

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

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**ATN HOLDINGS, INC.**

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(Company)

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

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(Address)

**717-0523**

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(Telephone Number)

**March 31**

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(Fiscal Year Ending)  
(month & day)

**SEC 17Q**

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(Form Type)

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Amendment Designation (if applicable)

**September 30, 2018**

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(Period Ended Date)

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(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES  
REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarterly period ended September 30, 2018
2. Commission identification no. 37535                      3.BIR Tax Identification No. 005-056-869
4. ATN Holdings, Inc. (the "Company")
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
8. Telephone No. 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock, P.01	
Class "A"	3,700,000,000
Class "B"	800,000,000

11. These securities are not all listed on the Philippine Stock Exchange.
  - (a) The company has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
  - (b) The company has been subject to such filing requirements for the past ninety (90) days.

I. Financial Statements.

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

	Notes		<b>Unaudited 30-Sep 2018</b>		<b>Audited 31-Mar 2018</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	9	P	<b>7,550,740</b>	P	12,620,016
Accounts receivables	10		-		305,286
Other current assets	13		<b>4,434,946</b>		3,997,629
			11,985,686		16,922,931
Non-current assets held for sale	12		<b>37,825,606</b>		42,100,683
			49,811,292		59,023,614
<b>Noncurrent assets</b>					
Investment in:					
Available-for-sale investments	15		<b>22,986,000</b>		22,986,000
Associates-Net	14		<b>322,202,258</b>		323,180,202
Investment properties	16		<b>2,700,453,514</b>		2,681,006,772
Property and equipment - net	17		<b>15,769,915</b>		19,171,742
Intangible assets	18		<b>5,212,500</b>		5,850,000
Advances to related parties	25		<b>16,131,661</b>		14,746,500
			<b>3,082,755,848</b>		3,066,941,216
		P	<b>3,132,567,140</b>	P	3,125,964,830
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	19	P	<b>3,422,107</b>	P	4,085,862
Bank loans	20		<b>15,805,700</b>		43,102,212
			19,227,807		47,188,074
Liability portion of non-current assets held for sale			<b>36,988,947</b>		43,452,774
			56,216,753		90,640,848
<b>Noncurrent Liabilities</b>					
Deposits	21		<b>6,373,923</b>		5,129,253
Subscription payable			-		80,195,240
Payables to related parties	25		<b>227,338,242</b>		103,376,114
Pension liability			<b>573,696</b>		573,696
Deferred tax liabilities			<b>714,704,957</b>		714,704,957
			948,990,817		903,979,260
<b>TOTAL LIABILITIES</b>			<b>1,005,207,570</b>		994,620,108
<b>EQUITY</b>					
Share capital	22		<b>450,000,000</b>		450,000,000
Additional paid-in capital			<b>22,373,956</b>		22,373,956
Unrealized gain on available-for-sale financial assets - net of tax			<b>(1,423,973)</b>		(1,423,973)
Retained Earnings			<b>1,656,409,587</b>		1,660,394,739
			<b>2,127,359,570</b>		2,131,344,722
		P	<b>3,132,567,140</b>	P	3,125,964,830

See accompanying Notes to Financial Statements.

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

	Quarter Ending		Six (6) Months Ending	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
<b>REVENUE</b>				
Lease of properties	P3,305,802	P2,063,170	<b>P7,956,930</b>	P5,863,277
Sale of real estate	-	-	<b>5,748,953</b>	-
Healthcare services	-	234,221	-	1,859,842
<b>OTHER INCOME (EXPENSES)</b>				
Interest income	697	3,645	<b>5,101</b>	12,337
	<b>3,306,500</b>	<b>2,301,036</b>	<b>13,710,985</b>	<b>7,735,456</b>
<b>COST AND EXPENSES</b>				
Direct cost - Note 22	-	1,278,442	<b>5,424,682</b>	3,620,167
Administrative expenses - Note 23	393,496	2,466,441	<b>6,713,750</b>	6,256,843
Finance cost	697,616	254,159	<b>1,373,694</b>	734,241
Equity I net loss of an associate	231,233	341,094	<b>977,943</b>	1,187,809
	<b>1,322,345</b>	<b>4,340,136</b>	<b>14,490,070</b>	<b>11,799,060</b>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<b>1,984,155</b>	<b>(2,039,100)</b>	<b>(779,085)</b>	<b>(4,063,604)</b>
<b>INCOME TAX EXPENSE</b>	<b>(3,769)</b>	<b>(37,878)</b>	<b>95,739</b>	<b>104,540</b>
	<b>1,987,924</b>	<b>(2,001,222)</b>	<b>(874,824)</b>	<b>(4,168,144)</b>
<b>LOSS FROM DISCONTINUED OPERATION</b>	<b>(3,110,329)</b>	<b>-</b>	<b>(3,110,329)</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(P1,122,405)</b>	<b>(P2,001,222)</b>	<b>(P3,985,152)</b>	<b>(P4,168,144)</b>
<b>EARNINGS PER SHARE</b>			<b>(0.0089)</b>	<b>(0.0093)</b>

