

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 City**

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(Address)

**7717-05-23**

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(Telephone Number)

**March 31**

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(Fiscal Year Ending)  
(month & day)

**SEC Form 17-A**

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(Form Type)

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Amendment Designation (if applicable)

**March 31, 2024**

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(Period Ended Date)

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(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17  
OF THE SECURITIES REGULATION CODE AND SECTION 141  
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **March 31, 2024**
2. SEC Identification Number: **37535**
3. BIR Tax Identification No. **005-056-869**
4. Exact name of registrant as specified in its charter:  
**ATN Holdings, Inc.**
5. **Mandaluyong, Philippines**  
Province, Country or other jurisdiction of  
incorporation or organization
6. (SEC Use Only)  
Industry Classification Code:
7. **9/F Summit One Tower, 530 Shaw Blvd., Mandaluyong City**      **1550**  
Address of principal office      Postal Code
8. **(632) 7717-0523**  
Registrant's telephone number, including area code
9. **N/A**  
Former name, former address, and former fiscal year, if changed since last 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
<b>Common A</b>	<b>4,025,055,429</b>
<b>Common B</b>	<b><u>2,800,000,000</u></b>
<b>TOTAL</b>	<b><u>6,825,055,429</u></b>
11. Are any or all of these securities listed on the Philippine Stock Exchange?  
**Yes [x]**      **No [ ]**
12. Check whether the registrant:
  - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);  
**Yes [X]**      **No [ ]**
  - (b) has been subject to such filing requirements for the past 90 days.  
**Yes [X]**      **No [ ]**
13. Aggregate market value of the voting stock held by non-affiliate of the registrant  
**P751,158,164**

## PART I – BUSINESS AND GENERAL INFORMATION

### Item 1. Business

#### (1) Business Development

ATN Holdings, Inc. (ATN) is holding company is mainly engaged in real estate, land development, mining, energy and health care services. On March 14, 1996, The Company's change of par from One Centavo (P0.01) per share to One Peso (P1.00) per share was subsequently approved by the SEC in November, 1996.

On August 29, 2008 the Securities and Exchange Commission approved the increase in capital stock from P200 million to P1.2 billion. The capital consisted of 720,000 class "A" shares and 480,000 class "B" shares with a par value of P1 each. Out of the P1 billion capital increase, P250 million was subscribed and that P220 million was paid through the deposit for future subscription.

On March 27, 2015, the Securities and Exchange Commission approved the change in par value of ATN Holdings Shares from P1.00 per share to P0.10 per Class "A" and Class "B" share .

On June 30, 2016 the SEC approved the amendment under Section 7 of the articles of incorporation. The new capital denomination resulted into the following:

	Authorized Capital	Subscribed	Paid Up
Common:			
Class A	4,200,000,000	3,700,000,000	370,000,000
Class B	2,800,000,000	800,000,000	80,000,000
Preferred	5,000,000,000	-	-
Total	12,000,000,000	4,500,000,000	450,000,000

On November 10, 2016, the Company's article 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.

On April 4, 2022, Unipage Management Inc. (UMI) subscribed Class "A" shares of 325,055,429 and Class "B" shares of 2,000,000,00 with a subscription price of P0.20. The composition of Share Capital after the subscription is as follows:

Title of issue	Authorized Capital	Subscribed	Paid up
Common			
Class "A"	4,200,000,000	4,025,055,429	P402,505,543
Class "B"	2,800,000,000	2,800,000,000	280,000,000
Preferred	5,000,000,000	-	-
Total	12,000,000,000	6.825,055,429	P682,505,543

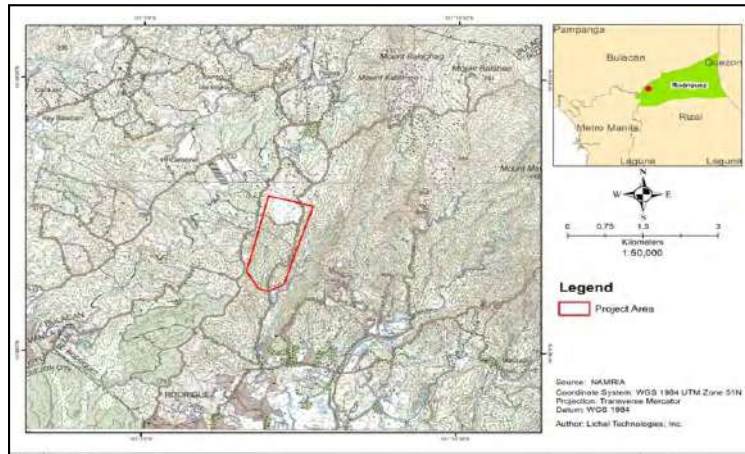
ATN Holdings invest in real properties, stocks and mining. Its investments include:

#### NON-METALLIC MINING (QUARRY) AND ROCK CRUSHER PROJECT

##### Project Background and Location

The ATN Quarry and Crusher Project in Barangay Macabud, Rodriguez, Rizal involves the development of a 256-hectare quarry site and installation of a 500 TPH rock crusher in a 5-hectare mill processing plant. The P2 Billion project investment is operational in the 256-hectare privately-owned property of ATN Holdings Inc in the said municipality aims to support the "Build, Build, More" Infrastructure Projects funded by long-term financing from Japan and China. The project contributes to realizing the medium-term and long-term infrastructure objectives of the government by providing critical rock aggregates to priority infrastructure projects.

The ATN project is in response to the expected surge in demand for rock aggregates triggered by the government's Php 8.6 trillion infrastructure projects, and the demand for armor rocks needed for revetment of 2,160 hectares of six reclamation projects in Manila Bay.



Year	Infrastructure Projects	GAA Budget Forecast	% Budget	Infra as % of GDP
	Billion Pesos			
2024	1,352.3	5,754.3	23.5%	5.1%
2025	1,467.5	6,182.1	23.7%	5.1%
2026	1,607.5	6,540.1	24.6%	5.1%
2027	1,907.2	7,027.0	27.1%	5.6%
2028	1,298.1	7,612.5	30.2%	6.2%

Source: NEDA, June 2024

The unprecedented surge in government infrastructure spending needs supply chains like cement plants and rock quarries to provide the necessary raw materials. As such, the government through NEDA issued a certification that the ATN rock quarry and rock crushing plant is a project of national significance.

The land reclamation projects in Manila Bay spanning 10,000 hectares require very large supply of high-quality basalt rocks that are impervious to seawater attack. For the six reclamation projects with local government participation, the 2,160 hectares combined area requires an estimated total requirement of 135 Mtons for revetment or protection from seawater. Of the six projects, two projects are in advanced stage which need 53.0 Mtons that have to be delivered in less than ten years.

**Legal Source of Rocks: 25-Year MPSA Grant By Republic of the Philippines to ATN Holdings**

ATN is one of the very few strategic suppliers of rock aggregates and armor rocks following the issuance by DENR of its **Mineral Processing and Sharing Agreement** on February 28, 2024 effective for 25 years to 2049. ATN is strategically located as a legal source of rocks of Montalban needed in National Capital Region (NCR) including Metro Manila and nearby provinces. The two other legal sources, Holcim-Lafarge and Millex, are facing depletion of their respective rock reserves after more than twenty years of continuous extraction.

ATN basalt rocks with specific gravity of 2.6, is resistant to seawater and as such it is ideal material for breakwater and revetment of reclamation projects. Its high strength makes it the preferred material for high rise building construction. ATN rocks can serve both market segments with very large projected volume requirements.

**Market Demand and Supply**

a. Consumption of Rock Aggregates and Armor Rocks

The demand for rock aggregates used in concrete is derived indirectly from reported data on consumption of cement, which can be computed from a standard mix ratio of 3 tons of aggregates per ton of cement in cast concrete.

The Philippine Cement Manufacturers' Association reported cement demand of 34.5 million tons (Mtons) in 2023, which corresponds to 103.5 million tons of rock aggregates. This consumption level of cement translates to per capita consumption of 294 kg. Compared to Thailand's per capita consumption of 560 kg of cement, the Philippines has a long way to go to expand its construction industry.

In 2023, most of the infrastructure projects have just started to take off in a modest scale. If the P8.6 trillion infrastructure projects of Build, Build More in 2024-2028 includes concrete comprising 30% of total project cost, the rock aggregates in concrete contained in the BBM infrastructure projects is estimated at 860 Mtons. If the share of NCR is 30% of total, the demand in NCR is 258 Mtons.

On top of the regular consumption of 30.0 Mtons and 25.8 Mtons for infrastructure projects, the six land reclamation project in Manila Bay need an estimated total armor rock and aggregates of 300 Mtons for revetment. However, at present, only two reclamation projects are on advanced stage, requiring 53 Mtons in the next ten years, which is the conservative assumption given the scarcity of project finance, particularly the large equity investment required.

In summary, the annual demand of rock aggregates and armor rocks in NCR market accessible to ATN is as follows:

Demand in NCR (In Million Tons)	Annual Demand	10-Year Demand
1.Regular Demand in NCR	30.0	300.0
2.BBM Infrastructure in NCR	25.8	258.0
3.Land Reclamation (Manila Bay)	5.3	53.0
Total Demand in ATN Market	61.1	611.0

b. Supply of Rock Aggregates in NCR

The Mines and Geosciences Bureau reported in 2015 that Mineral Production Sharing Agreements (MPSA) were issued to 338 contractors covering a total area of 601,679 ha throughout the Philippines. The total aggregates production in NCR is estimated by industry leaders at 30 MTons per year. Holcim-Lafarge is the largest producer with 4.0 Mtons per year. The 21 MTons balance is shared by seven NCR quarry operators including Hardrock, Millex, Tokwing, Phoenix, Montalban Aggregates, San Jose Builders, JCR and Rapid City, and other sources in Pampanga, Zambales, Batangas, and Quezon Province.

Industry sources say that the quarry of Holcim-Larfarge will be mined out in two to three years. Rapid City operates an aggregate area of 709 hectares in 6 areas, all located in Antipolo and Baras, Rizal province. The quarries of Rapid City have been operating for 20 years, indicating massive depletion requiring acquisition of new sites. Quarry Rock Group Inc. has been quarrying its 587 hectares in Baras and Tanay, Rizal for 19 years. Concrete Aggregates operated its 212 hectares for 21 years.

Even with the absence of Holcim-Lafarge alone, a deficit of 4.0 Mtons on regular demand will be felt in two years. Since the DENR is getting stricter in its regulatory function, only three quarries are left as legal sources of rock aggregates and armor rocks in NCR. Of the 18 quarries operating in Montalban Rizal, only ATN, Holcim Lafarge and Millex are the legal sources by virtue of their MPSA issued by the DENR. The large deficit in supply of a maximum 15.0 Mtons per year of aggregates in NCR to serve the 96.4 Mtons demand for regular and BBM infra projects in NCR will result in a surge of prices, since the alternative to fill up the deficit is to secure supply from far-flung areas like Zambales, Pampanga, Palawan, and Mindoro, entailing significantly higher freight costs. The DENR declared a moratorium on quarrying in Quezon Province early 2024.

c. Supply of Armor Rocks in NCR

The 53 Mtons requirement of the two reclamation projects of SM Group and Pasay City, both in advanced stage needing revetments to protect the sand buildup from erosion, may be sustainable if the schedule is extended for not less than five years since the supply of rocks from NCR serving the demand for rock aggregates alone is insufficient, with a deficit of 31 Mtons, excluding the maximum supply of 7.0 Mtons from ATN quarry, as approved by the DENR.

In NCR, not much armor rock can be supplied by Holcim-Lafarge because it has limited flexibility from its commitment to supply rock aggregates to its long-term customers of concrete for many years. Millex is the only other legal source of armor rock from its late-stage quarry which is nearing depletion.

