

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)

**December 31, 2019**

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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 December 31, 2019
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.7717-0523
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>31-Dec</b>	Audited
	Notes	<b>2019</b>	31-Mar
			2019
<b>ASSETS</b>			
Current Assets			
Cash	P	5,569,247	P 17,211,263
Other current assets		5,717,436	5,593,116
		<b>11,286,683</b>	22,804,379
Non-current assets held for sale		-	18,477,856
		<b>11,286,683</b>	41,282,235
Noncurrent assets			
Investments in:			
Financial assets at fair value			
through other comprehensive income (FVOIC)	14	22,955,000	22,955,000
Associates-Net	15	677,786,421	678,207,476
Investment properties	16	2,773,277,058	2,725,369,360
Property and equipment - net	17	5,051,712	16,184,354
Intangibles	18	3,500,000	4,000,000
Advances to related parties	25	73,995,978	-
		<b>3,556,566,170</b>	3,446,716,190
		<b>P 3,567,852,853</b>	P 3,487,998,425
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	19	P 3,150,106	P 4,477,123
Current portion of interest bearing loans	20	85,792,138	22,857,352
		<b>88,942,244</b>	27,334,475
Liability portion of non-current assets held for sale		-	21,945,941
		<b>88,942,244</b>	49,280,416
Noncurrent Liabilities			
Non-current portion of interest bearing loans		-	1,792,138
Deposits	21	87,710,626	21,152,981
Subscription payable		42,481,600	86,981,600
Due to related parties	24	512,272,864	493,623,793
Pension liability		655,274	655,274
Deferred tax liabilities		714,938,971	714,938,971
		<b>1,358,059,335</b>	1,319,144,757
<b>TOTAL LIABILITIES</b>		<b>1,447,001,579</b>	1,368,425,173
<b>EQUITY</b>			
Share capital		450,000,000	450,000,000
Share premiums		22,373,956	22,373,956
Unrealized loss on financial assets at fair value through OCI-net of tax		(1,454,817)	(1,454,817)
Retained Earnings /(Deficit)		1,649,932,135	1,648,654,113
		<b>2,120,851,274</b>	2,119,573,252
		<b>P 3,567,852,853</b>	P 3,487,998,425

See accompanying Notes to Financial Statements.

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

	Quarter Ending		Nine (9) Months Ending	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
<b>REVENUE</b>				
Lease of properties	P10,490,891	P3,120,097	<b>P18,447,821</b>	P11,077,027
Sale of real estate	-	-	<b>12,317,143</b>	P5,748,953
Other Income:				
Interest income	922,814	2,222	<b>927,915</b>	7,323
	<b>11,413,705</b>	<b>3,122,319</b>	<b>31,692,879</b>	<b>16,833,303</b>
<b>COST AND EXPENSES</b>				
Cost of sales and services	-	-	<b>13,413,456</b>	5,424,682
Administrative expenses (Note 23)	3,944,836	2,706,425	<b>10,658,586</b>	12,530,503
Finance cost	2,501,881	180,273	<b>3,875,575</b>	1,553,967
Equity in net loss of an associate	(556,888)	619,511	<b>421,055</b>	1,597,454
	<b>5,889,829</b>	<b>3,506,209</b>	<b>28,368,672</b>	<b>21,106,606</b>
INCOME (LOSS) BEFORE INCOME TAX	5,523,877	(383,890)	<b>3,324,207</b>	(4,273,303)
INCOME TAX EXPENSE	1,950,446	417,442	<b>2,046,185</b>	513,181
Net Income (Loss) after Income Tax	3,573,430	(801,332)	<b>1,278,022</b>	(4,786,484)
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	<b>P3,573,430</b>	<b>(P801,332)</b>	<b>P1,278,022</b>	<b>(P4,786,484)</b>
EARNINGS PER SHARE			<b>0.00284</b>	(0.01064)

See accompanying Notes to Financial Statements.

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

	<b>Nine (9) Months Ending</b>	
	<b>31-Dec-19</b>	<b>31-Dec-18</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>(1,454,817)</b>	(1,423,973)
Changes in fair value of available -for-sale financial assets	-	-
Balance at end of fiscal year	<b>(1,454,817)</b>	(1,423,973)
Retained earnings (deficit)		
Balance at beginning of fiscal year	<b>1,648,654,113</b>	1,660,394,739
Net income (loss) for the period	<b>1,278,022</b>	(4,786,485)
Balance at end of the year	<b>1,649,932,135</b>	1,655,608,254
	<b>P2,120,851,274</b>	P2,126,558,237

