>Sept. 2017</b>	FY March 2017
Earnings	<b>(4,168,363)</b>	(1,051,674)
Divided by :		
Weighted Average Shares	<b>4,500,000,000</b>	4,500,000,000
Earning per share	<b>(0.0009)</b>	<b>(0.0002)</b>

As of the respective year ends, there are no potentially convertible shares.

## 27. Other SEC requirements

Disclosures on the issuer's interim financial report, in compliance with Philippine Financial Reporting Standards:

1. There is no seasonality or cyclicity of interim operations.
2. There is no item that has unusual effect on asset, liabilities, equity, net income and cash flows.
3. There is no change in the nature and amounts reported in prior interim periods of the current financial year or prior financial year.
4. There is no issuance, repurchase nor repayment of debt and equity securities during the interim period.
5. There is no dividend paid for ordinary or other shares.
6. There is no material event subsequent to the end of the interim period that has not been reflected in the financial statements.
7. There is no change in the composition of the issuer such as business combination, acquisition, disposal of subsidiary and long-term investment, and restructuring during the interim period.
8. There is no change in contingent assets or contingent liabilities since the last annual balance sheet date.
9. There is no seasonal effect that had material effect on financial condition or result of operation.

## Item 2. Management's Discussion and Analysis of Operation

### (B) Interim Periods

Corporate revenues are segmented as follows:

Revenue from Real Estate Business	Php5,863,277
Revenue from Health Care Business	Php1,859,642

The company and its three majority-owned subsidiaries use current ratio and debt to equity ratio to measure liquidity, and gross profit margin and net income to sales ratio as key performance indicators. Current ratio is calculated using current accounts cash, marketable securities, receivables, accounts payable, income tax payable and other liabilities maturing in one year. Debt to equity ratio is derived from division of total debt by total amount of stockholders' equity. Profit margin is computed based on ratio of income from operation (before financing charges and other income/loss) to total revenues.

The company uses past year performance as basis for expected results in current year. With the bulk of its business in real estate, the company has no productivity program. It adopts a prudent policy of matching expenditures with revenues to keep current accounts position in balance

The following are 7 (seven) key performance and financial soundness indicators of the company:

Current Ratio	Calculated ratio of current assets into current liabilities. Indicates the ability of the company to finance current operations without need for long term capital
Debt-to Equity Ratio	Calculated ratio of total debt into total equity. Indicates the level of indebtedness of the company in relation to buffer funds provided by equity against any operating losses. Also indicates the capacity of the company to absorb or take in more debt.
Asset-to-Equity Ratio	Calculated ratio of total asset into total equity. Indicates the long-term or future solvency position or general financial strength of the company.
Interest Rate Coverage Ratio	Calculated ratio of earnings before interest and taxes into interest expenses. Indicates the ability to meet its interest payments.
Gross profit Margin	Calculated ratio expressed in percentage of the gross margin into total revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
EBITDA	Calculated earnings before income tax, and non-cash charges. Indicates the efficiency of the company in generating revenues in excess of cash operating expenses.
Net Income to Sales Ratio, and Earnings per Share	Calculated ratio of net income into total revenues. Indicates the efficiency of the company in generating revenues in excess of cash operating expenses and non-cash charges, and the ability of the company to declare dividends for stockholders.

	ATN Holding Conso		Palladian Land		Advanced Home		Managed Care	
	Sept 2017	Sept 2016	Sept 2017	Sept 2016	Sept 2017	Sept 2016	Sept 2017	Sept 2016
Current Ratio	11.36	6.98	0.95	0.35	37.67	37.67	0.57	10.87
Debt to Equity Ratio	0.48	0.40	0.54	-0.43	-2.95	-2.95	0.77	1.78
Asset-to-Equity Ratio	1.48	1.40	1.70	1.43	-1.95	-1.95	1.07	2.78
Interest Rate Coverage Ratio	-4.53	-2.32	-1.11	5.93	-	-	-	-
Gross Profit Margin	53%	53%	89%	93%	-	-	-61%	16%
EBITDA	P1,409,936	P1,400,936	P1,208,211	P795,927	-	-	P270,138	P1,652,256
Net Income to Sales Ratio	-0.71	-0.36	0.01	0.03	-	-	-2.65	-0.05
Net Income (Loss) in Pesos	-P4,168,363	-P2,071,012	-P80,869	-P116,161	-	-	-P3,073,314	-P768,893