## **REAL ESTATE**

ATN real estate project and development:

- a. 256-hectare property located in Montalban Rizal, which hold several projects of the Corporation including but not limited to rock basalt mining, and the solar PV project. The subject property has been issued PEZA Board Resolution for the establishment of an economic zone.
- b. Several units of office condominium at Summit One Tower located at 530 Shaw Boulevard, Mandaluyong City. Summit One Tower is a 48-storey building. Units of Summit One Tower are office condominium spaces ready for occupancy with its own separate 6-level parking building and 2 basement parking levels. The units are for sale or leased through either direct sales or referrals from independent brokers.

ATN's subsidiaries are Palladian Land Development Inc. (PLDI), ATN Philippines Solar Energy Group, Inc. (ATN Solar), Advanced Home Concept Development Corp. (AHCDC) and Managed Care Phil., Inc. (MCPI).

Palladian Land Development Inc. is the (a) developer and major owner of the 48-storey Summit One Tower and an adjacent 6-storey parking building, located at 530 Shaw Boulevard, Mandaluyong City, and (b) owner of the 256-hectare property in Montalban Rizal. PLDI's main sources of revenue include sale and rent of condominium units and residential land.

Advanced Home Concept Development Corp. (AHCDC) is a corporation engaged in developing residential properties. AHCDC is a developer of various properties in Pasig City. The main source of revenues is rent income and sale of residential land.

## **SOLAR PV PROJECT**

ATN Philippines Solar Energy Group Inc., the project implementing entity of ATN Group for energy business, is pursuing up a 30 MW Solar PV Project. It will be situated in the 52-hectare portion of the 254-hectare property in Rodriguez (Montalban), Rizal. The site is less than 10 kilometers away from business districts in Metro Manila with a population of 10 million people. The solar project is designed to have nameplate capacity of 30 MW, with output to be distributed through Manila Electric Company (Meralco) franchise distribution area via a 34.5 KV transmission line connected to the Diliman, Novaliches and Parang circuits. The Company has procured the balance of plant of the project, including but not limited to Medium Voltage Switchgear, Ring Main Units, Transformers and AC Distribution Boards for the intended capacity of 30MW AC.

### **(2) Business of Company**

(a) Description of Company

- (i) As a holding company, ATN's main sources of income are derived from subsidiaries' sale and rent of real estate assets, mining, healthcare services and dividend income from its stock investments.

The company's investment in stocks in Transpacific Broadband Group International, Inc. can be withdrawn or disposed of without any restrictions.

- (ii) The company's business activities serve mainly the Philippine market.
- (iii) Given the nature of corporate business of a holding company, there is no product or services to be distributed by ATN Holdings.
- (iv) There is no new product or service.
- (v) Major competitors of ATN subsidiaries in real estate business are debt-saddled giants. Since the corporation enjoys low level of debts, it continues to effectively compete against rival firms. The low level of corporate debt gives ATN the competitive edge of a longer time

frame with which real estate assets can be sold at higher prices. The company offers discounts to cash buyers of office condominium and residential units of Palladian Land Development Inc. and Advanced Home Concept Corporation. Major geographic selling focus for ATN real estate sales is primarily in Mandaluyong City, and Pasig City.

- (vi) There is no major raw material supply contract that the company needs to procure for the next twelve months. The office condominium and residential units are ready for occupancy, interior construction outfitting, and finishing materials are carried by many hardware suppliers.
- (vii) The company has no major customer that accounts for more than 10% of revenues.
- (viii) In order to augment working capital requirements, the company and its subsidiaries had receivables and payables to related parties and stockholders as of March 31, 2024 as properly disclosed in Note 26 of the Consolidated Financial Statements.
- (ix) The company has no patent, trademarks, licenses, franchise, concessions, royalty agreements or labor contracts.
- (x) The principal products do not need government approval and there is no probable government regulation that will affect the business of the company. The company is not subject to environmental laws since its subsidiaries do not generate hazardous waste.
- (xi) Existing government regulations have no significant effect on the business of ATN Holdings.
- (xii) The company has no research and development.
- (xiii) The company does not generate hazardous wastes or emissions; hence it has no foreseen costs of compliance to environmental laws.
- (xiv) As of March 31, 2024 the group of companies has 12 officers and less than a hundred of employees deployed in operations and in administrative functions of subsidiaries. The employees have no union and no Collective Bargaining Agreement. The salaries and benefits of the employees are shared with other operating affiliates and computed based on the average number of hours worked.

#### **Item 2 - Properties**

The Company and its subsidiaries are the owners of (a) selected units and floors of Summit One Tower at 530 Shaw -Boulevard, Mandaluyong City, (b) Palladian project in Pasig City, and (c) land for development in Rodriguez, Rizal.

Due to its high inventory of landholdings, the company does not intend to acquire or purchase any real estate or major equipment in the next twelve months.

#### **Item 3 - Legal Proceedings**

The Company is not involved in any litigation incidental to the conduct of its business. If there is any claim against the company, the Company believes that the cases against it have no legal basis and that there is no pending litigation that will have a material or adverse effect on its financial position or operations.

#### **Item 4 - Submission of Matters to a Vote of Security Holders**

There was no meeting held during the 4th quarter of fiscal year ending March 31, 2024.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 5 - Market Price for Registrant's Common Equity and Related Stockholder Matters

#### (1) Market Information

The Company's common equity is publicly listed and traded on the Philippine Stock Exchange.

ATN High and Low Sales Prices per Quarter for the Last Two Fiscal Years:

Class A	Apr 1, 2023 to Mar. 31, 2024		Apr 1, 2022 to Mar. 31, 2023	
	High	Low	High	Low
Qtr. 1	.40	.39	.42	.41
Qtr. 2	.39	.38	.36	.35
Qtr. 3	.38	.38	.37	.36
Qtr. 4	.65	.60	.40	.39

Class B	Apr 1, 2023 to Mar. 31, 2024		Apr 1, 2022 to Mar. 31, 2023	
	High	Low	High	Low
Qtr. 1	.40	.39	.43	.42
Qtr. 2	.39	.38	.38	.37
Qtr. 3	.38	.38	.39	.36
Qtr. 4	.66	.62	.40	.40

#### (2) Holders

As of June 30, 2024, the company had 223 holders of Class "A" shares and 29 Class "B" shares. The price information as of the latest practicable trading date, July 15, 2024 has a high of P0.64 and low of P0.63 for Class A and B shares.

**The top 20 stockholders as of June 30, 2024 are as follows:**

	Class "A" Stockholders	No of Shares He	% of Total Shares Outstanding	Class "B" Stockholders	No of Shares He	% of Total Shares Outstanding
1	PCD NOMINEE CORP	898,094,430	22.31%	PCD NOMINEE CORP (FIL)	610,628,229	21.81%
2	NG, ARSENIO T.	2,763,541,260	68.66%	PCD NOMINEE CORP (NON-FIL)	187,472,251	6.70%
3	UNIPAGE MANAGEMENT INC.	326,791,429	8.12%	UNIPAGE MANAGEMENT INC.	2,021,779,000	72.21%
4	NG, HILARIO T.	3,501,000	0.09%	CHOA, BONIFACIO N.	1,000,000	0.04%
5	UNWELL SECURITIES, INC.	2,200,000	0.05%	YU TING GUAN	500,000	0.02%
6	NG, ARDI BRADLEY	2,000,000	0.05%	CRISOSTOMO, JOSE MARIANO	100,000	0.00%
7	NG, MARK TIMOTHY	1,750,000	0.04%	ANG, MANUEL	40,000	0.00%
8	NG, MATTHEW HILARY	1,750,000	0.04%	ATC SECURITIES, INC.	38,000	0.00%
9	DAVID GO SECURITIES CORP.	1,510,000	0.04%	7K CORPORATION	35,020	0.00%
10	NG, TIFFANY ANNE	1,500,000	0.04%	CUALOPING SECURITIES CORP	30,000	0.00%
11	TY, ANITA	1,500,000	0.04%	MAJOR LORD DESMOND	22,500	0.00%
12	TRENLINE SECURITIES, INC.	1,040,000	0.03%	BPI SECURITIES CORPORATION	20,000	0.00%
13	MERCANTILE SECURITIES COR	1,020,000	0.03%	MINA, MARIO	20,000	0.00%
14	KHO, DAVID L.	1,000,000	0.02%	I.B. GIMENEZ SECURITIES, INC.	13,000	0.00%
15	CHOA, BONIFACIO	1,000,000	0.02%	ONG GIOK KHENG	10,000	0.00%
16	SI, HYLAND	1,000,000	0.02%	TANSENGCO & CO., INC.	10,000	0.00%
17	PACIFIC VULCAP COR.	997,000	0.02%	VILLANUEVA, JAIME	10,000	0.00%
18	CO, JOYCE ANGELA NG	800,000	0.02%	VILLANUEVA, PATROCINIO P.	10,000	0.00%
19	LIU, JESSILYN NG	800,000	0.02%	GARCIA, KAGITINGAN FLORES	10,000	0.00%
20	CHING, WENDY JANE NG	800,000	0.02%	BARCELON, ROXAS SECURITE	10,000	0.00%

### (3) Dividends

There was no cash dividend declared for the last three fiscal years and there were no present or future restrictions that limit the ability to pay dividends on common equity.

### (4) Recent Sales of Unregistered Securities

The Company has not sold any securities within the past three years that were not registered under the RSA.

## Item 6 - Management's Discussion and Analysis or Plan of Operation

### (1) Plan of operation

The company plans to continue in the manner it did last year. The company's proceeds from sale/rental of its office and residential condominium units and service income from healthcare clinics are sufficient to satisfy its cash requirements for the next twelve months. It will continue focus on its existing principal activities and has no plan to engage in product research and development or purchase or sell any plant and significant equipment. The Company values its human resources and it has no plan to decrease the number of its employees.

### (2) Management's Discussion and Analysis of Financial Condition and Results of Operation

#### FY 2024

##### Financial and Operating Highlights

The following table shows the top five (5) important financial indicators of the company during the fiscal years ending March 31, 2024 and comparable period in the past year. Net profit on consolidated basis came from positive margins realized from available-for-sale financial assets and real estate business units.

	ATN Holdings (Consolidated)		Palladian Land		Advanced Home	
	FY 2023	FY 2022	CY 2022	CY 2021	CY 2022	CY 2021
Current Ratio	0.92	0.65	37.44	13.05	1.29	0.03
Debt to Equity Ratio	0.46	0.76	0.44	0.44	3.48	3.43
Asset to Equity Ratio	1.46	1.76	1.44	1.44	4.48	4.43
Interest Rate Coverage Ratio	(0.07)	2.15	-	21.94	-	-
Gross Profit Margin	29%	35%	71%	85%	-	-
Net Income to Sales Ratio	-8%	7%	-37.38%	7.67%	-	-
Net Income (loss)	₱ 3,146,380	₱ 2,577,923	₱ 1,398,404	₱ 336,941	₱ 67,538	₱ 161,780

The following are important performance 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
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.

Total assets almost the same from P3.763 billion to P3.802 billion as of FY March 31, 2024. The significant movements in assets were as follows:

- (1) Decrease in cash from P5.1 million to P2.2 million due to decrease in revenue.
- (2) Decrease in trade receivables from P6.907 million to P16 thousand due to collection.

- (3) Increase in inventories from P21.671 million to P54.836 million due to production of mineral products.
- (4) Increase in other current assets from P10.807 million to P14.236 million due to increase in Input taxes.
- (5) Decrease in Financial Assets – FVTOIC from P27.430 million to P18.850 million due to fair value changes.
- (6) Increase in due from related parties from P61.521 million to P72.456 million due to working capital requirement.