*See accompanying Notes to Financial Statements.*

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

	Quarter Ending		Nine (9) Months Ending	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	P4,599,503	(P801,333)	<b>P1,278,022</b>	(P4,786,485)
Adjustments for:				
Depreciation and amortization	729,790	1,016,752	<b>3,965,288</b>	5,056,079
Equity in net loss of an associate	(578,672)	619,511	<b>421,055</b>	1,597,454
Interest income	(924,061)	(2,222)	<b>(927,915)</b>	(7,323)
Interest expense	1,063,700	180,273	<b>3,875,575</b>	1,553,967
Operating income before working capital change	4,890,260	1,012,981	<b>8,612,025</b>	3,413,692
Decrease (increase) in current assets				
Receivables	-	-	-	305,286
Other current assets	1,105,779	(1,987,921)	<b>(124,320)</b>	(2,425,238)
Increase (decrease) in current liabilities				
Accounts payable and accrued expense	150,400	1,243,156	<b>(1,327,017)</b>	579,401
Interest received	924,061	2,222	<b>927,915</b>	7,323
Net cash Provided by Operating Activities	7,070,500	270,438	<b>8,088,603</b>	1,880,464
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in				
Advances to related parties	(73,995,978)	(290,263,409)	<b>(73,995,978)</b>	(291,648,570)
Investment properties	(13,317,375)	(5,072,560)	<b>(47,907,698)</b>	(24,519,302)
Increase (decrease)				
Payable to related parties	(4,091,177)	286,441,585	<b>18,649,071</b>	410,403,713
Deposits	68,912,135	(93,719)	<b>66,557,645</b>	(2,740,119)
Disposal of non-current assets held for sale	12,317,143	-	<b>12,317,143</b>	4,275,077
Decrease in non-current liabilities held for sale	(15,785,226)	-	<b>(15,785,226)</b>	(6,463,828)
Payment of subscription	-	-	<b>(44,500,000)</b>	(80,195,240)
Disposal (Acquisition) of property and equipment	7,667,352	(3,891,071)	<b>7,667,352</b>	-
	(18,293,126)	(12,879,174)	<b>(76,997,691)</b>	9,111,731
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of:				
Principal	(2,247,175)	4,194,300	<b>(3,857,352)</b>	(43,102,212)
Interest	(1,063,700)	(180,273)	<b>(3,875,575)</b>	(1,553,967)
Proceeds of bank loans	5,000,000	4,990,752	<b>65,000,000</b>	24,990,752
	1,689,125	9,004,779	<b>57,267,073</b>	(19,665,427)
NET INCREASE/(DECREASE) IN CASH	(P9,533,501)	(P3,603,957)	<b>(11,642,015)</b>	(8,673,232)
CASH AT BEGINNING OF PERIOD			<b>17,211,263</b>	12,620,016
CASH AT END OF PERIOD			<b>P5,569,248</b>	P3,946,784

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 ANF FY MARCH 31, 2019**

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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 financial assets at fair value through other comprehensive income (FVOCI)/Available-for-sale (AFS) investment 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 financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

*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 December 31, 2019 and FY March 31, 2019 the consolidated subsidiaries are as follows:

Subsidiary	Principal place of business	Principal Activity	% of Ownership
Palladian Land Dev. Inc. (PLDI)	Summit One Tower, Mandaluyong	Real Property Developer	100%
Advanced Home Concept Development Corp. (AHCDC)	Summit One Tower, Mandaluyong	Real Property Developer	100%
Managed Care Phils. 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.

For the year ended December 31, 2018 AHCDC and MCPI has no operations and is poised to venture into joint operation or project with its affiliated companies. The financial statement do not include any adjustment that might result from this uncertainty.

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 FVPL, the initial measurement of these 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 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 fair value in the statement of comprehensive income unless it qualifies for recognition as some other type of asset.

#### *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

#### *Classification and Measurement of Financial Assets effective April 1, 2018*

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. Except for financial assets at FVPL, all financial assets are initially measured at fair value plus transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under PFRS 15.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

- Financial Assets at Amortized Cost

The Group measures financial assets at amortized cost if both of the following condition are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized or impaired.

The Group's financial assets at amortized cost includes cash, account receivables and deposits.

- Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

Equity instruments

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under *PAS 32 Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Subsequent to initial recognition, financial assets at FVOCI are carried at fair value. Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in the statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

As of December 31, 2019, the Company has financial instrument amounting to P22,955,000 under this category.

Debt instruments

A debt financial asset is measured at FVOCI if both of the following condition are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at fair value. Gains and losses arising from changes in fair value are included in other comprehensive income within a separate component of equity. Impairment losses or reversals, interest income and foreign exchange gains and losses are recognized in profit and loss until the financial asset is derecognized. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. This reflects the gain or loss that would have been recognized in profit or loss upon derecognition if the financial asset had been measured at amortized cost. Impairment is measured based on the expected credit loss (ECL) model.

As of December 31, 2019, the Group does not have debt instruments at FVOCI.

- Financial Assets at Fair Value through Profit or Loss (FVPL)

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVPL are subsequently carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss. Dividends are also recognized as other income in the consolidated statement of profit or loss when the right of payment has been established.

*Classification and Measurement of Financial Liabilities effective April 1, 2018*

Financial liabilities are measured at amortized cost, except for the following:

- (i) Financial liabilities measured at fair value through profit or loss;
- (ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the Group retains continuing involvement;
- (iii) Financial guarantee contracts;
- (iv) Commitments to provide a loan at a below-market interest rate; and
- (v) Contingent consideration recognized by an acquirer in accordance with PFRS 3.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces a measurement or recognition inconsistency (an accounting mismatch) or:

- (i) If a host contract contains one or more embedded derivatives; or
- (ii) If a group of financial liabilities or financial assets and liabilities is managed and its performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

As of December 31, 2019, financial liabilities at amortized cost include the Company's accounts payable, accrued expenses, interest-bearing loans, deposits, subscription payable and due to related parties.

*Classification of Financial Instruments prior to April 1, 2018*

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.

- **Financial Assets and Financial Liabilities at FVPL**  
Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset and financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Group manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistently that would otherwise arise; or
- The financial asset forms part of a group of financial assets that is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

As of December 31, 2019, there are no financial assets under this category.

- Available-for-sale (AFS)

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 statement of financial position. Changes in the fair value are recognized directly in equity account as “*Unrealized loss on AFS securities*”. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

As of December 31, 2019, financial assets under this category amounted to P22,986,000 consists of investment in share of stocks.

- 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. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. 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, account receivables, security deposits and other receivables.

- Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. 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. Any changes to the carrying amount of the investment are recognized in statements of income.

As of December 31, 2019, there are no financial assets under this category.

- 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 statement of comprehensive income.

Included under this category are accounts payable and accrued expenses. Furthermore, the adoption of PFRS 9 does not significantly change the accounting for financial liabilities under PAS 39.

*Reclassification of Financial Assets – effective April 1, 2018*

The Group can only reclassify financial assets if the objective of its business model for managing those financial assets changes. Accordingly, the Group is required to reclassify financial assets:

- (i) from amortized cost to FVPL, if the objective of the business model changes so that the amortized cost criteria are no longer met; and,
- (ii) from FVPL to amortized cost, if the objective of the business model changes so that the amortized cost criteria start to be met and the characteristic of the instrument's contractual cash flows meet the amortized cost criteria.