*See accompanying Notes to Financial Statements.*

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

	<b>Six (6) Months Ending</b>	
	<b>30-Sep-18</b>	<b>30-Sep-17</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>(1,423,973)</b>	(2,204,351)
Change in fair value of Available-for-sale financial assets	-	-
Balance at end of fiscal year	<b>(1,423,973)</b>	(2,204,351)
Retained earnings (deficit)		
Balance at beginning of fiscal year	<b>1,660,394,739</b>	1,352,118,145
Net income (loss) for the period	<b>(3,985,152)</b>	(4,168,363)
Balance at end of the year	<b>1,656,409,587</b>	1,347,949,782
	<b>P2,127,359,570</b>	P1,818,119,387

*See accompanying Notes to Financial Statements.*

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

	Quarter Ending		Six (6) Quarter Ending	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income ( Loss )	(P1,102,405)	(P3,116,689)	<b>(P3,985,152)</b>	(P4,168,363)
Adjustments for:				
Depreciation and amortization	3,511,287	879,104	<b>4,039,327</b>	2,277,736
Equity in net loss of an associate	231,233	388,217	<b>977,943</b>	1,187,809
Interest income	(697)	(4,526)	<b>(5,101)</b>	(12,337)
Interest expense	695,616	302,344	<b>1,373,694</b>	734,239
Operating income before working capital chan	3,335,033	(1,551,550)	<b>2,400,710</b>	19,084
Decrease (increase) in current assets				
Receivables	626,286	(682,251)	<b>305,286</b>	382,011
Other current assets	(496,040)	(168,034)	<b>(437,317)</b>	(271,329)
Increase (decrease) in current liabilities				
Accounts payable and accrued expens	(506,825)	3,095,496	<b>(663,755)</b>	2,578,439
Cash (used in) provided by operations	2,958,454	693,661	<b>1,604,924</b>	2,708,205
Interest received	697	4,526	<b>5,101</b>	12,337
	2,959,151	# 698,187	<b>1,610,025</b>	2,720,542
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Decrease (increase) in:				
Advances to related party	(1,385,161)	16,082,206	<b>(1,385,161)</b>	28,903,751
Investment properties	(6,150,621)	-	<b>(19,446,742)</b>	-
Disposal of Non-current assets held for sale		-	<b>4,275,077</b>	-
Decrease in Non-current liabilities held for sale		-	<b>(6,463,827)</b>	-
Payment of subscription	(42,195,240)	(21,000,000)	<b>(80,195,240)</b>	(33,000,000)
Increased (decreased) in deposits	(9,164)	(414,545)	<b>1,244,670</b>	722,610
	(49,740,186)	(5,332,339)	<b>(101,971,223)</b>	(3,373,639)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of:				
Principal	(26,824,012)	20,921,517	<b>(47,296,512)</b>	20,921,517
Interest	(697,616)	(302,344)	<b>(1,373,694)</b>	(734,239)
Proceeds of bank loans	-	-	<b>20,000,000</b>	-
Advances from related parties	75,977,560	-	<b>123,962,128</b>	-
	48,455,932	20,619,173	<b>95,291,922</b>	20,187,278
<b>NET INCREASE/(DECREASE) IN CASH</b>	<u>1,674,897</u>	<u>15,985,021</u>	<b>(5,069,276)</b>	19,534,181
<b>CASH AT BEGINNING OF PERIOD</b>			<b>12,620,016</b>	12,509,321
<b>CASH AT END OF PERIOD</b>			<b>P7,550,740</b>	P32,043,502

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**September 30, 2018 and FY March 31, 2018**

**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.

**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

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

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

*Statement of Compliance*

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

*Principle for Consolidation*

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

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

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

As of September 30, 2018 and FY March 31, 2018, 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. As of September 30, 2018, the company has no commercial operation but it has plans to re-brand itself into collaborating with leading hospital in the country.

For the year ended December 31, 2017 and 2016, AHCDC has no operations and is poised to venture into joint operation or project with its affiliated companies. The financial statements 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.

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### 3. Summary of Significant Accounting Policies

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

#### Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

#### Cash and Cash Equivalents

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

#### Financial Instruments

##### Date of Recognition

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



#### *Initial Recognition*

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

#### *Determination of Fair Value*

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

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

#### *Classification of Financial Instruments*

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

As of September 30, 2018 and FY March 31, 2018, the Group's financial instruments are of the nature of AFS securities, loans and receivables, and other financial liabilities.