Current liabilities of the company almost the same from P48.423 million to P48.841 million as of FY March 2024. The net increase is due to the following:

- (1) Increase in accounts payable and accrued expenses from P4.070 million to P7.538 million due to slower in payment to supplier.
- (2) Decrease in short-term interest bearing loans from P44.353 million to P41.303 million due to partial payment of loan.

Noncurrent liabilities increased from P1.132 billion to P1.188 billion as of FY March 31, 2024. The net increase is due to the following:

- (1) Increase in payables to related parties from P405 million to P460 million due to working capital requirements.
- (2) Increase in retirement liability from P476 thousand to P554 thousand.

The company's equity decreased from P2.581 billion in FY March 31, 2023 to P2.565 billion in FY March 31, 2024. The net decrease is due to the decrease in unrealized gain on financial asset at fair value through OCI from P5 million to unrealized loss P3.390 million.

The company does not expect an event that will trigger default on direct and contingent liabilities since foreign currency denominated short-term borrowings are often hedged, and there is no off-balance sheet transaction, arrangement or obligation. Given that the real estate business is still recovering from a long slump, there could not be a trend, events, or uncertainties that will have material impact on company revenues.

The real estate inventory of the holding company, which forms the bulk of its subsidiary assets, are assigned higher values due to the fair value valuation of the investment properties.

The ATN group has secured a Special Mining Permit for 82.7092 hectares issued by the DENR-Mines and Geosciences Bureau for the extraction of rocks/ non-metallic minerals from the property in the name of Palladian Land Development Inc., 100% subsidiary of ATN Holdings, Inc. With special mining permit, the ATN group is ready to supply rock aggregates for infrastructure projects of the government in greater Metro Manila area. The special mining permit supports ATN's application for an MPSA on the same quarrying operation in Montalban, Rizal, which is under evaluation by DENR.

There is no known trend, events or uncertainties that transpired or that is reasonably expected to have a material favorable or unfavorable impact on net sales or revenue. The company's real estate sales and rentals are dependent on the health of Philippine economy's growth.

## **FY 2023**

### **Financial and Operating Highlights**

The following table shows the top five (5) important financial indicators of the company during the fiscal years ending March 31, 2023 and comparable period in the past year. Net profit on consolidated basis came from positive margins realized from available-for-sale financial assets and real estate business units.

	ATN Holdings (Consolidated)		Palladian Land		Advanced Home	
	FY 2024	FY 2023	CY 2023	CY 2022	CY 2023	CY 2022
Current Ratio	1.46	0.92	11.56	37.44	0.03	0.03
Debt to Equity Ratio	0.48	0.46	0.44	0.44	3.54	3.48
Asset to Equity Ratio	1.48	1.46	1.44	1.44	4.48	4.48
Interest Rate Coverage Ratio	(1.31)	(0.07)	-	-	-	-
Gross Profit Margin	30%	29%	66%	71%	-	-
Net Income to Sales Ratio	-6%	-8%	-41.00%	-37.38%	-	-
Net Income (loss)	-₱ 7,245,910	-₱ 3,146,380	-₱ 1,260,476	-₱ 1,398,404	-₱ 67,540	-₱ 67,538

The following are important performance 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
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.

Total assets almost the same from P3.757 billion to P3.763 billion as of FY March 31, 2023. The significant movements in assets were as follows:

- (7) Decrease in cash from P16 million to P5.1 million.
- (8) Increase in trade receivables from P2.808 million to P6.907 million.
- (9) Increase in inventories from P5.844 million to P21.672 million.
- (10) Increase in other current assets from P8.768 million to P10.807 million.
- (11) Decrease in Financial Assets – FVTOIC from P46.235 million to P27.430 million.
- (12) Decrease in due from related parties from P70.219 million to P61.521 million.

Current liabilities of the company decreased from P51.767 million to P48.423 million as of FY March 2023. The net decrease is due to the following:

- (3) Decrease in accounts payable and accrued expenses from P4,767 million to P4.070 million.
- (4) Decrease in short-term interest bearing loans from P47 million to P44 million.

Noncurrent liabilities decreased from P1.569 billion to P1.133 billion as of FY March 31, 2023. The net decrease is due to the following:

- (1) Decrease in deposits from P19 million to P16 million.
- (2) Decrease in due to related parties from P837 million to P405 million.
- (3) Increase in pension liability from P413 thousand to P476 thousand.

The company's equity increased from P2.137 billion in FY March 31, 2022 to P2.581 billion in FY March 31, 2023. The net increase is due to the following:

- (1) Increase in share capital from P450 million to P682 million.
- (2) Increase in additional paid-in capital from P22 million to P256 million.
- (3) Decrease in unrealized gain on financial asset at fair value through OCI from P24 million to P5 million.

The company does not expect an event that will trigger default on direct and contingent liabilities since foreign currency denominated short-term borrowings are often hedged, and there is no off-balance sheet transaction, arrangement or obligation. Given that the real estate business is still

recovering from a long slump, there could not be a trend, events, or uncertainties that will have material impact on company revenues.

The real estate inventory of the holding company, which forms the bulk of its subsidiary assets, are assigned higher values due to the fair value valuation of the investment properties.

The ATN group has secured a Special Mining Permit for 82.7092 hectares issued by the DENR-Mines and Geosciences Bureau for the extraction of rocks/ non-metallic minerals from the property in the name of Palladian Lanc Development Inc., 100% subsidiary of ATN Holdings, Inc. With special mining permit, the ATN group is ready to supply rock aggregates for infrastructure projects of the government in greater Metro Manila area. The special mining permit supports ATN's application for an MPSA on the same quarrying operation in Montalban, Rizal, which is under evaluation by DENR.

There is no known trend, events or uncertainties that transpired or that is reasonably expected to have a material favorable or unfavorable impact on net sales or revenue. The company's real estate sales and rentals are dependent on the health of Philippine economy's growth.

## FY 2022

### Financial and Operating Highlights

The following table shows the top five (5) important financial indicators of the company during the fiscal years ending March 31, 2022 and comparable period in the past year. Net profit on consolidated basis came from positive margins realized from available-for-sale financial assets and real estate business units.

	ATN Holdings (Consolidated)		Palladian Land		Advanced Home	
	FY 2022	FY 2021	CY 2021	CY 2020	CY 2021	CY 2020
Current Ratio	0.65	0.60	13.05	10.77	0.02924467	0.04
Debt to Equity Ratio	0.76	0.74	0.44	0.44	3.42677349	3.33
Asset to Equity Ratio	1.76	1.74	1.44	1.44	4.42677349	4.33
Interest Rate Coverage Ratio	2.15	(0.44)	21.94	(6.19)	-	-
Gross Profit Margin	35%	58%	85%	11%	-	-
Net Income to Sales Ratio	7%	-28%	7.67%	-4.62%	-	-
Net Income (loss)	2,577,923	(3,958,479)	515,478	(3,967,229)	(161,780)	(135,016)

The following are important performance 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
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.

Total assets almost the same from P3.737 billion to P3.757 billion as of FY March 31, 2022. The significant movements in assets were as follows:

- (1) Increase in cash from P11 million to P16 million.
- (2) Decrease in trade receivables from P4.980 million to P2.808 million.
- (3) Decrease in inventories from P8.033 million to P5.844 million
- (4) Increase in Financial Assets – FVOCI from P57.233 million to P46.235 million.
- (5) Increase in due from related parties from P43.818 million to P70.219 million.

Current liabilities of the company decreased from P55 million to P51 million as of FY March 2022. The net decrease is due to the following:

- (1) Increase in accounts payable and accrued expenses from P4,470 million to P4.766 million.
- (2) Decrease in short-term interest bearing loans from P50 million to P47 million.
- (3) Full payment of lease liability of P748 thousand.

Noncurrent liabilities increased from P1.538 billion to P1.569 billion as of FY March 31, 2022. The net increase is due to the following:

- (1) Decrease in deposits from P21 million to P19 million.
- (2) Decrease in pension liability from P844 thousand to P413 thousand.

The company's equity almost remain the same from P2.143 billion in FY March 31, 2022 to P2.137 billion in FY March 31, 2022.

The company does not expect an event that will trigger default on direct and contingent liabilities since foreign currency denominated short-term borrowings are often hedged, and there is no off-balance sheet transaction, arrangement or obligation. Given that the real estate business is still recovering from a long slump, there could not be a trend, events, or uncertainties that will have material impact on company revenues.

The real estate inventory of the holding company, which forms the bulk of its subsidiary assets, are assigned higher values due to the fair value valuation of the investment properties.

There is no known trend, events or uncertainties that transpired or that is reasonably expected to have a material favorable or unfavorable impact on net sales or revenue. The company's real estate sales and rentals are dependent on the health of Philippine economy's growth.

#### **Item 7 - Financial Information**

Audited financial statements are attached.

#### **Item 8 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

There were no events in the past wherein R. R. TAN & ASSOCIATES, CPAs, and the company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

R. R. TAN & ASSOCIATES, CPAs has acted as the Company's external auditor since 2009 and has complied with the five-year rotation requirement under SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors).

##### **Information on Independent Accountant and Related Matter**

###### **(1) External Audit Fees and Services**

R. R. TAN & ASSOCIATES, CPAs, the external auditor of the company, audited the financial statements with a contract price of P412,000 for FY2024, P400,800 for FY 2023 and P389,600 for FY2022 inclusive of VAT and out of pocket expenses.

R. R. TAN & ASSOCIATES, CPAs audited the Company's balance sheet and the related statements of income, changes in stockholders' equity and cash flows for the year then ending and provide an audit report on the financial statements referred to above in accordance with Philippine Financial Reporting Standards. As part of the engagement, R. R. TAN & ASSOCIATES, CPAs assisted in the preparation of the Company's annual income tax returns for filing with the Bureau of Internal Revenue.

There were no tax fees paid for the last two fiscal years for professional services rendered on tax accounting, compliance, advice, planning and any other form of tax services. There were no other fees paid by the company for product and other services provided by the auditor.

The audit committee has no policies and procedures of the above services.

## PART III - CONTROL AND COMPENSATION INFORMATION

### Item 9 - Directors, Executive Officers, Promoters and Control Persons

The names of the incumbent Directors and Executive officers of the Company and their respective ages and citizenship, current positions held, period of service and business experience during the past five years as required under Sec. 38 of the Code and SRC Rule 38.1 are as follows:

#### **ARSENIO T. NG – Chairman, President and CEO**

Age 65, Filipino

Period Served – 1995 to present

Term of office as director – one year

Mr. Arsenio Ng holds a degree in Business Administration, Major in Finance from the California State University Stanislaus (CSUS), and took his MBA degree at California State University, Stanislaus and the University of California at Los Angeles (UCLA). He also took special studies in political science at the US Congress in Washington, D.C. Mr. Ng started as a Senior Project Officer for the National Development Company (1982-1983). In 1984, he joined China Banking Corporation as a Trust Investment Officer and rose up Vice President and Area Head in 1992. In 1994, he became the President and CEO of the Energy Corporation. He is also a Director and Treasurer of Hambrecht and Quist Philippine Ventures II, a private equity fund managed by Hambrecht and Quist, Philippines Inc. He is the Chairman of Transpacific Broadcast Group Int'l, Inc. (TBGI), a technology business for commercial telecommunications and television broadcasting operations and Vice Chairman of CBCP World Corporation a broadband internet service provider and the information technology arm of the Catholic Bishop Conference of the Philippines (CBCP). He is the Chief Executive Officer of Managed Care Phil's. Inc., Palladian Land Development Inc., and Advanced Home Concept Dev. Corp.