A change in the objective of the Group's business model will be effected only at the beginning of the next reporting period following the change in the business model.

*Reclassification of Financial Assets – As of March 1, 2018*

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 the near future; and,
- (ii) there is a rare situation

A financial asset that is reclassified out of the FVPL category if reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statement 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 of Financial Assets effective April 1, 2018*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established probability of default rates for third party trade receivables based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group applies the historical credit loss method in case undue cost or effort is involved in calculating the ECL by considering the forward-looking factors. For inter-group trade receivables, the Company has established probability of default rates based on internal credit rating of the customers. Internal credit ratings are based on methodologies adopted by independent credit rating agencies. Therefore, the internal ratings already consider forward looking information.

The Group consider a financial asset to be in default when contractual payments are 180 days past due. However, Group considers internal or external information when there are indicators that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

*Impairment of Financial Assets as of March 31, 2018*

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 does not exceed its amortized cost at the reversal date.

(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.

*Derecognition of Financial Instruments – as of and for the year ended March 31, 2018 and 2019*

*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 Company could be required to repay.

*Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. 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 de-recognition 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.

#### Non-current Assets Held for Sale

The Group 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.

Investment properties are measured initially at acquisition cost. The initial cost of investment properties comprises its purchase price and directly attributable costs of bringing the assets to working condition for intended use. Subsequently, 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. The fair value of the investment property is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. 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.

Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense when incurred.

Transfers are made to or from investment property only when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the carrying value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of the change in use.

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/PFRS 9, Financial Instruments: Recognition and Measurement.

#### Property and Equipment

Property and equipment are initially recognized at acquisition cost including the expenses to get the property ready for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and impairment losses, if any.

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are 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.

An asset's residual value, useful life and depreciation method are reviewed periodically to ensure that the period, residual value and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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.

#### 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.

#### Leases

Leases where the lessor retains substantially all the risk and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as expense on a straight line basis over the lease term.

Finance lease, which transfer to the company substantially all the risks and benefits incidental to the ownership of the leased asset, are capitalized at the lower of fair value of the leased



asset or the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are recognized in the statements of income.

#### 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 Available-for-sale financial assets/Financial assets at fair value through other comprehensive income pertains to mark-to-market valuation of financial assets through other comprehensive income.

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 comprises revenue from sale of goods and rendering of services measured by reference to the fair value of consideration received or receivable by the Group for services rendered, excluding VAT and discounts. Revenue is recognized only when (or as) the Group satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Company performs;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
- The Group's performance does not create an asset with an alternative use to the Company and the Group has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

- (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.

#### 4. Changes in Accounting Standards

##### New Accounting Standards and Amendments to Existing Standards Effective as of April 1, 2019

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, 2019.

##### *PFRS 9, Financial Instruments*

PFRS 9 *Financial Instruments*, which replaces PAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9, brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group chose not to restate comparative figures permitted by the transitional provisions of PFRS 9, thereby resulting in the following impact:

- Comparative information for prior periods will not be restated. The classification and measurement requirements previously applied in accordance with PAS 39 and disclosures required in PFRS 7 will be retained for the comparative periods. Accordingly, the information presented for 2018 does not reflect the requirements of PFRS 9.
- The Group will disclose the accounting policies for both the current period and the comparative periods, one applying PFRS 9 beginning April 1, 2018 and one applying PAS 39 as of March 31, 2018.

The Group assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no significant impact on the carrying amounts of the Group's financial assets. Financial assets previously classified as loans and receivable will be classified as Financial assets at amortized cost.

Further, there is no significant impact on the basic and diluted earnings per share as a result of the Group's adoption of PFRS 9.

The impact of adoption of PFRS 9 is as follows:

- Trade receivable, deposits, including advances to Related parties as of March 31, 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest and will be classified and measured as Financial asset at amortized cost beginning April 1, 2018.
- Equity instruments in listed and non-listed companies classified as AFS financial assets as of March 31, 2018 are classified as Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) beginning April 1, 2018. The Group elected to classify irrevocably its listed and non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognized in profit or loss for these investments in prior periods. The cumulative unrealized loss on Available-for-sale investments are also reclassified to unrealized loss on Financial assets at fair value through other comprehensive income.
- The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There are no impairment losses incurred at the adoption of PFRS 9.

The Group assessed that the adoption of PFRS 9, specifically on determining impairment loss using simplified approach (or general approach, as applicable), has no significant impact on the carrying amounts of the Group's financial assets.

Further, there is no significant impact on the basic and diluted earnings per share as a result of the Group's adoption of PFRS 9.

PFRS 15, *Revenue from Contract with Customers*. This standard replaces PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The adoption of PFRS 15 has not resulted to changes in the Group's accounting policies; hence, no adjustment is recognized in the consolidated financial statements.

PFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

#### Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*

The amendments are intended to clarify following:

- Accounting for cash-settled share-based payment transactions that include a performance condition;
- Classification of share-based payment transactions with net settlement features; and
- Accounting for modifications of share-based payment transactions from cash-settled to equity settled

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

The adoption of this amendment did not result in any impact on the consolidated financial statements since the Group has no share-based payment transactions.

#### Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

The amendments are not applicable to the Group since there are no activities that are predominantly connected with insurance or issue insurance contracts.

#### Amendments to PAS 40, *Investment Property – Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after July 1, 2018. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments did not result in any impact on the Group's consolidated financial statements.