#### *AFS securities*

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

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

#### *Loans and receivables*

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

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

#### *Other Financial Liabilities*

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

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

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

#### *Reclassification of Financial Assets*

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

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

#### *Impairment*

##### *Financial Assets*

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

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

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

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

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

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

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

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

#### *Non-Financial Assets*

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

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

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

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

#### *Derecognition of Financial Instruments*

##### *Financial Assets*

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

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

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

##### *Financial Liabilities*

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

##### *Real Estate Inventories*

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

#### Non-current Assets Held for Sale

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

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

#### Other Current Assets

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

#### Investment Properties

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

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, Financial Instruments: Recognition and Measurement.

### Property and Equipment

Property and equipment are initially recognized at cost including the costs 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.

### Equity

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

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

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

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

#### Other Comprehensive Income

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

#### Revenue and Cost Recognition

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

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

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

#### Retirement Benefit Cost

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

#### Borrowing Costs

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

#### Income Taxes

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

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

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

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

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

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

#### Foreign Currency Transactions and Translations

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

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

#### Provisions

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

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

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

#### Contingencies

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

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

#### Earnings (Loss) Per Share

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

#### Related Party Transactions and Relationships

Related party relationships exist when one party has the ability to control directly or indirectly through one or more of the intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among the reporting entity and its key management personnel, directors or its shareholders. Transactions between related parties are accounted for at arm's length prices or on terms similar to those offered to non-related entities in an economically comparable market.

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

#### Segment Reporting

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

#### Events after the Reporting Period

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

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#### **4. Changes in Accounting Standards**

##### New Accounting Standards and Amendments to Existing Standards Effective as of April 1, 2017

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, 2017.

##### Amendments to PAS 7, Statement of Cash Flows

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. These amendments do not have any significant impact on the Group's consolidated financial statements.

##### Amendments to PAS 12, Income taxes – Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments do not have any impact on the Group's consolidated financial statements.

##### New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to March 31, 2018

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



#### Effective 2018

#### 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

They are effective for annual periods beginning on or after April 1, 2018. 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. Early application of the amendment is permitted.

#### 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. They are effective for annual periods beginning on or after January 1, 2018.

#### PFRS 9, *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 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. Locally, the SEC adopted IFRS 9 or PFRS 9 on August 17, 2016.

For impairment assessment, the Group will apply the simplified approach and record lifetime expected losses on all receivables. The Group is still assessing the full impact of loss allowance based on PFRS 9. The Group does not have any hedging instrument transactions, hence, the hedge accounting of PFRS 9 will not affect the Group.

#### PFRS 15, Revenue from Contracts with Customers

PFRS 15 replaces PAS 11, Construction Contracts, PAS 18, Revenue, IFRIC 13, Customer Loyalty Programmes, IFRIC 18, Transfer of Assets from Customers and SIC-31, Revenue - Barter Transactions Involving Advertising Services. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties.

Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

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

The Annual Improvements to PFRSs (2014-2016 cycle) are effective for annual periods beginning on or after January 1, 2018 and will not have 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.

#### 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 are not expected to have any impact on the Group.

#### 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 Group does not expect the adoption of this interpretation to have any significant impact on the consolidated financial statements.

## 5. Summary of Significant Accounting Judgments and Estimates

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

### *(i) Judgments*

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

#### *Determination of functional currency*

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

#### *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, 2017. 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.

#### *Classification of financial assets*

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

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

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

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

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

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

#### *Classification of assets held for sale*

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

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

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

Level 1

Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. An asset or liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an

exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

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

Level 3

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

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

*Provision and contingencies*

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

*(ii) Estimates*

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

*Estimation of allowance for impairment losses on receivables*

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

*Estimated useful lives of property and equipment*

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

*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.

On April 2, 2018, a reappraisal was made for part of the Group's investment properties. The appraisal resulted into an increment amounting to P440.96 million. For lots, raw land and condominium units, the value were arrived at using the *Market Approach*. This is a comparative approach to value that considers the sales of similar substitute properties and related market data and establishes a value estimate by processes involving comparison, listings and offerings. The value of improvements was determined under the *Cost approach*. The approach is based on the reproduction cost of the subject property, less depreciation, plus the value of the land to which an estimate of entrepreneurial incentive is commonly added.

*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, 2018 amounted to P42.1 million.

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

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

The net carrying value of Investment in and Advances to Associates as of September 30, 2018 and FY March 31, 2018 is as follows:

	Quarter ending September 30, 2018			FY ending March 31, 2018		
	Gross carrying amount	Allowance for impairment	Net carrying value	Gross carrying amount	Allowance for impairment	Net carrying value
Investment in associates						
ATN Phils. Solar	322,202,258	-	322,202,258	323,180,202	-	323,180,202
Mriestad Mining Corp.	7,000,000	(7,000,000)	-	7,000,000	(7,000,000)	-
Advances to related parties						
Unipage Mgt., Inc.	4,318,802	-	4,318,802	13,921,799	-	13,921,799
ATN Phils. Solar	11,812,859	-	11,812,859	-	-	-
Sierra Madre Consolidated	4,306,000	(4,306,000)	-	11,756,000	(11,756,000)	-
	P 349,639,919	(11,306,000)	P 338,333,919	P 355,858,001	(18,756,000)	P 337,102,001