On a consolidated basis, ATN accounts that changed by more than 5% compared to quarter ending September 30, 2017 financial statements are as follows:

- Cash and cash equivalent increased to Php32 million from Php12.5 million (156%).
- Trade receivables decreased to Ph0.5 million from Php0.9 million (-42%).
- Other current assets increased to Php2.89 million from Php2.6 (10%)
- Advances to related parties decreased to Php0.309 million from Php30 million (-98%)
- Accounts payable and accrued expenses increased to Php7.2 from Php4.64(55%)
- Bank loans increased to Php47 million from Php26 million (80%)
- Deposits increased to Php5.98 million from Php5.62 million (6.37%)
- Subscription payable decreased to Php124 million from Php157 million (-21%)

9. Total revenue decreased as of September 30, 2017 to P5.8 million compared to P5.7 million as of September 30, 2017.
10. Direct cost decreased as of September 30, 2017 to Php3.6 million compared to Php5.9 million as of September 30, 2016. The following direct cost are accounts with more than 5% change:
  - a. Decrease in depreciation and amortization by Php180 thousand (-11.7%)
  - b. Decrease in utilities by Php768 thousand (-38%) from Php1.12 million
  - c. Decrease in medical supplies by Php593 thousand (-68%) from Php864 thousand to Php271 thousand.
  - d. Decrease in rent expense by Php112 thousand (-12%) from Php906 thousand to Php794 thousand.
  - e. Decrease in salaries and wages by Php707 thousand (-83%) from Php849 thousand.
  - f. Increase in taxes and licenses by Php222 thousand from Php410 thousand.
  - g. Decrease in professional fees by Php202 thousand (-74%) from Php273 thousand.
11. Administrative expenses decreased from Php6.7 million in September 30, 2016 compared to Php6.256 million in September 30, 2017. The following are the accounts with more than 5% change:
  - a. Increase in depreciation and amortization by Php245 (11%).
  - b. Decrease in communication, dues and utilities by Php367 thousand (-26%).
  - c. Increase in salaries, wages and other benefits by Php98 thousand (9.89%)
  - d. Decrease in taxes and licenses by Php266 thousand (-55%).
  - e. Increase in security services by Php34 thousand (8%).
  - f. Decrease in transportation and travel by Php32 thousand (-9.37%).
  - g. Decrease in office supplies by Php40 thousand (-25%).
  - h. Decrease in professional fees by Php16 thousand (12%).

#### Corporate Development

The Group subscribed 336 million shares and paid-up of 212 million shares in ATN Solar Energy Group, Inc., (ATN Solar). ATN Solar is engaged in renewable energy generation and trade distribution of renewal energy equipment and accessories. ATN Solar secured a service contract from the Department of Energy for its 30-MW Rodriguez Solar Power Project on May 12, 2011 and a Certificate of Registration from the BOI for income tax holiday, which can be availed in the first seven years of operation.

In conjunction with its utilities scale solar PV power generation in Montalban, ATN Philippines Solar Energy Group Inc. will expand the business relationship of TBGI with client schools through the installation of 30-50 KW off-grid solar PV to complement the TBGI supply of computer laboratories with internet connectivity in schools.


With the company's sound financial condition, ATN can ride the global mass-market trend in healthcare, TV satellite and digital data services investments. Hence there is no foreseeable event, which may have a material impact on its short-term liquidity, and no seasonal aspect had material effect on the financial condition of the Company's operation.


Improvements of real estate assets will be funded by borrowings and augmented by internally generated funds. To the best knowledge of Management there are no unusual or non-recurrent accounts that adversely affect the financial condition of the company.

The company expects to continue its focus on its existing principal activities and actively pursue opportunities for investment in the healthcare technology and renewable energy sectors in the Philippines.

#### SIGNATURES

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

**Company** : **ATN HOLDINGS, INC.**  
**Signature and Title** :   
**PAUL B. SARIA**  
 Principal Financial Officer  
 November 20, 2017

  
**CELINIA FAELMOQA**  
 Principal Accounting Officer  
 November 20, 2017