#### Annual Improvements to PFRSs (2014-2016 cycle)

The Annual Improvements to PFRSs (2014-2016 cycle) are effective for annual periods beginning on or after April 1, 2018 and did not result in any material impact to the Group's consolidated financial statements. They include:

- **PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards***  
The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.
- **PFRS 12, *Disclosure of Interests in Other Entities***  
The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations*.
- **PAS 28, *Investments in Associates and Joint Ventures***  
The amendment clarified that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

#### Philippine IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The adoption of this interpretation did not result in any significant impact on the consolidated financial statements.

#### *Standards effective subsequent to March 31, 2019*

##### **PFRS 16, *Leases***

On January 13, 2016, the IASB issued its new standard, PFRS 16, *Leases*, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and

recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

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

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard.

When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective application, with options to use certain transition reliefs.

#### *Annual Improvements to PFRSs (2015-2017 cycle)*

The Annual Improvements to PFRSs (2015-2017 cycle) are effective for annual periods beginning on or after January 1, 2019 and will not have any material impact to the Group's consolidated financial statements. They include:

- **PFRS 3, Business Combinations and PFRS 11, Joint Arrangements**  
The amendments to PFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to PFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- **PAS 12, Income Taxes**  
The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognized in profit or loss, regardless of how the tax arises.
- **PAS 23, Borrowing Costs**  
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows *generally* when calculating the capitalization rate on general borrowings.

#### *Amendments to PFRS 9, Financial Instruments – Prepayment Features with Negative Compensation*

The amendments cover two issues:

- What financial assets may be measured at amortized cost. The amendment permits more assets to be measured at amortized cost than under the previous version of PFRS 9, in particular some pre-payable financial assets.
- How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under PAS 39.

The amendments are effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The amendments will not have significant impact on the Group's consolidated financial statements.

#### *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 January 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 consolidated 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.

#### *Going-concern assumption of certain subsidiaries*

Included in consolidated financial statements are accounts of certain subsidiaries which are either reported a limited or no operation for the year ended December 31, 2018 and 2019. Management intends to re-focus its current business thrust into other ventures which are deemed to be more profitable and continue operation for a foreseeable future. Hence, the financial statements are prepared under the going concern assumption.

#### *Classification of financial assets*

In classifying its financial assets, the Group follows the guidance of PAS 39/PFRS 9. In making the judgment, the Group evaluates its intention, marketability of the instrument and its ability to hold the investments until maturity.

#### *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 P18.48 million as of March 31, 2019.



In 2019, portion of asset held for sale was reclassified back to investment properties due to changes in circumstances discussed in Note 11.

*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.

*Determination of fair value of assets and liabilities*

The Group 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 or unrealizable accounts. The level of allowance for impairment losses is evaluated by management on the basis of factors affecting collectability/realizability 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 P14 million and P16.18 million as of June 30, 2019 and FY March 31, 2019, 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.

*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, 2019 amounted to P18.48 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 December 31, 2019 and FY March 31, 2019 is as follows:

	Quarter ending December 31, 2019			FY ending March 31, 2019		
	Gross carrying amount	Allowance for impairment	Net carrying value	Gross carrying amount	Allowance for impairment	Net carrying value
Investment in associates						
ATN Phils. Solar	677,786,421	-	677,786,421	678,207,476	-	678,207,476
Mariestad Mining Corp.	7,000,000	(7,000,000)	-	7,000,000	(7,000,000)	-
Advances to related parties						
Transpacific -TBGI	10,954,190	-	10,954,190	-	-	-
ATN Phils. Solar	63,041,789	-	63,041,789	-	-	-
Sierra Madre Consolidated	4,306,000	(4,306,000)	-	4,306,000	(4,306,000)	-
	<b>P 763,088,399</b>	<b>(11,306,000)</b>	<b>P 751,782,399</b>	<b>P 689,513,476</b>	<b>(11,306,000)</b>	<b>P 678,207,476</b>

## 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 Dec. 30, 2019		FY ending March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash	5,569,247	5,569,247	17,211,263	17,211,263
Financial asset at FVOCI	22,955,000	22,955,000	22,955,000	22,955,000
Other financial liabilities				
Accounts payable and accrued expenses	3,150,106	3,150,106	4,477,123	4,477,123
Bank loans	85,792,138	85,792,138	24,649,440	24,649,440
Deposits	87,710,626	87,710,626	21,152,981	21,152,981
Subscription payable	42,481,600	42,481,600	86,961,600	86,961,600
Payable to related parties	512,272,864	512,272,864	493,623,793	493,623,793

Fair values were determined as follows:

- *Cash, receivables, accounts payable and accrued expenses, and subscription payable* – The fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Financial asset at fair value through other comprehensive income* – 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 by reference to its cost.
- *Bank loans* – The fair value of the loans payable is determined by discounting the principal using the market rate of 3%-5%.
- *Deposits* - The fair value of deposits approximates the carrying value as at year end since lease term are short-term in nature.

#### Fair value hierarchy

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

Dec. 31, 2019		Carrying value	Level 1	Level 2	Level 3
AFS securities					
Listed	P	1,302,000	1,302,000	-	-
Unlisted		21,864,000		21,864,000	-
FY March 31, 2019					
AFS securities					
Listed	P	1,271,000	1,271,000	-	-
Unlisted		21,684,000		21,684,000	-

## 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 December 31, 2019 and 2018 based on contractual undiscounted payments:

Dec. 31, 2019	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
Accounts payable and accrued expenses	2,985,000	P 1,680,263	-	-	-	P 4,665,263
Bank loans	-	-	-	21,900,000	3,090,752	24,990,752
Payable to related parties	-	-	-	-	383,061,131	383,061,131
	P 2,985,000	P 1,680,263	-	P 21,900,000	P 386,151,883	P 412,717,146

FY March 31, 2019	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
Accounts payable and accrued expenses	P 2,820,257	P 1,656,536	-	-	-	P 4,476,793
Bank loans	-	-	-	24,649,440	-	24,649,440
Due to related parties	-	-	-	-	493,623,794	493,623,794
Subscription payable	-	-	-	-	86,981,600	86,981,600
	P 2,820,257	P 1,656,536	-	P 24,649,440	P 580,605,394	P 609,731,627