## 6. Fair Value Measurement

*Fair value of Financial Instruments*

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

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

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

	Quarter ending Sept. 30, 2018		FY ending March 31, 2018	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash	7,550,740	7,550,740	12,620,016	12,620,016
Trade receivables	-	-	305,286	305,286
AFS securities	22,986,000	22,986,000	22,986,000	22,986,000
Other financial liabilities				
Accounts payable and accrued expenses	3,422,107	3,422,107	4,085,862	4,085,862
Bank loans	15,805,700	15,805,700	43,102,212	43,102,212
Deposits	6,373,923	6,373,923	5,129,253	5,129,253
Subscription payable	-	-	80,195,240	80,195,240

Fair values were determined as follows:

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

#### Fair value hierarchy

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

Sept. 30, 2018		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, 2018					
AFS securities					
Listed	P	1,302,000	1,302,000	-	-
Unlisted		21,864,000		21,864,000	-

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

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

#### Liquidity Risk

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities at September 30, 2018 and FY March 31, 2018 based on contractual undiscounted payments:

Sept. 30, 2018	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	437,106.85	P 2,985,000	-	-	-	P 3,422,107
Bank loans	-	-	-	-	15,805,700	15,805,700
Due to related parties	-	-	-	-	227,338,242	227,338,242
	P 437,107	P 2,985,000	-	-	P 243,143,941	P 246,566,048

FY March 31, 2018	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 2,985,000	P 1,100,862	-	-	-	P 4,085,862
Bank loans	-	-	-	43,102,212	-	43,102,212
Due to related parties	-	-	-	-	103,376,114	103,376,114
Subscription payable	-	-	-	-	80,195,240	80,195,240
	P 2,985,000	P 1,100,862	-	P 43,102,212	P 183,571,354	P 230,759,428

### Credit Risk

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

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

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2018 and FY March 31, 2018. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure	
	Sept. 30, 2018	FY March 2018
Cash and cash equivalents	P 7,550,740	P 12,610,016
AFS	22,986,000	22,986,000
Trade receivable	-	305,286
Due from related parties	16,131,661	14,746,500
	P 46,668,401	P 50,647,802

The credit quality of the Group's assets as of September 30, 2018 and FY March 31, 2018 is as follows:

Sept. 30, 2018	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	7,550,740	-	-	-	7,550,740
AFS	-	22,954,460	-	31,540	22,986,000
Due from related parties	-	16,131,661	-	-	16,131,661
	P 7,550,740	P 39,086,121	-	31,540.00	P 46,668,401

FY March 31, 2018	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	12,610,016	-	-	-	12,610,016
AFS	-	22,954,460	-	31,540	22,986,000
Trade receivable	-	-	305,286	-	305,286
Due from related parties	-	14,746,500	-	-	14,746,500
	P 12,610,016	P 37,700,960	P 305,286	P 31,540	P 50,647,802

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 20.

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

#### Price Risk

The Group's price risk exposure at year-end relates to financial asset whose value fluctuates as a result of changes in market price, principally, AFS financial asset. The impact on the Group's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Investment in AFS securities.

#### Capital Management

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

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



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

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

	Sept. 30, 2018	FY March 31, 2018
Equity	P 2,127,359,570	P 2,131,344,722
Total assets	3,132,567,140	3,125,964,830
Ratio	0.68	0.68

## 8. Segment information

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

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

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

The segment information in the consolidated financial statements as of September 30, 2018 and September 30, 2017 follows:

Sept. 30, 2018	Real estate	Health care	Corporate and others	Total
Revenues	P 13,584,343	-	P 121,540	P 13,705,883
Other income	3,321	1,537	-	4,858
	13,587,664	1,537	121,540	13,710,741
Direct cost	5,424,682	-	-	5,424,682
Administrative expenses	5,949,228	3,240,517	165,074	9,354,819
Equity in net loss of associate	-	-	977,943	977,943
Finance cost	1,373,694	-	-	1,373,694
	12,747,604	3,240,517	1,143,017	17,131,138
Income before income tax	840,060	(3,238,980)	(1,021,477)	(3,420,397)
Income tax expense	93,308	-	2,431	95,739
Income	746,752	(3,238,980)	(1,023,908)	(3,516,136)
Segment assets	2,712,440,205	7,049,584	398,286,963	3,117,776,752
Segment liabilities	811,251,436	6,228,876	134,432,205	951,912,517
Other information:				
Depreciation and amort	1,364,070	2,675,257	-	4,039,326
Non-cash expenses other than depreciation	-	-	977,943	977,943
Sept 30, 2017	Real estate	Health care	and others	Total
Revenues	P 5,519,130	P 1,859,642	P 344,147	P 7,722,919
Other income	880	3,443	8,014	12,337
	5,520,010	1,863,085	352,161	7,735,256
Direct cost	633,301	2,986,886	-	3,620,187
Administrative expenses	4,052,970	1,949,514	254,359	6,256,843
Equity in net loss of associate	-	-	1,187,809	1,187,809
Finance cost	734,241	-	-	734,241
	5,420,512	4,936,400	1,442,168	11,799,080
Income before income tax	99,498	(3,073,315)	(1,090,007)	(4,063,824)
Income tax expense	97,717	-	6,823	104,540
Income	P 1,781	(3,073,315)	(1,096,830)	(4,168,364)
Segment assets	2,277,672,594	27,416,577	617,417,586	P 2,922,506,757
Segment liabilities	125,077,222	20,266,906	160,021,744	305,365,872
Other information:				
Depreciation and amortiz	1,029,525	2,803,176	-	3,832,701
Non-cash expenses other than depreciation	-	-	1,187,809	1,187,809