#### **HILARIO NG – Director**

Age 64, Filipino Citizen

Period Served - 1995 to present

Term of office as director - one year

Architect Hilario Ng is the President of his own architectural firm, Palladian International, Inc. A member of both the Philippine and American architectural boards, Architect Ng placed third overall in the Philippine architectural board exams. He has twenty (20) years of experience in his chosen field, garnering several US design awards. His major projects center on design of shopping malls for the GAISANO Group.

#### **SANTOS L. CEJOCO - Director**

Age 71, Filipino Citizen

Period Served - 2002 to present

Term of office as director - one year

Formerly Vice President of Philippine Associated Smelting and Refining Corporation and Project Manager in National Development Company. Finished his Master in Business Management at the Asian Institute of Management.

#### **MANUEL R. MOJE**

Age 89, Filipino Citizen

Period Served – 2010 to present

Term of office as director – one year

Mr. Moje has vast experience in private business enterprise, banking, and finance, both in major government and private financial institutions, and in socio-civic organizations. Mr. Moje's current positions are Chairman of Unihomes Development Corp., Director of Abacus Consolidated Resources and Holdings, Inc., Director of Philippine Regional Investment and Development Corporation, and President of Space Line Remittance Center (UAE). Mr. Moje finished his Bachelor of Laws at the University of the Philippines in 1963. He is a retired member of the Armed Forces of the Philippines with the rank of Colonel.

**ATTY. LEONIDES S. RESPICIO – Corporate Secretary**

Age 72, Filipino Citizen  
Period Served – November 2019 to Present  
Term of office as director – one year

Atty. Respicio is a graduate of Bachelor of Laws in 1978 at the University of the Philippines, Diliman, Quezon City. At present, he is the corporate secretary and legal counsel of Test Consultants, Inc. from 2004-present; legal counsel of Padernal Construction Inc. (2010- present), Radiant Sunshine Power Corporation (2018 – present), Lamon Bay Furniture, Inc. (2018 to present), Philippine Pacific Trade Inc.(Salad Master Distributor (2010-present), Capitol City Sports and Country Club, Inc. (1980-1986), Jocanima Corporation (2012-2017), First Champion, Inc. (Manpower Services) 2012-2017, Prince David Condominium Unit Owners Association Inc. (2010-2015) and Don Enrique Height Subdivision Homeowners Association, Inc. (2016-present)

**PAUL SARIA – Asst. Corp. Sec.**

Age 54, Filipino Citizen  
Period Served - 2002 to present  
Term of office as director - one year

A graduate of B.S. Architecture at the University of Santo Tomas, Mr. Saria took his graduate studies in Project Management at the Royal Melbourne Institute of Technology. Arch. Saria is concurrently Vice President for operations of Transpacific Broadband Group International Inc., Arch. Saria is the Vice President for operations of Palladian Land Development Inc., Advanced Home Concept Development Corp., Transpacific, and comptroller of CBCP World Corporation.

**SOPHIE MILES NG**

Age 35, Filipino Citizen  
Period Served – Sept. 3, 2018 to Present  
Term of office as director – one year

Ms. Sophie M.L. Ng is a graduate of Ateneo De Manila University in year 2011. She holds a degree in Bachelor of Science in Business Management with Minor in Enterprise Development. From 2012 to present, Ms. Ng is currently the Investor Relations Officer of ATN Holdings, Inc. From 2014 to present, she is the Vice President for Business Development of Palladian Land Development, Inc. and Advanced Home Concept Development Corporation. From 2016 to present, Ms. Ng also the Head of Procurement for Electrification of ATN Philippines Solar Energy Group Inc. Sophie Miles L. Ng is the daughter of the Chairman Arsenio T. Ng

**TWINIE KAYE NG**

Age 35, Filipino Citizen  
Period Served – Nov. 8, 2019 to Present  
Term of office as director – one year

Ms. Twinie Kaye L. Ng is a graduate of Ateneo De Manila University in year 2011. She holds a degree in Bachelor of Science in Business Management, major in Communications Technology Management and minor in Enterprise Development. On June 2011, Ms. Ng was under the tutelage of Bank of Singapore to stay attuned with the Equity Market. She is currently the Investor Relations Officer of Transpacific Broadband Group, Inc. and Property Management Officer of Palladian Land Development, Inc. Twinie Kaye L. Ng is the daughter of the Chairman Arsenio T. Ng.

**RAMON D. ESCUETA – Independent Director**

Age 78, Filipino Citizen  
Period Served – Nov. 10, 2022 to Present  
Term of office as director – one year

A graduate of B.S. Electrical Engineering at the University of the Philippines and finished his masters in Business Administration, Operations and Production Management at the University of California, Los Angeles, Graduate School of Management. Mr. Escueta is the current President of Apsys solutions and Technologies, Inc., an information and environmental management company. He is also Chairman of the Science and Technology Committee of the Philippine Chamber of Commerce and Industry.

**PAUL C. CHEAH – Independent Director**

Age 40, Filipino

Period Served – 2021 to present

Term of office as director – one year

Mr. Paul C. Cheah is currently Vice President for Investor Relations and Sustainability of Axelum Resources. He previously served as Head for Investor Relations of Philex Mining and Max's Group. Served as Associate Manager and Manager for Investor Relations of Ayala Land and Cebu Pacific Air. Also served various positions at Globe Telecom, BDO Unibank and Deutsche Bank Group in his early career. Mr. Cheah is a graduate of Ateneo Graduate School of Business with a master's Degree in business Administration and went to Heriot Watt University for his Bachelor's Degree in Business and Finance.

**ARDI BRADLEY L. NG**

Age 30, Filipino Citizen

Period Served – Nov. 10, 2022 to Present

Term of office as director – one year

Mr. Ardi Ng is a graduate of Ateneo De Manila University in year 2016. He holds a degree in Bachelor of Arts in Social Sciences, Major in Social Science. After graduation, Mr. Ng underwent his training in the Company. He is currently the Business Development Officer of Transpacific Broadband Group, Inc. Ardi Ng is the son of the Chairman Arsenio T. Ng.

The aforementioned directors and officers have served the fiscal year ended March 31, 2023, and shall continue to serve until their successors are duly elected at the Company's next annual stockholders' meeting. There are no other significant employees.

**Family Relationships**

The Chairman, Arsenio T. Ng and Arch. Hilario T. Ng are brothers. Sophie Miles Ng, Twinie Kaye Ng and Ardi Bradley Ng are children of Arsenio T. Ng.

**Involvement in Certain Legal Proceedings**

The company is not aware of or not involved in any legal proceedings, with material adverse consequence, of the nature required to be disclosed under Part IV of Annex "C" of the SRC with respect to directors and executive officers.

**Item 10 - Executive Compensation**

The CEO, to signify his solidarity with the Company's stakeholders waived his rights to the compensation due a CEO, as set by the Board of Directors for the fiscal year, thereby taking on the same risks and rewards as the common shareholders. Aggregate compensation in last 2 fiscal years paid to other officers of the Company's as a group, are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total Compensation of the Other officers and management team	2024 estimated	P 1.85 Million	0	0	P 1.85 Million
	2023	P 1.85 Million	0	0	P 1.85 Million
	2022	P 1.82 Million	0	0	P 1.82 Million

**Compensation of Directors**

Since the date of election, the directors have been receiving P 5,000.00 per meeting. Aside from the foregoing, the directors have served without compensation. The directors did not also receive any amount or form of compensation for committee participation or special assignments.

Under the By-Laws of the Company, by resolution of the Board, each director, shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. There are no other arrangements for compensation either by way of payments for committee participation or special assignments. There are also no outstanding warrants or options held by the Company's Chief Executive Officer, other officers and/or directors.

## Item 11 - Security Ownership of Certain Record and Beneficial Owners and Management

Owners of more than 5% of voting securities as of June 30, 2024:

Class	Name and address of record Owner and relationship with Issuer	Name of beneficial ownership and relationship with record owner	Citizenship	Shares Owned	%
A	1. Arsenio T. Ng 9Floor Summit One Tower 530 Shaw Boulevard, Mand. City <b>Chairman, President and CEO</b>	None	Filipino	2,763,541,260 <sup>r</sup>	68.66%
A B	2. Unipage Management Inc. 9F Summit One Tower 530 Shaw Blvd. Mand. City	Various Stockholders	Filipino	326,791,429 <sup>r</sup> 2,021,779,000 <sup>r</sup>	8.12% 72.21%
A B B	3. PCD Nominee Corp. (Fil) 37F Tower 1, The Enterprise Center 6766 Ayala Avenue, Makati City	various various various	Filipino Filipino Non-Fil	898,094,430 <sup>r</sup> 610,628,229 <sup>r</sup> 187,472,251 <sup>r</sup>	22.31% 21.81% 6.70%

The clients of PCD Nominee Corporation are the beneficial owners and have the power to decide how their shares are to be voted.

### (1) Security ownership of Management as of June 30, 2024:

Class	NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	CITIZENSHIP	% of Total Shares Outstanding
A	NG, ARSENIO T.	PhP276,354,126.00 "d"	Filipino	40.49%
A	NG, HILARIO T.	350,100.00 "d"	Filipino	0.05%
A	ARDI BRADLEY NG	200,000.00 "d"	Filipino	0.03%
A	RAMON ESCUETA	1,000.00 "d"	Filipino	0.00%
A	PAUL C. CHEAH	1,000.00 "d"	Filipino	0.00%
A	SANTOS CEJOCO	100.00 "d"	Filipino	0.00%
A	MANUEL MOJE	1,000.00 "d"	Filipino	0.00%
A	PAUL SARIA	301,000.00 "d"	Filipino	0.04%
A	SOPHIE MILES NG	1,305,277.40 "d"	Filipino	0.19%
A	TWINIE KAYE NG	1,511,433.30 "d"	Filipino	0.22%
A	LEONIDES RESPICIO	1,000.00 "d"	Filipino	0.00%
	<b>All directors and executive officers as a group</b>	<b>PhP280,026,036.70</b>		<b>41.03%</b>

Each every security holder is the beneficial owner in his own right.

### Voting Trust Holders of 5% or More

The company has no voting trust agreement with any person or entity.

### Changes in Control

There is no change in control or ownership of the company.

## Item 12 - Certain Relationship and Related Transaction

During the last two years, there were no transactions undertaken by the Company in which any directors, executive officers, beneficial owner, or any member of their immediate family has a direct or indirect material interest.

The Group did not recognize any key management compensation nor provided any stock options and bonuses for the fiscal years ended March 31, 2024, 2023 and 2022.

For information on related party transactions, including the amount/volume and outstanding balances as of March 31, 2024, please refer to Note 26 of the Company's Audited Consolidated Financial Statements.

**Item 13 – Part IV - Compliance with leading practice on Corporate Governance**

The company will make a separate submission on filing of Integrated Annual Corporate Governance. The detailed discussion of the Annual Corporate Governance Section deleted as per SEC memorandum Circular No. 5, series of 2013, issued last March 20, 2013

**Reports on SEC Form 11-C**

No reports on SEC Form 11-C were filed during the year.

**SIGNATURES**

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of MANDALUYONG on \_\_\_\_\_.