### 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 March 31, 2019 and 2018. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure	
	Dec. 31, 2019	FY March 2019
Cash and cash equivalents	P 5,569,247	P 17,211,263
Financial asset at FVOIC	22,986,000	22,955,000
Advances to related parties	73,995,978	-
	P 102,551,226	P 40,166,263

The credit quality of the Group's assets as of December 31, 2019 and 2018 is as follows:

Dec. 31, 2019	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	5,569,247	-	-	-	5,569,247
Financial asset at FVOIC	-	22,954,460	-	31,540	22,986,000
Advances to related parties	-	73,995,978	-	-	73,995,978
	P 5,569,247	P 96,950,439	-	31,540.00	P 102,551,226

FY March 31, 2019	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	17,211,263	-	-	-	17,211,263
AFS	-	22,923,460	-	31,540	22,955,000
	P 17,211,263	P 22,923,460	P -	P 31,540	P 40,166,263

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.

#### 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 18.

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.

The effect on profit for the year is increase or decrease by nil in 2019 and P226,530 in 2018.

#### 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, Investment in financial asset . Before taking into account the effect of taxes, equity as of March 31, 2019 and 2018 would either decrease or increase by P3,100 and P90,985, respectively, 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 financial asset 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:

	Dec. 31, 2019	FY March 31, 2019
Equity	P 2,126,558,237	P 2,119,573,251
Total assets	3,297,877,306	3,487,998,425
Ratio	0.64	0.61

## 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 December 31, 2019 and December 31, 2018 follows:

Dec. 31, 2019	Real estate	Health care	Corporate and others	Total
Revenues	P 29,324,115	-	1,440,849.00	P 30,764,964
Interest income	926,225	232	1,458	927,915
	30,250,340	232	1,442,307	31,692,879
Direct cost	13,413,456	-	-	13,413,456
Administrative expenses	7,246,050	2,727,925	684,611	10,658,586
Equity in net loss of associate	-	421,055	-	421,055
Finance cost	2,045,179	-	1,830,396	3,875,575
	22,704,685	3,148,979	2,515,008	28,368,672
Income before income tax	7,545,654	(3,148,747)	(1,072,700)	3,324,207
Income tax expense	2,017,368	-	28,817	2,046,185
Income	5,528,286	(3,148,747)	(1,101,517)	1,278,022
Segment assets	2,812,504,739	746,313	1,225,677,735	4,038,928,787
Segment liabilities	949,204,931	6,124,334	740,407,978	1,695,737,243
Other information:				
Depreciation and amortization	2,037,581	1,927,707	-	3,965,288
Non-cash expenses other than depreciation	-	-	421,054	421,054

Dec 31, 2018	Real estate		Health care		Corporate and others		Total
Revenues	P	16,638,312	P	-	P	187,667	P 16,825,979
Interest income		5,696		-		1,627	7,323
		16,644,008		-		189,294	16,833,302
Direct cost		5,424,682		-		-	5,424,682
Administrative expenses		8,034,297		4,068,060		428,147	12,530,504
Equity in net loss of associate						1,597,454	1,597,454
Finance cost		1,553,967		-		-	1,553,967
		15,012,946		4,068,060		2,025,601	21,106,607
Income before income tax		1,631,062		(4,068,060)		(1,836,307)	(4,273,305)
Income tax expense		509,428		-		3,753	513,181
Income		1,121,634		(4,068,060)		(1,840,060)	(4,786,486)
Segment assets		2,645,388,691		12,981,226		593,860,698	P 3,252,230,615
Segment liabilities		781,730,500		13,119,785		390,630,444	1,185,480,729
Other information:							
Depreciation and amortiz		989,069		3,567,009		-	4,556,078
Non-cash expenses other than depreciation		-				1,597,454	1,597,454

## 9. Cash

The composition of this account consist of cash in banks of P5,569,247 and P17,211,263 as of December 31, 2019 and FY March 31, 2019 respectively.

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

## 10. Other Current Assets

The composition of this account is as follows:

		Dec. 2019		FY March 2019
Input taxes	P	3,434,657	P	2,044,717
Prepaid taxes		1,679,049		38,400
Creditable withholding taxes		603,731		1,839,839
Other receivable		-		6,000
Deposits		-		1,664,160
	P	5,717,436	P	5,593,116

- Creditable withholding taxes represents the 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of March 31, 2019 and 2018, 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 and Prepaid taxes represents 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.
- Other receivable are expenses on the common area of Summit One Tower paid by the Group. These receivables are not subject to interest.

## 11. Non-Current Assets Held for Sale

The movements of this account is as follows:

		Dec. 2019		FY March 2019
Balance at the beginning of the year	P	18,477,856	P	42,100,683
Sold during the year		(12,317,143)		(4,275,078)
Reclassification		(6,160,713)		(19,347,749)
	P	-	P	18,477,856

In 2012, the Company entered into a various contracts to sell for the sale of its investment properties. Payments are to be made in equal monthly installments over a period of 10 years. These are recorded as "*Non-current Asset held for sale*" since management believes that with the cumulative payments to date, it is reasonably expected that the remaining balance will be faithfully completed by the buyer.

Consistent with the reclassification of the investment properties, the related liabilities of the assets held for sale were also reclassified to current liabilities amounting to P21,945,941 as of March 31, 2019. These liabilities comprise the payments made by the other party in the aforesaid contracts to sell.

In 2017 until 2018, the buyer repeatedly failed to fulfill its commitments in accordance with the contract to sell. Accordingly, on January 15, 2019, after a final demand was still fruitless, the Company, through its legal counsel, informed the buyer that the aforementioned contracts to sell are rescinded and cancelled. The payments made by the buyer amounting to P15 million are deemed forfeited in favor of the seller. On the same date, the Company reclassified the related assets and liabilities previously classified as held for sale. The Company believes that negotiations are still open regarding the payments made hence the same was reported as part of "Deposits" in the statement of financial position.