## 9. Cash

The composition of this account is as follows:

		Sept. 2018		FY March 2018
Cash in banks	P	7,540,740	P	12,610,016
Cash on hand		10,000		10,000
	<b>P</b>	<b>7,550,740</b>	<b>P</b>	<b>12,620,016</b>

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

## 10. Receivables

The composition of this account as of March 31, 2018 is non-trade receivable in the amount P305,286 and fully collected as of September 30, 2018.

## 12. Non-Current Assets Held for Sale

On various dates, during 2013 and 2012, the Group entered into a contract to sell for the sale of its investment properties at a total contract price of P47.15 million. Payments are made in equal monthly installments over a period of 10 years. In 2018, management believes, that with the cumulative payments to date, it is reasonably expected that the remaining balance will be faithfully completed by the buyer. Hence, the cost of investment property subject of the contract to sell was reclassified to Non-current asset held-for-sale during 2017.

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

Consistent with the reclassification of the investment properties, the related liability of the asset held for sale were also reclassified to liability portion of non-current assets held for sale amounting to P43.45 million and P41.05 million as of March 31, 2018 and 2017, respectively.

These liabilities comprise the payments made by the other party in the aforesaid contract to sell.

Management expects to record the sale of above investment properties within the fiscal year ended March 31, 2019.

## 13. Other Current Assets

The composition of this account as of September 30 and FY March 31, 2018 is as follows:

		Sept. 2018		FY March 2018
Creditable withholding taxes	P	2,306,812	P	1,862,185
Deposits		562,183		1,676,119
Input taxes		1,565,951		459,325
	<b>P</b>	<b>4,434,946</b>	<b>P</b>	<b>3,997,629</b>

- Creditable withholding taxes represents the 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of September 30, 2018 and FY March 31, 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 represent the 12% tax on domestic purchases of goods and services from VAT registered entities. Input tax is applied against output taxes on a monthly basis.

#### 14. Available-for-Sale Investments

The composition of this account is as follows:

		Sept. 2018		FY March 2018
Listed shares of stock	P	1,302,000	P	1,302,000
Unlisted shares of stock		21,684,000		21,684,000
	P	22,986,000	P	22,986,000

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.

Changes in fair value if any are reported separately in the statement of comprehensive income, net of deferred income tax.

#### 15. Investments in Associates - net

This account consists of the following:

		Sept. 2018		FY March 2018
Cost:				
Beginning of the year				
ATN Phils Solar Energy Group	P	331,425,000	P	336,425,000
Mariestad Mining Corp.		11,306,000		11,306,000
	P	342,731,000	P	347,731,000
Additions during the year		-		-
Disposal during the year		-		(5,000,000)
		342,731,000		342,731,000
Equity in net losses				
Beginning of the year		(8,244,778)		(6,504,524)
Current year		(977,964)		(1,740,254)
		(9,222,742)		(8,244,778)
Total		333,508,258		334,486,222
Allowance for impairment		(11,306,000)		(11,306,000)
	P	322,202,258	P	323,180,222

##### ATN Solar

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

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

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

On various dates, during 2017 and 2018, the Group made additional payments amounting to P76,748,460. As of March 31, 2018 and 2017, the balance of subscription payable amounted to P80,195,240 and P156,943,700, respectively.

On December 5, 2017, the Parent Company sold 5 million shares of ATN Solar to Unipage Management, Inc. (UMI) with the carrying value of P1 per share.

The Company recognized a gain on sale of its investment in ATN Solar amounting to 10 million for the year 2017 and was reflected in the consolidated statements of income. The disposal resulted to a decrease of equity interest in ATN Solar from 48.06% to 47.35%. UMI is a related party (see Note 26).