By:   
**ARSENIO T. NG**  
Principal Executive Officer

  
**ARCH. HILARIO T. NG**  
Principal Financial Officer

  
**PAUL B. SARIA**  
Principal Operating Officer

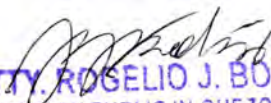
JUL 16 2024

**SUBSCRIBED AND SWORN** to before me this \_\_\_\_\_ day of \_\_\_\_\_, affiant(s) exhibiting to me their driver's license, as follows:

NAMES	CPI. NO.	DATE EXPIRES	PLACE OF ISSUE
ARSENIO T. NG	DL#N01-86-031588	Expires 03/13/2033	Mandaluyong
HILARIO T. NG	PP# P9996126A	Expires 12/19/2028	Manila
PAUL SARIA	DL#N04-93-264992	Expires 12/15/2031	Mandaluyong

**Notary Public**

Doc. No.: 346  
Page No.: 110  
Book No.: 9  
Series of 2024.

  
**ATTY. ROSELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 549 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 4127771 D 01/03/2024 / Roll No. 33632 / TIN # 129-871-009-000  
MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cubao, Q.C.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

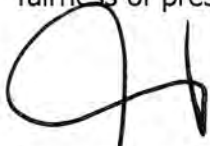
July 11, 2024

The management on **ATN HOLDINGS, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal years ended **March 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

**R.R. Tan and Associates, CPAs**, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**Arsenio T. Ng**  
Chairman and CEO



**Hilario T. Ng**  
Chief Finance Officer




**Paul Saria**  
Chief Operating Officer

SUBSCRIBED AND SWORN to before me this JUL 12 2024 day of 2024, affiants exhibiting to me their driver's license as follows:

NAMES	RES. CERT. NO.	DATE OF EXPIRATION	PLACE OF ISSUE
Arsenio T. Ng	DL# NO1-86-031588	03/13/2033	Mandaluyong
Hilario T. Ng	PP# P9996126A	12/19/2028	Manila
Paul B. Saria	DL# N04-93-264-992	12/15/2031	Mandaluyong

Doc. No. 132 ;  
Page No. 14 ;  
Book No. 2024 ;  
Series of 2024.

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 158 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 3916669 D 01/03/2023 / RoH No. 33832 / TIN # 129-874-009-000  
MCLE No. 7&8 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cubao, Q.C.

***Report of Independent Public Accountants***

The Stockholders and Board of Directors  
**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
9<sup>TH</sup> Floor, Summit One Tower,  
530 Shaw Blvd., Mandaluyong City

***Opinion***

We have audited the consolidated financial statements of **ATN HOLDINGS, INC. AND SUBSIDIARIES** (the Group), which comprise the consolidated statements of financial position as at March 31, 2024 and 2023, and consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2024, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended March 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRSs).

***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Recoverability of Investment in an Associate***

As of March 31, 2024, the Group's investment in an associate amounted to P851 million equivalent to 49% beneficial equity interest. The asset represents 22% of the total assets at year-end. The investment in associate is accounted under the equity method. The associate is still in the pre-operating stage. We consider this as a key audit matter

based on the following key assessments: (i) volume of investments, (ii) complex nature of associate's operations and (iii) certainty or uncertainty of commencing operations.

The Group's disclosure in Investment in associate is discussed in Note 13 of the Notes to Consolidated Financial Statements.

*Audit procedures conducted*

In the audit of Investment in associates, the following procedures were carried out:

- Performing an analytical procedures of the associate's latest financial statements and impairment assessment, where necessary;
- Discussion with key management and technical personnel regarding the development of solar projects during the year and any subsequent material events;
- Review of financial forecast of the associates including project financing, revenue estimates and other investment opportunities; and
- Review of significant agreements entered into with other parties related to its solar energy, including minutes of Board of Directors meeting.

*Recoverability of Mine-related Assets*

As at March 31, 2024, mine related assets included under Property and equipment amounted to P2.4 billion. This asset represents 62% of the total consolidated assets as at March 31, 2024. We consider this as key audit matter based on the following key assessments: (i) Carrying value of the asset and (ii) Adherence to certain mine and environmental laws and regulation which ultimately affect the production of aggregates.

The Group's disclosure on Property and equipment is presented under Note 15 of the Notes to the Consolidated Financial Statements.

*Audit procedures conducted*

In the audit of Property and equipment, the following procedures were carried out:

- Review and validation of communications with relevant government agencies particularly those affecting operations;
- Analysis and recalculation of management's estimates related to the assets' useful lives, production volume, residual value including impairment assessment;
- Performing analytical procedures of the Group's lapsing schedule of Property and equipment; and
- Review of sales contract entered into with customers including verification of sales invoices issued after reporting date.

**Other Matters**

We did not audit the financial statements of subsidiaries as of and for the three years ended December 31, 2023, 2022 and 2021, which are consolidated in the accompanying consolidated financial statements. Total assets and total liabilities of these subsidiaries included in the accompanying consolidated financial statements amounted to P2.4 billion and P798 million, respectively, in December 31, 2023, P2.4 billion and P796 million, respectively, in December 31, 2022, and P2.4 billion and P796 million, respectively, in December 31, 2021. Gross income and total expenses amounted to P3 million and P6.6 million, respectively, for the year ended December 31, 2023, P3.7 million and P8.2 million, respectively, for the year ended December 31, 2022, and P7.1 million and P8.7 million, respectively, for the year ended December 31, 2021. The financial statements of these subsidiaries were audited by another auditor whose unmodified reports thereon have been furnished to us, and our opinion, insofar as it relates to these amounts included for these subsidiaries is based solely on the reports of the other auditor.

**Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 17-A and Annual Report for the year ended March 31, 2024, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended March 31, 2024 are expected to be made available to us after the date of auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe

these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Domingo A. Daza, Jr.

**R. R. TAN AND ASSOCIATES, CPAs**



**By: DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 0173936, January 05, 2024, Pasig City

BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025

July 11, 2024  
Pasig City

***Independent Auditors' Report on Supplementary Schedules***

The Stockholders and Board of Directors  
**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
9<sup>TH</sup> Floor, Summit One Tower,  
530 Shaw Blvd., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **ATN HOLDINGS, INC. AND SUBSIDIARIES** (the Group) as at March 31, 2024 and 2023 and for each of the three years in the period ended March 31, 2024, included in this Form 17-A, and have issued our report thereon dated July 11, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

**R. R. TAN AND ASSOCIATES, CPAs**



**By: DOMINGO A. DAZA, JR.**  
Partner  
CPA Certificate No. 109993  
Tax Identification No. 203-917-449  
PTR No. 0173936, January 05, 2024, Pasig City  
BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025

July 11, 2024  
Pasig City

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2024 AND 2023**

	Notes	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in banks	8 P	2,285,843 P	5,190,128
Trade receivables	9	16,550	6,907,302
Inventories	10	54,836,452	21,671,838
Other current assets	11	14,236,557	10,807,488
		<b>71,375,402</b>	<b>44,576,756</b>
<b>Non-current Assets</b>			
Investments in:			
Financial assets - Fair value through other comprehensive income (FVOCI)	12	18,850,000	27,430,000
Associates - net	13	851,254,279	851,593,067
Investment properties	14	349,667,279	349,667,279
Property and equipment - net	15	2,434,561,455	2,425,888,340
Due from related parties - net	26	72,456,277	61,521,707
Trust funds	16	4,756,971	2,389,379
		<b>3,731,546,261</b>	<b>3,718,489,772</b>
<b>TOTAL ASSETS</b>	<b>P</b>	<b>3,802,921,663 P</b>	<b>3,763,066,528</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	17 P	7,538,407 P	4,070,116
Short-term loans payable	18	41,303,000	44,353,000
		<b>48,841,407</b>	<b>48,423,116</b>
<b>Non-current Liabilities</b>			
Deposits	19	16,322,746	16,091,419
Due to related parties	26	460,031,265	405,058,507
Pension liability	24	554,989	476,364
Deferred tax liabilities - net	27	711,332,130	711,351,786
		<b>1,188,241,130</b>	<b>1,132,978,076</b>
<b>TOTAL LIABILITIES</b>		<b>1,237,082,537</b>	<b>1,181,401,192</b>
<b>EQUITY</b>			
Share capital	20	682,505,543	682,505,543
Additional paid-in capital	20	256,319,963	256,319,963
Unrealized gain (loss) on financial asset at fair value through OCI	20	(3,390,061)	5,189,939
Retained earnings - March 31		1,630,403,681	1,637,649,891
<b>TOTAL EQUITY</b>		<b>2,565,839,126</b>	<b>2,581,665,336</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>P</b>	<b>3,802,921,663 P</b>	<b>3,763,066,528</b>

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024, 2023 AND 2022**

	<i>Notes</i>	<b>2024</b>	2023	2022
<b>REVENUES</b>				
Sale of aggregates	21	<b>P 6,566,557</b>	P 35,059,949	P 25,679,177
Rental income	14,25	<b>5,533,206</b>	6,021,461	9,014,450
		<b>12,099,763</b>	41,081,410	34,693,627
<b>COST OF SALES AND SERVICES</b>				
	22	<b>8,443,852</b>	29,258,388	22,636,634
<b>GROSS PROFIT</b>				
		<b>3,655,911</b>	11,823,022	12,056,993
<b>ADMINISTRATIVE EXPENSES</b>				
	23	<b>7,528,448</b>	11,672,971	7,761,076
<b>INCOME (LOSS) FROM OPERATIONS</b>				
		<b>(3,872,537)</b>	150,051	4,295,917
<b>OTHER INCOME (CHARGES)</b>				
Interest income	8	<b>5,607</b>	38,306	15,212
Finance costs	23	<b>(2,948,336)</b>	(2,518,020)	(2,244,901)
Equity in net income (loss) of an associate	13	<b>(338,788)</b>	(354,227)	88,519
Reversal of pension liability	24	<b>-</b>	-	431,605
		<b>(3,281,517)</b>	(2,833,941)	(1,709,565)
<b>INCOME (LOSS) BEFORE INCOME TAX EXPENSE</b>				
		<b>(7,154,054)</b>	(2,683,890)	2,586,352
<b>INCOME TAX EXPENSE</b>				
	27	<b>92,156</b>	462,490	8,429
<b>INCOME (LOSS) FOR THE PERIOD</b>				
		<b>P (7,246,210)</b>	P (3,146,380)	P 2,577,923
<b>EARNINGS (LOSS) PER SHARE</b>				
	28	<b>P (0.00106)</b>	P (0.00046)	P 0.00057

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024, 2023 AND 2022**

	<i>Notes</i>	<b>2024</b>	2023	2022
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>P (7,246,210)</b>	P (3,146,380)	P 2,577,923
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Fair value changes in Financial asset at fair value through				
other comprehensive income	<i>12,20</i>	<b>(8,580,000)</b>	(18,805,000)	(8,622,577)
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>P (15,826,210)</b>	P (21,951,380)	P (6,044,654)

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024, 2023 AND 2022**

	<i>Notes</i>	<b>Share Capital</b>	<b>Additional Paid-in Capital</b>	<b>Unrealized Gain (Loss) on Financial Assets at Fair Value Through OCI</b>	<b>Retained Earnings</b>	<b>Total</b>				
Balance at March 31, 2021	P	450,000,000	P	22,373,956	P	32,617,516	P	1,638,218,348	P	2,143,209,820
Changes in fair value of financial assets at fair value through OCI	<i>20</i>	-	-	(8,622,577)	-	(8,622,577)	-	-	-	(8,622,577)
Income for the period		-	-	-	2,577,923	2,577,923	-	-	-	2,577,923
Balance at March 31, 2022		450,000,000		22,373,956		23,994,939		1,640,796,271		2,137,165,166
Issuances during the year	<i>20</i>	232,505,543		233,946,007		-		-		466,451,550
Changes in fair value of financial assets at fair value through OCI	<i>20</i>	-	-	(18,805,000)	-	(18,805,000)	-	-	-	(18,805,000)
Loss for the period		-	-	-	(3,146,380)	(3,146,380)	-	-	-	(3,146,380)
<b>Balance at March 31, 2023</b>		<b>682,505,543</b>		<b>256,319,963</b>		<b>5,189,939</b>		<b>1,637,649,891</b>		<b>2,581,665,336</b>
Changes in fair value of financial assets at fair value through OCI	<i>20</i>	-	-	(8,580,000)	-	(8,580,000)	-	-	-	(8,580,000)
Loss for the period		-	-	-	(7,246,210)	(7,246,210)	-	-	-	(7,246,210)
<b>Balance at March 31, 2024</b>	<b>P</b>	<b>682,505,543</b>	<b>P</b>	<b>256,319,963</b>	<b>P</b>	<b>(3,390,061)</b>	<b>P</b>	<b>1,630,403,681</b>	<b>P</b>	<b>2,565,839,126</b>