## 12. Financial Asset at Fair Value Through Other Comprehensive Income/Available-for-Sale Securities

The composition of this account is as follows:

		Dec. 2019		FY March 2019
Listed shares of stock	P	1,271,000	P	1,271,000
Unlisted shares of stock		21,684,000		21,684,000
	P	22,955,000	P	22,955,000

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.



### 13. Investments in Associates - net

This account consists of the following:

	Dec. 2019		FY March 2019
<b>Cost:</b>			
Beginning of the year			
ATN Phils Solar Energy Group	P 690,080,120	P	331,425,000
Mariestad Mining Corp.	11,306,000		11,306,000
	P 701,386,120	P	342,731,000
Additions during the year	-		358,655,120
	701,386,120		701,386,120
<b>Equity in net losses</b>			
Beginning of the year	(11,872,644)		(8,244,798)
Current year	(1,597,454)		(3,627,846)
	(12,293,699)		(11,872,644)
<b>Total</b>	<b>689,092,421</b>		<b>689,513,476</b>
Allowance for impairment	(11,306,000)		(11,306,000)
	P 677,786,421	P	678,207,476

#### 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 following events transpired during 2018 involving the solar project of ATN Solar.

- Significant completion of pre-construction activities;
- Interconnection and negotiation for power supply agreement with Manila Electric Company;
- Registration of ATN Solar's project site as Special Economic Zone with the Philippine Economic Zone Authority

In the of process setting up the foundation, PV mounting frames and modules and other land developments, the Company have identified the quality of rocks and boulders at the project site to be of commercial use. Hence, a Rock Crusher Project was introduced. This involves the construction of rock crushing plant which will process armor rocks and crushed basalt aggregates. As of December 31, 2018, the rock crusher processing plant have been completed and the trial-run of production of aggregates has commenced with production cost of P68.5 million at year-end.

As of March 31, 2019, the Parent Company beneficially owns 48.44% of ATN Solar and it exercises significant influence over the financial and operating matters of the associate. On November 15, 2018 the Parent company subscribed to additional 358,655,120 shares of ATN Solar at P1 par value per share. As of March 31, 2019, P351,869,120 have been paid by the parent company. As of June 30, 2019, P32 million additional payment made. Accordingly, the shares of stock covering the additional subscription have not been issued by ATN Solar.

#### 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 loss on its investment in MMC. Furthermore, no financial information is available for MMC for the last 6 years.

#### 14. Investment Properties

The composition of this account as of December 31, 2019 and FY March 31, 2019 is as follows:

	<b>Dec. 2019</b>	FY March 2019
Land	<b>P 2,412,291,779</b>	P 2,391,304,795
Condominium units	<b>247,085,569</b>	278,393,564
Parking slots	<b>63,818,709</b>	26,350,000
Townhouses	<b>43,713,001</b>	22,953,001
Commercial building	<b>6,368,000</b>	6,368,000
	<b>P 2,773,277,058</b>	P 2,725,369,360

Investment properties consist of land, condominium units, parking lots, townhouses and commercial building. The movement of this account is as follows:

	<b>Dec. 2019</b>	FY March 2019
Balance at the beginning of the year	<b>P 2,725,369,360</b>	P 2,681,006,772
Additions during the year	<b>41,746,985</b>	25,014,839
Reclassification	<b>6,160,713</b>	19,347,749
	<b>P 2,773,277,058</b>	P 2,725,369,360

Additions during 2019 and 2018 represent various land improvements.

On April 2, 2018 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 P420.22 million. The fair market value is determined by a firm of independent appraiser on April 2, 2018 using the Market approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. Accordingly, the Company categorized these condominium units under Level 2 of the fair value hierarchy.

Commercial building situated at San Fernando, Pampanga has been re-appraised to properly reflect its fair market value. The investment property has a sound value of P6.638 million based on its depreciated appraisal value and as a result of valuation, the Company recognized an impairment loss amounting to P4.912 million reported in the Consolidated Statements of Income. The valuation method used in determining the appraised value of this property is Cost Approach, a comparative approach based on the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction.

Townhouses located at Riverside Village, Pasig City were re-appraised to properly reflect its fair market value. The appraisal resulted to an increase in value of investment amounting to P25.65 million. The fair market value of the townhouses was arrived using the Market approach. In this approach, the value of the townhouse units was based on sales and listings of comparable property registered within vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This was done by establishing the differences between the subject property and those actual sales and listings regarded as comparable.

## 15. Property and Equipment

Property and equipment consists of:

Dec. 31, 2019	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
At March 31, 2019	P 34,937,452	P 6,138,644	P 19,969,173	P 7,879,464	P 68,924,733
Addition		192,412			192,412
Deduction	(34,937,452)		-	-	(34,937,452)
At Dec. 31, 2019	-	6,331,056	19,969,173	7,879,464	34,179,693
<b>Accumulated depreciation</b>					
At March 31, 2019	25,949,086	6,054,149	18,319,729	2,417,415	52,740,379
Provisions	1,128,602	35,800	1,308,741	992,146	3,465,289
Deduction	(27,077,688)	-			(27,077,688)
At Dec. 31, 2019	-	6,089,949	19,628,470	3,409,561	29,127,980
<b>Net Book Value</b>					
At Dec. 31, 2018	P -	P 241,107	P 340,703	P 4,469,903	P 5,051,713

FY March 31, 2019	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
At March 31, 2018	P 34,937,452	P 6,138,644	P 19,969,173	P 3,988,393	P 65,033,662
Addition/(deduction)	-	-	-	3,891,071	3,891,071
At March 31, 2019	34,937,452	6,138,644	19,969,173	7,879,464	68,924,733
<b>Accumulated depreciation</b>					
At March 31, 2018	21,896,231	6,018,344	16,266,346	1,680,999	45,861,920
Provisions	4,052,855	35,805	2,053,383	736,416	6,878,459
At March 31, 2019	25,949,086	6,054,149	18,319,729	2,417,415	52,740,379
<b>Net Book Value</b>					
At March 31, 2019	P 8,988,366	P 84,495	P 1,649,444	P 5,462,049	P 16,184,354

During 2019 the company sold the medical equipment at book value of P7,859,764.