#### 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.

## 16. Investment Properties

The composition of this account is as follows:

		Sept. 2018		FY March 2018
Land	P	2,364,976,698	P	2,345,083,528
Condominium units		240,924,855		240,924,710
Parking slots		44,470,960		44,470,960
Townhouses		43,713,001		44,159,574
Commercial building		6,368,000		6,368,000
	P	<b>2,700,453,514</b>	P	<b>2,681,006,772</b>

Investment properties consist of land, condominium units, parking lots, townhouses and commercial building.

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.

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

## 17. Property and Equipment

Property and equipment consists of:

Sept. 30, 2018		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		-		-		-		-		-
<b>At Sept 30, 2018</b>		<b>34,937,452</b>		<b>6,138,644</b>		<b>19,969,173</b>		<b>3,988,393</b>		<b>65,033,662</b>
<b>Accumulated depreciation</b>										
At March 31, 2018		21,896,228		6,018,344		16,266,349		1,681,000		45,861,921
Provisions		1,354,325		35,801		1,635,337		376,364		3,401,826
<b>At Sept 30, 2018</b>		<b>23,250,554</b>		<b>6,054,145</b>		<b>17,901,686</b>		<b>2,057,364</b>		<b>49,263,747</b>
<b>Net Book Value</b>										
At Sept 30, 2018	P	11,686,898	P	84,499	P	2,067,488	P	1,931,029	P	15,769,915

March 31, 2018		Medical Equipment & Fixtures		Office Furniture & Fixtures		Leasehold Improvements		Transportation Equipment		Total
<b>Cost</b>										
At March 31, 2017	P	34,729,809	P	6,138,644	P	19,969,173	P	2,641,072	P	63,478,698
Addition/(deduction)		207,643		-		-		1,347,321		1,554,964
<b>At March 31, 2018</b>		<b>34,937,452</b>		<b>6,138,644</b>		<b>19,969,173</b>		<b>3,988,393</b>		<b>65,033,662</b>
<b>Accumulated depreciation</b>										
At March 31, 2017		20,090,465		5,352,104		14,345,471		1,324,643		41,112,683
Provisions		1,805,766		666,237		1,920,878		356,357		4,749,238
<b>At March 31, 2018</b>		<b>21,896,231</b>		<b>6,018,341</b>		<b>16,266,349</b>		<b>1,681,000</b>		<b>45,861,921</b>
<b>Net Book Value</b>										
At March 31, 2018	P	13,041,221	P	120,303	P	3,702,824	P	2,307,393	P	19,171,741

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

	Sept. 2018	FY March 2018
Direct cost	-	P 1,805,763
Administrative expenses	<b>1,364,070</b>	2,943,473
	<b>1,364,070</b>	P 4,749,236

## 18. Intangible Asset

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

The movement in intangible asset is as follows:

	Sept. 2018	FY March 2018
Cost	P 15,000,000	P 15,000,000
<b>Accumulated amortization</b>		
Balance, April 1	9,150,000	8,300,000
Provisions	637,500	850,000
	<b>9,787,500</b>	9,150,000
<b>Net Book Value</b>	P <b>5,212,500</b>	P 5,850,000

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

	<b>Sept. 2018</b>		FY March 2018
Direct cost	-	P	350,000
Administrative expenses	<b>637,500</b>		500,000
	<b>P 637,500</b>	P	<b>850,000</b>

## 19. Accounts Payable and Accrued Expenses

This account consists of the following:

	<b>Sept. 2018</b>		FY March 2018
Capital gains tax payable	<b>2,985,000</b>	P	2,985,000
Trade	<b>437,107</b>		894,138
Accrued expenses	-		12,460
Others	-		194,264
	<b>P 3,422,107</b>	P	<b>4,085,862</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;
- Capital gains tax payable pertains to the aggregate amount of taxes payable on sale of unlisted shares;
- Other current liabilities are non-interest bearing and have a maximum term of six (6) months.

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

## 20. Bank loans

This account consists of borrowings of PLDI as follows:

	<b>Sept. 2018</b>		FY March 2018
China Banking Corporation	<b>1,900,000</b>	P	20,000,000
Rizal Commercial Banking Corporation	<b>13,905,700</b>		23,102,212
	<b>15,805,700</b>		43,102,212
Less: current portion	<b>15,805,700</b>		43,102,212
	-		-

### CBC

Loans from CBC which are denominated in Philippine Peso, were availed on September 2017 for working capital requirements. Loans are payable within 1 year and subject to 5% interest per annum.

### RCBC

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

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

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

As of March 31, 2018, foreign currency losses incurred related to translating the RCBC JP Yen loans amounted to P1,112,540 million were charged to UMI (see Note 26) in accordance with the hedging agreement.

Financing charges related to these loans amounted to P1,373,694 in September 2018 and P1,324,687 in 2018.

## 21. 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 September 30, 2018 and FY March 31, 2018, deposits on operating leases amounted to P6,383,087 and P5,129,253, respectively.