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024, 2023, AND 2022**

	Notes	2024	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax expense	P	(7,154,054)	P (2,683,890)	P 2,586,352
Adjustments for:				
Depreciation and amortization	15	5,732,647	3,805,936	2,693,585
Interest income	8	(5,607)	(38,306)	(15,212)
Equity in net (income) loss of associate	13	338,788	354,227	(88,519)
Interest expense	23	2,948,336	2,518,020	2,244,901
Provision for (reversal of) retirement liability	24	78,625	63,019	(431,605)
Operating Income Before Working Capital Changes		1,938,735	4,019,006	6,989,502
(Increase) Decrease in Operating Assets:				
Trade receivable		6,890,752	(4,098,422)	2,171,068
Inventories		(33,164,614)	(15,827,796)	(5,454,330)
Other current assets		(3,540,881)	(1,650,110)	879,773
Increase (Decrease) in Operating Liabilities:				
Accounts payable and accrued expenses		3,468,291	(696,821)	296,537
Cash Provided by (Used in) Operations		(24,407,717)	(18,254,143)	4,882,550
Income taxes paid		-	(863,613)	(457,364)
Interest received		5,607	38,306	15,212
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>(24,402,110)</b>	<b>(19,079,450)</b>	<b>4,440,398</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment	15	(14,405,762)	(23,303,571)	-
Contributions to trust funds		(2,367,592)	(2,389,379)	-
Proceeds from disposal of				
Cash advances made to related parties	26	(10,934,570)	(280,813)	(26,401,348)
Collection of advances to related parties	26	-	8,979,090	-
Decrease in deposits		231,327	(3,613,053)	(1,677,657)
<b>Net Cash Used in Investing Activities</b>		<b>(27,476,597)</b>	<b>(20,607,726)</b>	<b>(28,079,005)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds of short-term loans		41,303,000	44,353,000	-
Payment of short-term loans:				
Principal		(44,353,000)	(47,000,000)	(3,748,070)
Interest		(2,948,336)	(2,518,020)	(2,244,901)
Availment of advances from related parties	26	54,972,758	69,487,541	35,106,234
Payment of advances from related parties	26	-	(35,544,694)	(634,237)
<b>Net Cash Provided by Financing Activities</b>		<b>48,974,422</b>	<b>28,777,827</b>	<b>28,479,026</b>
<b>INCREASE (DECREASE) IN</b>				
<b>CASH AND CASH EQUIVALENTS</b>		<b>(2,904,285)</b>	<b>(10,909,349)</b>	<b>4,840,419</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>5,190,128</b>	<b>16,099,477</b>	<b>11,259,058</b>
<b>CASH AT END OF YEAR</b>	P	<b>2,285,843</b>	P 5,190,128	P 16,099,477

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2024, 2023, AND 2022**

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**1. Corporate Information**

ATN Holdings, Inc. (*ATN, the Parent or the Group*) 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 group, real estate investments and exploration and development of mineral resources.

On November 10, 2016, the Group'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 registered office address of ATN is 9<sup>th</sup> Floor Summit One Tower Bldg., 530 Shaw Blvd., Mandaluyong City.

The common shares of ATN are listed and traded on the Philippine Stock Exchange.

ATN Integrated Aggregates Project

On March 14, 2019, the Group was granted by the Department of Environment and Natural Resources (DENR) through the Mines and Geosciences Bureau (MGB) an Exploration Permit (EP) denominated as EP-IVA-019. The EP covering approximately 83 hectares of private land located in Barangay Macabud in Rodriguez, Rizal (the "contract area"), involves the quarrying of basalt to be processed into marketable concrete aggregate products. On February 8, 2021, the Environment Compliance Certificate (ECC) was issued by DENR for its Integrated Aggregate Project. The project component includes the following:

- Crushing plant consisting of dump hoppers, vibrating feeders, jaw crusher, vibrating screens and belt conveyors;
- Batching plant with concrete mixing stations equipped with dust collector and twin shaft mixer;
- Concrete hollow blocks plant;
- Support facilities such as office and housing facilities, bunkhouses and security outpost
- Pollution control facilities such sedimentation ponds/settling ponds and pit drainage.

The quarry operation will employ open cast mining method wherein the mining extraction utilizes a hillside cut approach forming multiple benches at 5-10 meters height and of 5 meters width for each bench. Pit wall slope ranges from 35 to 45 degrees or steeper. It entails the crushing of the blasted materials to reduce to its saleable size. The Final Exploration Report revealed an indicated resource of 66 million tons of rock aggregates and 31 million tons of fill materials for the whole contract area. A Declaration of Mining Project Feasibility (DMPF) confirmed that basalt mineral resource exists in the Company's mine site.

Following the approval of DMPF, the Special Mines Permit (SMP) covering the contract area, was issued with inclusive term from January 4, 2023 to January 3, 2024 denominated as SMP No. 2022-03 also by the DENR-MGB. During 2023, the Company undertook production of aggregates consisting of armor rocks and aggregates.

On January 22, 2024, ATN was granted by the DENR a Mineral Production Sharing Agreement (MPSA) denominated as MPSA No. 354-2024-IVA. ATN was given the exclusive right to conduct mining operations and to provide for the development and commercial utilization of aggregates and other associated mineral deposits within the mineral property over a period of 25 years commencing from its date of effectivity for a contract area of 82.7092 hectares.

### Approval of Financial Statements

The accompanying consolidated financial statements were authorized for issue by the President on July 11, 2024.

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## **2. Statement of Compliance and Basis of Preparation and Presentation**

### Statement of Compliance

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC, including SEC pronouncements.

### Basis of Financial Statement Preparation and Presentation

The accompanying consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards on a historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) 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.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Group's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

### 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 March 31, 2024, 2023 and 2022, the consolidated subsidiaries are as follows:

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

PLDI holds real estate properties that are either for lease or for development.

AHCDC are companies engaged in the development of residential real estate projects. MCPI is an out-patient ambulatory surgical center. These companies have ceased to operate actively. Management is contemplating on the most advantageous business strategy to spin off its operations.

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. Changes in Accounting Policies and Disclosures

#### New Accounting Standards and Amendments to Existing Standards Effective in Fiscal Year 2024

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to standards effective in fiscal year 2024. The adoption however did not result to any material changes in the consolidated financial statements.

Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

#### *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the consolidated financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments did not have a material impact on the consolidated financial statements.

#### *Amendments to PAS 8, Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments did not have a material impact on the consolidated financial statements.

#### *Amendments to PAS 1 and PFRS Practice Statement 2, Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial

statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the financial statements. The application of these amendments is reflected in the Group's consolidated financial statements under Note 4.

*Amendments to PAS 12, International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively. Management assessed that the application of such amendments had no significant impact on the Group's financial statements.

*New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to Fiscal Year 2024*

The standards, amendments and interpretations which have been issued but not yet effective as at Fiscal Year 2024 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 for annual periods beginning on or after January 1, 2024*

*Amendments to PAS 1, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice.

*Amendments to PFRS 16, Leases - Lease Liability in a Sale and Leaseback*

The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements of PFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of lease. Any gain or loss to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments are not expected to have a material impact on the consolidated financial statements.

*Amendments to PAS 7 and PFRS 7, Supplier Finance Arrangements*

The amendments added disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments are effective for annual periods beginning on or after January 1, 2024 with earlier adoption permitted. The amendments are not expected to have an impact on the Group's consolidated financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments are not expected to have a material impact on the Company's financial statements.

*Effective for annual periods beginning on or after January 1, 2025*

*PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of the financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- Identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- Divides the contracts into groups that it will recognize and measure;
- Recognizes and measures groups of insurance contracts at:
  - i. a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); or
  - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- Recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
- Presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
- Discloses information to enable users of the financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The new standard is not applicable to the Group since it has no activities that are predominantly connected with insurance or issue insurance contracts.

#### *Deferred effectivity*

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

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the consolidated financial statements.

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#### **4. Summary of Material Accounting Policies**

The material accounting policies applied in the preparation of these consolidated 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.

##### *Financial Instruments*

###### *Date of recognition*

The Group recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the transaction date.

###### *Initial recognition*

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of these financial instruments includes transaction costs.

**(a) Financial assets**

*Classification and subsequent measurement of financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Group's business model for managing the financial assets.

The Group classifies and measures its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at FVPL
- financial assets measured at FVOCI, where gains or losses in fair value is recognized to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Group assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic service arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other risks and costs associated with holding the financial asset for a particular period of time.

The Group's business model is determined at a level that reflects how a group of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument. The Group's business model refers to how it manages its financial assets in order to generate cash flows. The Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Group in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

As at March 31, 2024 and 2023, the Group's financial assets consists of (i) financial assets at FVOCI and (ii) financial assets measured at amortized cost.

- *Financial assets at FVOCI*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Subsequent to initial recognition, financial assets at FVOCI are carried at fair value. Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Included in this category are the Group's investments in shares of stock in a publicly listed company.

- *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

As at March 31, 2024 and 2023, the Group's financial assets under this category include cash in banks, trade receivables, advances to related parties and trust funds.

## b.) Financial Liabilities

### *Classification and subsequent measurement of financial liabilities*

The Group determines the classification of financial liabilities, at initial recognition based on the following categories:

- financial liabilities at FVPL
- other financial liabilities

Financial liabilities as at March 31, 2024 and 2023 are categorized as *Other financial liabilities*. These include accounts payable and accrued expenses, short-term loans payable, deposits, and advances from related parties.

After initial recognition, other financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any direct attributable transaction cost. Gains or losses on financial liabilities are recognized in profit or loss when the liabilities are derecognized.

### *Derecognition of financial assets and financial liabilities*

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

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

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership 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. If a transfer of financial asset does not result in derecognition since the Group has retained substantially all the risks and rewards of the ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a liability for the consideration received.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 modification is treated as the derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in profit or loss.

### *Impairment of financial assets*

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in

two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group considers a financial asset in default when contractual payments are generally 1 to 3 months past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Offsetting of financial instruments*

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

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

#### *Fair value hierarchy*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" loss) in profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data that is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the "Day 1" loss amount.

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices, without any deduction for transaction costs. When current market prices

are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

#### Cash in Banks

Cash in banks are deposits which generally earn interest at prevailing bank deposit rates.

#### Inventories

Stockpile inventories are aggregates for sale, which are valued at the lower of cost and net realizable value (NRV). Cost consists of fuel, utilities, manpower services, depreciation, and other costs that are directly attributable in bringing the aggregates in its saleable conditions. Cost is determined by the moving average production and handling cost during the period. NRV is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Any write-down of inventory to NRV is recognized in the consolidated statements of income in the period the write-down occurs. Periodic inventory survey is performed to determine the volume of aggregates inventory.

#### 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 property is measured at cost at initial recognition. 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. 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.