	Dec. 2019	FY March 2019
Direct cost	-	P 1,805,763
Administrative expenses	<b>3,465,288</b>	2,537,444
	<b>3,465,288</b>	P 4,343,207

## 16. 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:

	Dec. 2019	FY March 2019
Cost	P 15,000,000	P 15,000,000
<b>Accumulated amortization</b>		
Balance, April 1	11,000,000	9,150,000
Provisions for amortization	500,000	850,000
Provision for impairment loss		1,000,000
	<b>11,500,000</b>	11,000,000
Net Book Value	P 3,500,000	P 4,000,000

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## 17. Accounts Payable and Accrued Expenses

This account consists of the following:

		Dec. 2019		FY March 2019
Taxes payable	P	2,985,000	P	2,985,000
Trade		-		1,158,019
Accrued expenses		-		9,520
Others		165,106		324,584
	P	<b>3,150,106</b>	P	<b>4,477,123</b>

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;
- 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.

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## 18. Interest-bearing Loans

This account consists of borrowings as follows:

		Dec. 2019		FY March 2019
China Banking Corporation	P	84,000,000	P	21,900,000
United Coconut Planters Bank		1,792,138		2,749,490
		<b>85,792,138</b>		24,649,490
Less: current portion		<b>82,792,138</b>		22,857,352
		-		1,792,138

### CBC

PLDI has an existing combined peso credit line of up to P40.4 with CBC. As March 31, 2019 and 2018, PLDI have availed a total of P21.9 million and P20 million respectively. These loans carries interest rate 6.5% repriced every 6 months to 1 year. The loan is collateralized by a real estate mortgage covering PLDI's investment properties. Proceeds of loan was used for working capital requirements. These loans will mature in 2019.

### UCPB

On August 10, 2018, the Company availed the auto loan facility of UCPB amounting to P3.05 million payable in 36 months subject to interest rate of 9.92%. The loan is collateralized by a chattel mortgage on transportation equipment acquired. As of March 31, 2019, the loan has an outstanding balance of P2.52 million.

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## 19. Deposits

This account represents deposit on operating leases which is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts. As of December 31, 2019 and March 31, 2019, deposits on operating leases amounted to P87,710,626 and P21,945,941 respectively.

## 20. Subscription Payable

The movement of this account is as follows:

		Dec. 2019		FY March 2019
Balance at the beginning of the year	P	86,981,600	P	80,195,240
Subscription during the year		-		358,655,120
Payment during the year		44,500,000		(351,868,760)
	P	42,481,600	P	86,981,600

This represents subscription to the Capital stock of ATN Solar (see Note 11). Subscriptions are payable on demand or each capital call of ATN Solar. These funds are used by ATN Solar principally for capital expenditures and pre-operating expenses of the solar energy project.

The details of subscription are as follows:

- On March 14, 2017 the Company subscribed for 160.8 million shares of ATN Solar at P1 par value per share. This was fully paid during 2019.
- On November 15, 2018, the Company subscribed to 358,655,120 shares of ATN Solar at P1 par value per share, of which P271,648,470 have been paid (i) thru conversion of advances and (ii) in cash.

As of December 31, 2019 additional payment of P44.5 million, have been received as payment for 2018 subscription.

## 21. 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	P1,200,000,000	4,500,000,000	P 450,000,000

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.

## 22. Cost of Sales and Services

The breakdown of this account is as follows:

		Dec. 2019		Dec. 2018
Cost of real property	P	12,317,143		4,905,812
Real estate taxes		1,096,314		518,871
	P	13,413,456	P	5,424,683

## 23. Administrative Expenses

The breakdown of this account is as follows:

		Dec. 2019		Dec. 2018
Depreciation and amortization	P	3,965,288	P	5,056,079
Communication and association dues		2,258,297		1,773,310
Salaries, wages and benefits		1,639,906		1,573,390
Security services		282,571		1,208,776
Taxes, licenses and permits		183,982		664,948
Rent		408,263		782,105
Transportation and travel		611,848		370,492
Office supplies and printing		127,241		369,387
Professional fees		552,817		340,000
Miscellaneous		406,968		209,373
Insurance		221,405		182,643
	P	10,658,586	P	12,530,503

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. Salaries and other employee benefits account includes salaries, wages and retirement benefits of the employees.

## 24. Salary and Employee Benefits

The Group provides for retirement benefits costs required to be paid under RA 7641 (the Act) otherwise known as *Retirement Pay Law*. The Act provides for retirement benefits to employees reaching the age of 60 who have rendered at least five (5) years of service to the Group. Benefits accruing to employee are computed as the sum of (i) one half month of salary for every year of service, (ii) one-twelfth of 13<sup>th</sup> month pay and (iii) the cash equivalent of not more than five (5) days of service incentive leaves.