## 22. Equity

### Share capital

Component of share capital is as follows:

Title of Issue	Authorized share capital		Subscribed and paid	
	Number of shares	Amount	Number of shares	Amount
Common				
Class A	4,200,000,000	P 420,000,000	3,700,000,000	P 370,000,000
Class B	2,800,000,000	280,000,000	800,000,000	80,000,000
Preferred	5,000,000,000	500,000,000	-	
	12,000,000,000	P1,200,000,000	4,500,000,000	P 450,000,000

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

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

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

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

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

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### 23. Cost of sales and services

The breakdown of this account is as follows:

		Sept. 2018		Sept. 2017
Cost of real property	P	4,905,812		-
Taxes and licenses		518,871		633,301
Depreciation and amortization		-		1,354,322
Utilities		-		354,131
Medical supplies		-		271,337
Rent		-		794,266
Salaries, wages and benefits		-		141,830
Professional fees		-		71,000
		<b>5,424,682</b>	P	<b>3,620,187</b>

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### 24. Administrative expenses

The breakdown of this account is as follows:

		Sept. 2018		Sept. 2017
Depreciation and amortization	P	1,364,070	P	2,478,379
Communication and association dues		1,362,797		1,020,035
Salaries, wages and benefits		953,859		1,096,272
Taxes, licenses and permits		710,692		214,445
Contractual services		525,712		-
Professional fees		110,000		120,000
Rent		381,155		422,044
Security services		364,430		440,939
Transportation and travel		284,114		310,434
Office supplies and printing		273,906		120,060
Miscellaneous		200,372		34,234
Insurance		182,643		-
	P	<b>6,713,750</b>	P	<b>6,256,842</b>

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

### 25. 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.



## 26. Related Party Transactions

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

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		Sept. 2018	FY March 2018	Sept. 2018	FY March 2018	
Advances to related parties						
UMI	Intercompany advances	(9,602,998)	(31,015,609)	4,318,802	13,921,800	no payment terms
	Sale of shares of ATN Solar	-	15,000,000	-	-	unsecured
	Net effect of hedging transaction	-	962,540	-	-	
SMCM	Intercompany advances	-	-	11,756,000	11,756,000	Unsecured, non-interest bearing, no fixed payment, impaired
TBGI	Net payment of advances	-	5,132,243	-	217,221	Unsecured, non-interest bearing, no fixed payment, impaired
ATN Solar	Teaming agreement	11,205,380	333,539	11,812,859	607,479	On-demand
				27,887,661	26,502,500	
Less: allowance for probable losses				11,756,000	11,756,000	
				16,131,661	14,746,500	
Advances from related parties						
TBGI	Intercompany advances / payments	1,801,286	-	1,801,286	1,152,747	no payment terms unsecured
Shareholders	Net availment of advances	123,313,588	37,010,369	225,536,955	102,223,367	no payment terms unsecured
				227,338,241	103,376,114	

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

- Transactions with UMI for the years 2018 and 2017 are as follows:

- (i) Sale of shares of stock to UMI during 2018 and 2017 is as follows:

Issuer	Transaction price	
	2018	2017
ATN Solar (see Note 15)	P 15,000,000	P -
TBGI (see Note 14)	-	19,908,826
	P 15,000,000	P 19,908,826

TBGI shares were sold based on the close/bid price from the Philippine Stock Exchange. ATN Solar shares were sold based on par value adjusted for time value of money, with gain on sale amounting to P10 million for the period of 2018.

- (ii) The Group transferred one of its investment property as payment to Blue Stock Development Holdings, Inc. amounting to P8,289,850 (see Note 30 and 16).
- (iii) As discussed in Note 20, the Group and UMI are parties to a *Hedging Agreement* covering the former's bank loans. The net effect of the hedging were accounted for as related party transaction as follows:

Net foreign currency loss on hedged account	P	1,112,540
Transaction fee due to UMI		(150,000)
	P	962,540

- In prior years, the Group made advances to SMCM to fund its mining activities. Such advances will be converted into equity interest in SMCM when mining operations commence. Due to unforeseen circumstances, SMCM encountered financial difficulties and were unable to operate and generate revenues and cash flows. Accordingly, the Group provided a full impairment loss on its advances to SMCM in 2014 amounting to P11.7 million.
- The Group and TBGI are parties to a Teaming Agreement executed in January 2013. Pursuant thereto, sharing of cost and expenses incurred within Summit One Condominium Tower related to technical operations is to be advanced by either of the parties and to be reimbursed from the other parties proportionately or by actual usage as the case maybe.