Fair value measurement of investment property, takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from service and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the statement 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 Group has significant influence. Under the equity method, the investments in associates is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

Upon loss of significant influence over the associate, the equity method is discontinued and the investment is accounted in accordance with PAS 39/PFRS 9, Financial Instruments: Recognition and Measurement.

#### Property and Equipment

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

Expenditures for major improvements and renewals are capitalized while minor repairs and maintenance and overhaul costs, are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statements of income for the period.

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:

<u>Item</u>	<u>Method</u>	<u>Divisor</u>
Land improvements	Unit-of-production	25.4 million cubic meters
Machinery and equipment	Straight line	25 years
Office furniture and improvements	Straight line	10 years
Transportation equipment	Straight line	5 years
Right-of-use assets	Straight line	5 years

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.

#### Trust Funds

Trust funds are cash on deposit with financial institutions which is not available for use by the Group and shall not be released until certain conditions are met under contractual obligations.

#### Stripping Costs

As part of its mining operations, the Group incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. Stripping costs incurred during the development phase is included under land improvements.

#### Impairment of Non-Financial Assets

The Group's investment in associates and subsidiaries and investment properties 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.

#### Deposits

Deposits represent security deposits from tenants. Deposits are refundable upon expiration of the lease term.

#### Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in PFRS 16. This policy is applied to contracts entered into, on or after January 1, 2019.

#### The Group As a Lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group used a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Group:

- Did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

#### The Group As a Lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially the entire risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease is a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Leases where the Group does not transfer substantially all of the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Short-term lease

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Accounts Payable and Accrued Expenses

Accounts payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Accounts payable are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

#### 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 on financial assets at FVOCI pertains to mark-to-market valuation of financial asset.

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

Other Comprehensive Income

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

Revenue and Cost Recognition

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

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

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

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

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

- (i) Sale of aggregates – revenue is recognized when control passes to the customer, which occurs at a point in time when the aggregates are physically transferred to the customer or buyer.
- (ii) 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.
- (iii) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.

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.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

### 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 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 company and subsidiaries are presented in Philippine Peso, the Group's functional and presentation currency.

### Provisions

Liabilities are recognized when the Group has a present legal or constructive obligation arising as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognized as a finance cost.

### 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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## 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.

#### *Commencement of commercial production*

The Group assesses when a property reaches the stage when it is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the commercial production phase is considered to commence. Some of the criteria used will include, but is not limited to, the following:

- the completion of a reasonable period of testing of mine plant;
- securing the necessary government agreements and permits
- the ability to produce saleable aggregates;
- the ability to achieve production targets;
- sufficiency of hauling access from the pit;
- ability to sustain ongoing production;
- capital expenditures incurred relative to the expected costs to complete.

#### *Impairment of mine properties*

Mine properties are reviewed and evaluated for impairment at each reporting period or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Common indicators of impairment of a resource property include, but is not limited to:

- the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed;
- substantive expenditure on further exploration in a specific area is neither budgeted or planned;
- exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Group has decided to discontinue activities in the area; or sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the

carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

#### *Mineral reserves*

Proven and probable mineral reserves are the economically mineable parts of the Group's measured and indicated mineral resources as determined in the Final Exploration Report. The Group estimates its proven and probable mineral reserves based on information compiled by appropriately qualified persons. Geological estimates of the size, depth and shape of the mineral body requires complex judgments. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as:

- estimates of prices of aggregates;
- future capital requirements;
- mineral recovery factors and production costs;
- unforeseen operational issues; and
- geological assumptions and judgments made in estimating the size and grade of the mineral body.

Changes in the proven and probable mineral reserves estimates may impact the carrying value of resource properties, property and equipment and environmental rehabilitation obligations the Group conducts a regular review of its reserves and mineral resources. Changes in estimates are accounted for prospectively.

#### *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 years ended December 31, 2023 and 2022. Management intends to re-focus its current business thrust into other ventures which are deemed to be more profitable and continue operation for a foreseeable future. Hence, the consolidated financial statements are prepared under the going concern assumption.

#### *Classification of financial assets at FVOCI*

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.

As of March 31, 2024 and 2023, the Group classifies its investment in equity securities as financial assets at FVOCI.

#### *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 rental, 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.

#### *Operating leases – Group as lessor*

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

The Group's rental income amounted to P5,533,206 in 2024, P6,021,461 in 2023, and P9,014,450 in 2022.

*Determination of fair value of financial assets at FVOCI and Investment properties*

The Group measures fair value of financial assets at FVOCI and Investment properties 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:

*Estimating allowance for ECL on receivables and due from related parties*

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Group's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

*Inventory valuation*

The Group values inventory at the lower of cost and net realizable value ("NRV"). The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgment regarding reliability of evidence available and are reviewed on a regular basis. Write-downs of inventory in stockpiles and in-process resulting from NRV impairments are reported in consolidated statement of income.

*Estimated useful lives of property and equipment*

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

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P2,434,561,455 and P2,425,888,340 as of March 31, 2024 and 2023, respectively.

*Estimating fair value of investment properties*

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

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

*Impairment of investment in associates and due from 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 Investments in Associates and Due from Related Parties as of March 31, 2024 and 2023 is as follows:

	<b>2024</b>		
	Gross carrying amount	Allowance for impairment	Net carrying value
<b>Investments in associates:</b>			
ATN Phils Solar Energy Group, Inc.	<b>P 851,254,279</b>	<b>P -</b>	<b>P 851,254,279</b>
Mariestad Mining Corporation	<b>11,306,000</b>	<b>11,306,000</b>	<b>-</b>
<b>Due from related parties:</b>			
ATN Phils Solar Energy Group, Inc.	<b>54,075,464</b>	<b>-</b>	<b>54,075,464</b>
Transpacific Broadband Group Int'l, Inc.	<b>18,380,813</b>	<b>-</b>	<b>18,380,813</b>
Sierra Madre Consolidated Mines	<b>7,450,000</b>	<b>7,450,000</b>	<b>-</b>
	<b>P 942,466,556</b>	<b>P 18,756,000</b>	<b>P 923,710,556</b>
<b>2023</b>			
	Gross carrying amount	Allowance for impairment	Net carrying value
<b>Investments in associates:</b>			
ATN Phils Solar Energy Group, Inc.	P 851,593,067	P -	P 851,593,067
Mariestad Mining Corporation	11,306,000	11,306,000	-
<b>Due from related parties:</b>			
ATN Phils Solar Energy Group, Inc.	45,140,894	-	45,140,894
Transpacific Broadband Group Int'l, Inc.	16,380,813	-	16,380,813
Sierra Madre Consolidated Mines	7,450,000	7,450,000	-
	<b>P 931,870,774</b>	<b>P 18,756,000</b>	<b>P 913,114,774</b>

## 6. Fair Value Measurement

### 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.

	2024		2023	
	Carrying value	Fair value	Carrying value	Fair value
Cash	P 2,285,843	P 2,285,843	P 5,190,128	P 5,190,128
Trade receivables	16,550	16,550	6,907,302	6,907,302
Financial asset at FVOCI	18,850,000	18,850,000	27,430,000	27,430,000
Deposits	1,515,639	1,515,639	1,595,276	1,595,276
Due from related parties	72,456,277	72,456,277	61,521,707	61,521,707
Trust funds	4,756,971	4,756,971	2,389,379	2,389,379
Other financial liabilities				
Accounts payable and accrued expenses	7,538,407	7,538,407	4,070,116	4,070,116
Short-term loans payable	41,303,000	41,303,000	44,353,000	44,353,000
Deposits	16,322,746	16,322,746	16,091,419	16,091,419
Due to related parties	460,031,265	460,031,265	405,058,507	405,058,507

Fair values were determined as follows:

- *Cash, trade receivables and accounts payable and accrued expenses* – The fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Financial asset at fair value through other comprehensive income* – The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date.
- *Bank loans* – The fair value of the loans payable is determined by discounting the principal using the market rate.
- *Deposits, due to related parties and trust funds* - The fair value of deposits, due to related parties and trust funds approximates the carrying value as at year end.

Fair value hierarchy

The following table presents the summary of the Group's assets and liabilities measured or disclosed at fair value on a recurring or non-recurring basis recognized in the Consolidated Statements of Financial Position as of March 31, 2024 and 2023:

	2024						2023					
	Fair value hierarchy			Fair value hierarchy			Fair value hierarchy			Fair value hierarchy		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>												
Cash in bank	P	-	P 2,285,843	P	-	-	P	-	P 5,190,128	P	-	-
Trade receivables	-	16,550	-	-	-	-	-	6,907,302	-	-	-	-
Financial assets at fair value through OCI	18,850,000	-	-	-	-	-	27,430,000	-	-	-	-	-
Deposits	-	1,515,639	-	-	-	-	-	1,595,276	-	-	-	-
Due from related parties	-	72,456,277	-	-	-	-	-	61,521,707	-	-	-	-
Trust funds	-	4,756,971	-	-	-	-	-	2,389,379	-	-	-	-
	P	18,850,000	P 81,031,280	P	-	-	P 27,430,000	P 77,603,792	P	-	-	-
<b>Liabilities</b>												
Accounts payable and accrued expenses	P	-	P 7,538,407	P	-	-	P	-	P 4,070,116	P	-	-
Short-term loans payable	-	41,303,000	-	-	-	-	-	44,353,000	-	-	-	-
Deposits	-	16,322,746	-	-	-	-	-	16,091,419	-	-	-	-
Due to related parties	-	460,031,265	-	-	-	-	-	405,058,507	-	-	-	-
	P	-	P 525,195,418	P	-	-	P	-	P 469,573,042	P	-	-

Investment Properties

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 Group categorized these condominium units under Level 2 of the fair value hierarchy.

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.

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

Location	Type	Valuation techniques	Significant observable inputs	Fair value hierarchy	Range
Riverside Village	Townhouses	Market approach	Selling price (per square meter) Size Location Improvements	Level 3	P22,500 - P36,333 5.0% -5% to -10% -25% to -35%
Summit One Tower	Parking lots	Market approach	Selling price (per square meter) Size Location Improvements	Level 2	P61,818 - P82,926 5% -5% -
	Condominium units	Market approach	Selling price (per square meter) Size Location Improvements	Level 2	P61,864 - P64,937 5% -5% 10% to 15%

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

The main risks arising from the Group'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.