## 25. Related Party Transactions

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

Related party	Relationship
Transpacific Broadband Group Intl., Inc. (TBGI)	Affiliated company
Sierra Madre Consolidated Mines, Inc. (SMCM)	Affiliated company
ATN Philippines Solar Energy Group Int. (ATN Soiar)	Associate
Certain shareholders	Key management officers

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

- (i) Due from related parties

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		Dec. 2019	FY March 2019	Dec. 2019	FY March 2019	
Advances to related parties						
TBGI		10,954,190	-	10,954,190	-	Unsecured, non-interest bearing, no fixed payment, impaired
ATN Solar	Intercompany advances	63,041,789	-	63,041,789	-	Unsecured, non-interest bearing, no fixed payment, impaired
SMCM	Intercompany advances	-	-	11,756,000	11,756,000	
		73,995,978	-	85,751,978	11,756,000	
	Less: allowance for probable losses	-	-	11,756,000	11,756,000	
		73,995,978	-	73,995,978	-	

(ii) Due to related parties

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		Dec. 2019	FY March 2019	Dec. 2019	FY March 2019	
Advances from related parties						
TBGI	Intercompany advances / payments	-	(1,584,059)	-	1,100,664	no payment terms unsecured
UMI	Advances	3,445,525	-	3,445,525	-	
ATN Solar	Advances	-	68,096,648	-	34,383,059	no payment terms, unsecured
Shareholders	Net availment of advances	50,687,269	355,916,701	508,827,340	458,140,071	no payment terms, unsecured
		54,132,793	422,429,290	512,272,864	493,623,794	

Significant transaction with related parties are as follows:

1. 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.
2. 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.
3. For the years ended March 31, 2019, 2018, and 2017, the Group charged TBGI its proportionate share of communication, dues and utilities expenses amounting to P238,072, P1,116,709 and P968,110, respectively.
4. The details of subsidiaries' accounts that were eliminated in the process of consolidation are as follows:

		Dec. 2019		Dec. 2018
AHDCDC	P	11,707,392	P	938,715
MCPI		8,342,328		6,942,328
PLDI		22,985,765		(78,128,020)
		43,035,485		(70,246,977)

The Group did not recognize any key management compensation nor provided any stock options and bonuses for the fiscal years ended March 31, 2019, 2018 and 2017.

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## 27. Earnings (Loss) 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>Dec. 2019</b>	<b>Dec. 2018</b>
Earnings	<b>1,278,022</b>	(4,786,485)
Divided by :		
Weighted Average Shares	<b>4,500,000,000</b>	4,500,000,000
<b>Earning per share</b>	<b>0.00028</b>	<b>(0.0011)</b>

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

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## 28. 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

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 Holdings (Consolidated)		Palladian Land		Advanced Home		Managed Care	
	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018	Dec. 2019	Dec. 2018
Current Ratio	3.58	2.22	0.15	0.54	-	1	-	0.26
Debt to Equity Ratio	0.68	0.55	0.51	0.41	2.70	3.09	1.14	95
Asset to Equity Ratio	1.68	1.55	1.51	1.41	4.26	4.09	0.14	94
Interest Rate Coverage Ratio	-0.14	1.09	4.74	2.10	-	-	-	-
Gross Profit Margin	58%	68%	54%	67%	-	-	-	-
EBITDA	Php 7,289,495	Php 4,923,561	Php 9,885,267	Php 2,642,858	-	-	-	-
Net Income to Sales Ratio	7%	6%	14.90%	7%	-	-	-	-
Net Income (loss)	PhP1,278,022	-PhP4,786,484	PhP5,631,615	PhP1,194,360	-PhP103,329	-PhP73,736	-PhP2,727,692	-PhP4,199,225

On a consolidated basis, ATN accounts that changed by more than 5% compared to quarter ending December 31, 2019 financial statements are as follows:

- Cash and cash equivalent decreased to Php11.6 million from Php17 million (-68%).
- Property and equipment decreased to Php5 million from Php16.1 million (-69%)
- Intangible asset decreased to Php3.5 million from Php4.00 million (-12%)
- Advances to related parties increased to P74 million (100%)
- Accounts payable and accrued expenses decreased to Php3 million from Php4.47 million (-30%).
- Interest bearing loans increased to Php85.7 million from Php24.6 million (275%).
- Accounts payable decreased by Php1.792 million (100%)
- Deposits decreased to Php87.7 million from Php21.1 million (314%)
- Subscription payable decreased to Php42 million from Php86.9 million. (-51%).
- Total revenue increased as of December 31, 2019 to P31.7 million compared to P16.8 million as of December 31, 2018 (88%).

11. Direct cost increased as of December 31, 2019 to Php13 million compared to Php5.4 million as of December 30, 2018. The following direct cost are accounts with more than 5% change:
  - a. Cost of real property sold increased to Php12 million from P5million (151%)
  - b. Taxes and licenses increased to Php1.1 million from Php0.518 million (111%)
12. Administrative expenses decreased from Php12.5 million in December 31, 2018 compared to Php10.5 million in December 30, 2019. The following are the accounts with more than 5% change:
  - a. Decrease in depreciation and amortization by Php 1 million (-21%).
  - b. Increase in communication, dues and utilities by Php484 thousand (27%).
  - c. Decrease in security services by Php926 thousand (-76%).
  - d. Decrease in taxes and licenses by Php480 thousand (-72%)
  - e. Increase in transportation and travel by Php241 thousand (65%)
  - f. Decrease in rent by Php373 thousand (-48%)
  - g. Decrease in office supplies by Php242 thousand (-65%).
  - h. Increase in professional fees by Php212 thousand (62%)

#### Corporate Development

The Group subscribed 690 million shares and paid-up of 650 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.

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.

For the period ended December 31, 2019 year ended December 31, 2018, AHCDC and MXPI has no operations. AHCDC is poised to venture into joint operation or project with its affiliated companies while MCPHI has it plans to re-brand itself into collaborating with leading hospital in the country. During 2019, MCPI sold its medical equipment at book value. The financial statements do not include any adjustment that might result from this uncertainty.

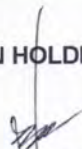
The company expects to continue its focus on its existing principal activities and actively pursue opportunities for investment in the construction materials supply business and renewable energy sectors in the Philippines.


#### 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  
 February 14, 2020

  
**CELINIA FAELMOCA**  
 Principal Accounting Officer  
 February 14, 2020