The details of subsidiaries' accounts that were eliminated in the process of consolidation are as follows:

		<b>Sept. 2018</b>		FY March 2018
AHCDC	<b>P</b>	<b>11,707,392</b>	<b>P</b>	10,768,677
MCPI		<b>6,942,328</b>		6,942,328
PLDI		<b>(58,726,990)</b>		(60,328,401)
		<b>(40,077,270)</b>		(42,617,396)

The Group did not recognize any key management compensation nor provided any stock options and bonuses for the period September 30, 2018 and fiscal years ended March 31, 2018.

## 27. Earnings per Share

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

	<b>Sept. 2018</b>	FY March 2018
Earnings	<b>(3,985,152)</b>	308,276,593
Divided by :		
Weighted Average Shares	<b>4,500,000,000</b>	4,500,000,000
Earning per share	<b>(0.0009)</b>	<b>0.0685</b>

## 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 Holding Consolidated		Palladian Land		Advanced Home		Managed Care	
	Sept 2018	Sept 2017	Sept 2018	Sept 2017	Sept 2018	Sept 2017	Sept 2018	Sept 2017
Current Ratio	14.56	11.36	-0.73	0.95	.11	37.67	1.02	0.57
Debt to Equity Ratio	0.47	0.48	0.46	0.54	3.29	2.95	16.05	0.77
Asset-to-Equity Ratio	1.47	1.48	1.46	1.70	4.29	1.95	17.05	1.07
Interest Rate Coverage Ratio	0.43	-4.53	1.23	-1.11	-	-	-	-
Gross Profit Margin	60%	53%	60%	89%	-	-	-	-61%
EBITDA	P1,440,936	P1,409,936	P1,303,417	P1,208,211	-	-	-	P270,138
Net Income to Sales Ratio	-0.50	-0.71	.02	0.01	-	-	-	-2.65
Net Income (Loss) in Pesos	-P3,995,152	-P4,168,363	P221,039	-P80,869	-P73,736	-P84,334	-P3,238,980	-P3,073,314

On a consolidated basis, ATN accounts that changed by more than 5% compared to quarter ending September 30, 2018 financial statements are as follows:

- Cash and cash equivalent decreased to Php7.5 million from Php12.6 million (-40%).
- Accounts receivable of P305,286 was 100% collected.
- Property and equipment decreased to Php15.8 million from Php19 million (-18%)
- Intangible asset decreased to Php4.2 million from Php5.8 million (-11%)
- Advances to related parties increased to Php16 million from Php15 million (9%)
- Non-current assets held for sale decreased to Php37.8 million from Php42 million (-10%)
- Accounts payable and accrued expenses decreased to Php3.4 million from Php4 million (-16%).
- Bank loans decreased to Php15.8 million from Php43 million (-63.33%).
- Liability portion of non-current assets held for sale decreased to Php37 million from Php43 million (-15%).

10. Deposits increased to Php6.3 million from Php5 million (24%)
11. Subscription payable of Php80.195 million was paid in full (100%).
12. Total revenue increased as of September 30, 2018 to P13.7 million compared to P7.7 million as of September 30, 2017.
13. Direct cost increased as of September 30, 2018 to Php5.4 million compared to Php3.6 million as of September 30, 2017. The following direct cost are accounts with more than 5% change:
  - a. Cost of real property sold of Php4.9 million.
  - b. Taxes and licenses decreased to Php0.518 million from Php0.633 million (-18%)
14. Administrative expenses increased from Php6.2 million in September 30, 2017 compared to Php6.7 million in September 30, 2018. The following are the accounts with more than 5% change:
  - a. Decrease in depreciation and amortization by Php1.1 million (-44%).
  - b. Increase in communication, dues and utilities by Php342 thousand (33%).
  - c. Decrease in salaries, wages and other benefits by Php142 thousand (-13%)
  - d. Increase in taxes and licenses by Php496 thousand (231%).
  - e. Increase in contractual services by Php525 thousand (100%).
  - f. Decrease in professional fees by Php10 thousand (-8%)
  - g. Decrease in security services by Php76 thousand (-17%).
  - h. Decrease in rent by Php41 thousand (-9%)
  - i. Decrease in transportation and travel by Php26 thousand (-8%).
  - j. Increase in office supplies by Php153 thousand (128%).
15. Loss from discontinued operation as of September 30, 2018 of Php3 million due to non-commercial operation of Managed Care Philippines, Inc.

#### Corporate Development

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

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.

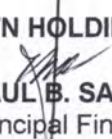
For the year ended December 31, 2017 and 2016, AHCDC has no operations and is poised to venture into joint operation or project with its affiliated companies.


As of September 30, 2018 MCPHI has no operations but has it plans to re-brand itself into collaborating with leading hospital in the country. The financial statement 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 healthcare technology and renewable energy sectors in the Philippines.

#### SIGNATURES

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

Company : ATN HOLDINGS, INC.  
 Signature and Title :   
**PAUL B. SARIA**  
 Principal Financial Officer  
 November 16, 2018

  
**CELINIA FAELMOCA**  
 Principal Accounting Officer  
 November 16, 2018