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 March 31, 2024 and 2023 based on contractual undiscounted payments:

2024	On demand	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	No fixed payment period	Total
Accounts payable and accrued expenses	P 7,538,407	P -	P -	P -	P -	P 7,538,407
Short-term loans payable	-	-	-	41,303,000	-	41,303,000
Deposits	-	-	-	-	16,322,746	16,322,746
Due to related parties	-	-	-	-	460,031,265	460,031,265
	P 7,538,407	P -	P -	P 41,303,000	P 476,354,011	P 525,195,418

2023	On demand	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	No fixed payment period	Total
Accounts payable and accrued expenses	P 4,070,116	P -	P -	P -	P -	P 4,070,116
Short-term loans payable	-	-	-	44,353,000	-	44,353,000
Deposits	-	-	-	-	16,091,419	16,091,419
Due to related parties	-	-	-	-	405,058,507	405,058,507
	P 4,070,116	P -	P -	P 44,353,000	P 421,149,926	P 469,573,042

### 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).

The table below shows the gross maximum exposure to credit risk of the Group as of March 31, 2024 and 2023. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure	
	2024	2023
Cash	P 2,285,843	P 5,190,128
Trade receivables	16,550	6,907,302
Financial asset at fair value through OCI	18,850,000	27,430,000
Deposits	1,515,639	1,595,276
Due from related parties	79,906,277	68,971,707
Trust funds	4,756,971	2,389,379
	P 107,331,280	P 112,483,792

The credit quality of the Group's assets as of March 31, 2024 and 2023 is as follows:

2024	Stage 1	Stage 2	Stage 3	Total
	12-months ECL	Lifetime ECL	Credit impaired	
Cash	P 2,285,843	P -	P -	P 2,285,843
Trade receivables	16,550	-	-	16,550
Financial asset at fair value - OCI	18,850,000	-	-	18,850,000
Deposits	1,515,639	-	-	1,515,639
Due from related parties	-	72,456,277	7,450,000	79,906,277
Trust funds	-	4,756,971	-	4,756,971
	22,668,032	77,213,248	7,450,000	107,331,280
ECL	-	-	7,450,000	7,450,000
Net carrying value	P 22,668,032	P 77,213,248	P -	P 99,881,280

2023	Stage 1	Stage 2	Stage 3	Total
	12-months ECL	Lifetime ECL	Credit impaired	
Cash	P 5,190,128	P -	P -	P 5,190,128
Trade receivables	6,907,302	-	-	6,907,302
Financial asset at fair value - OCI	27,430,000	-	-	27,430,000
Deposits	1,595,276	-	-	1,595,276
Due from related parties	-	61,521,707	7,450,000	68,971,707
Trust funds	-	2,389,379	-	2,389,379
	41,122,706	63,911,086	7,450,000	112,483,792
ECL	-	-	7,450,000	7,450,000
Net carrying value	P 41,122,706	P63,911,086	P -	P 105,033,792

#### 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.

#### Price Risk

The Group's price risk exposure at year-end relates to financial asset whose value fluctuates as a result of changes in market price, principally, Investment in financial assets at FVOCI. Before taking into account the effect of taxes, equity as of March 31, 2024 and 2023 would either decrease or increase by P0.38 million and P0.55 million, respectively, had the variable changed by 2%. The impact on the Group's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Investment in financial asset at fair value through OCI.

#### 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 fiscal year end, which is within the acceptable range of the Group, is as follows:

	2024	2023
Equity	P 2,565,839,126	P 2,581,665,336
Total assets	3,802,921,663	3,763,066,528
Ratio	0.67	0.69

## 8. Cash in Banks

Cash in banks generally earn interest based on prevailing bank deposit rates. Cash in banks amounted to P2,285,843 and P5,190,128 as of March 31, 2024 and 2023, respectively.

Interest earned from these deposits amounted to P5,607, P38,306 and P15,212 for the fiscal years ended March 31, 2024, 2023 and 2022, respectively.

## 9. Trade Receivables

Trade receivables represent receivable from sale of aggregates and rental of properties amounting to P16,550 and P6,907,302 as at March 31, 2024 and 2023, respectively. These are non-interest bearing and are generally collectible within twelve (12) months.

The aging of trade receivables is as follows:

	Current	Past due		Total
		31-60 days	61-90 days	
<b>2024</b>	<b>P 16,550</b>	<b>P -</b>	<b>P -</b>	<b>P 16,550</b>
2023	3,815,860	2,177,740	913,702	6,907,302

## 10. Inventories

The Group's aggregates inventories as at March 31, 2024 and 2023 are as follows:

	2024	2023
Armor rocks	<b>P 40,564,839</b>	P 5,126,800
Crushed basalt aggregates	<b>14,271,613</b>	16,545,038
	<b>P 54,836,452</b>	P 21,671,838

As at March 31, 2024 and 2023, inventories are carried at cost. Due to a relatively high demand, the NRV approximates the carrying value.

## 11. Other Current Assets

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

	2024	2023
Input taxes - net of allowance		
for impairment loss of P90,669 in 2023 and 2022	<b>P 5,796,574</b>	P 2,612,560
Deposits	<b>1,515,639</b>	1,595,276
Prepaid taxes	<b>6,924,344</b>	6,599,652
	<b>P 14,236,557</b>	P 10,807,488

- Input taxes represent the 12% tax on domestic purchases of goods and services from VAT registered entities. Input tax is applied against output taxes in the succeeding month.
- Deposits are payment to secure leasing arrangements. The amounts are refundable within the next 12 months.

- Prepaid taxes represent 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of March 31, 2024 and 2023, creditable withholding taxes are considered recoverable in full and no impairment loss is necessary.

## 12. Financial Asset at Fair Value through Other Comprehensive Income

This account represents 130,000,000 listed shares of Transpacific Broadband Group International, Inc. (TBGI), a publicly listed company in the Philippine Stock Exchange. Fair value was determined through reference to published price quotations.

The reconciliation of the carrying amounts of this account at the beginning and end of the fiscal year is as follows:

	2024		2023	
Balance at the beginning of fiscal year	P	27,430,000	P	46,235,000
Changes in fair value		(8,580,000)		(18,805,000)
Balance at the end of fiscal year	P	18,850,000	P	27,430,000

Changes in fair value are reported separately in the consolidated statements of comprehensive income as "Fair value changes in financial asset at fair value through other comprehensive income".

## 13. Investments in Associates - net

This account consists of the following:

	2024		2023		2022	
Cost						
ATN Phils. Solar Energy Group, Inc. (ATN Solar)	P	865,080,120	P	865,080,120	P	865,080,120
Mariestad Mining Corporation (MMC)		11,306,000		11,306,000		11,306,000
		<b>876,386,120</b>		876,386,120		876,386,120
Equity in net losses (ATN Solar)						
Beginning		(13,487,053)		(13,132,826)		(13,221,345)
Income (Loss) during the year		(338,788)		(354,227)		88,519
Ending		<b>(13,825,841)</b>		(13,487,053)		(13,132,826)
Total		<b>862,560,279</b>		862,899,067		863,253,294
Allowance for impairment losses		<b>(11,306,000)</b>		(11,306,000)		(11,306,000)
	P	<b>851,254,279</b>	P	851,593,067	P	851,947,294

### ATN Solar

ATN Solar is a grantee of Solar Energy Service Contract with the Philippine Government through the Department of Energy to develop, own and operate a 30MW solar power plant in Rodriguez, Rizal.

In 2023, ATN Solar has commenced discussion with Engineering Procurement Construction (EPC) groups for the construction of the plant. Construction phases are (1) 250kW pilot plant to test possible technical issues and improve construction efficiency of commercial scale plant to reduce construction timelines. (2) 250kW pilot plant to be expanded to 2MW for the complete modular assembly of DC/AC system.

The Company has awarded in principle the construction of the 250kW plant. Initial output power will be utilized by its parent company ATN Holding, Inc. for internal use, with no export to the grid. Completion in project phases will allow ATN Solar to finalized supply agreements with a Retail Electricity Supplier (RES) and/or the Meralco group.

After successful construction of the pilot plant, the Company will decide on the award of construction of modular 3 x 10MW Solar PV plant to the EPC or other EPC to complete the three modules.

The project site of 15 hectares for 30 MW have been leveled and cleared. With the advances in solar panel capacity from to 210Wp to 630Wp per panel, a 15-hectare land area will be allocated for the 30 MW project. The Company needs to install the DC components of the project since the 3 x 10MW sub-distribution lines connected to Meralco have been installed in place. All temporary and ancillary facilities including but not limited to water supply facility, personnel housing, heavy equipment for construction, power supply for construction are ready for the implementation off the 30 MW project, pending the result of the pilot project.

As of July 11, 2024, the Company is finalizing its Power Supply Agreement with Meralco and various RES. Demand for electricity given the expected depletion of the Malampaya Natural Gas, which supplies to 2,400MW power plants. The increase in coal prices by 400x, due to the Ukraine war, hasten the need of renewable energy like solar to supply peak hour demands.

As of March 31, 2024 and 2023, the Group owns 49.49% and 48.80% of ATN Solar, respectively, and it exercises significant influence over the financial and operating matters of the associate.

The latest financial information of ATN Solar is as follows:

	December 31,	
	<b>2023</b>	2022
Current assets	<b>P 6,938,436</b>	P 7,275,783
Non-current assets	<b>1,891,868,801</b>	1,845,276,119
Current liabilities	<b>18,022,858</b>	14,880,000
Non-current liabilities	<b>1,213,718,562</b>	1,168,766,643
Equity	<b>P 667,065,817</b>	P 668,905,259

Other financial information:

	December 31,	
	<b>2023</b>	2022
Carrying value of investment in ATN Solar	<b>P 851,254,279</b>	P 851,593,067
Net income (loss)	<b>(684,559)</b>	(725,874)
Group's share in net income (loss)	<b>(338,788)</b>	(354,227)

ATN Solar's accounting period is January 1 to December 31.

#### *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 P11,306,000 in MMC. Due to the non-commencement of mining operation, the Group provided a full impairment loss on its investment in MMC. Furthermore, there was no recent financial information available for MMC.

#### 14. Investment Properties

The composition of this account as of March 31, 2024 and 2023 is as follows:

Land	P	15,810,000
Condominium units		284,554,278
Parking lots		26,350,000
Townhouses		22,953,001
	P	349,667,279

Rental income on investment properties amounted to P5,533,206 in 2024, P6,021,461 in 2023 and P9,014,450 in 2022. Direct operating cost incurred on these properties amounted to P1,039,194 in 2024, P1,077,280 in 2023 and P1,028,870 in 2022.

Certain investment properties were mortgaged to the bank to secure the Group's financing requirements. (see Note 18).

#### 15. Property and Equipment

Property and equipment consists of:

2024	Land and mine site improvements	Machineries and equipment	Office furniture and improvements	Transportation equipment	Total
<b>Costs</b>					
At April 1, 2023	P 2,358,943,606	P 70,329,329	P 6,331,055	P 7,879,464	P 2,443,483,454
Additions during the year	-	14,185,039	220,723	-	14,405,762
At March 31, 2024	2,358,943,606	84,514,368	6,551,778	7,879,464	2,457,889,216
<b>Accumulated depreciation and impairment loss</b>					
At April 1, 2023	120,789	5,344,673	6,197,363	5,932,289	17,595,114
Provisions for depreciation and depletion	53,684	4,920,094	35,804	723,065	5,732,647
At March 31, 2024	174,473	10,264,767	6,233,167	6,655,354	23,327,761
<b>Carrying value</b>					
At March 31, 2024	P 2,358,769,133	P 74,249,601	P 318,611	P 1,224,110	P 2,434,561,455
<b>2023</b>					
<b>Costs</b>					
At April 1, 2022	P 2,358,943,606	P 47,025,758	P 6,331,055	P 7,879,464	P 2,420,179,883
Additions during the year	-	23,303,571	-	-	23,303,571
At March 31, 2023	2,358,943,606	70,329,329	6,331,055	7,879,464	2,443,483,454
<b>Accumulated depreciation and impairment loss</b>					
At April 1, 2022	67,105	2,351,290	6,161,559	5,209,224	13,789,178
Provisions for depreciation and depletion	53,684	2,993,383	35,804	723,065	3,805,936
At March 31, 2023	120,789	5,344,673	6,197,363	5,932,289	17,595,114
<b>Carrying value</b>					
At March 31, 2023	P 2,358,822,817	P 64,984,656	P 133,692	P 1,947,175	P 2,425,888,340

Machinery and equipment include crushing plant, transport equipment for aggregates and rock drilling machine. In October 2023, certain machinery was acquired for P5.85 million payable within ten (10) months from November 2024 to October 2024. The balance as March 30, 2024 is presented as part of Accounts payable amounting to P2.87 million.

Land and improvements with carrying value of P2.3 billion was reclassified from Investment property in 2021. This was measured using the fair value model prior to the reclassification. The increase in carrying value arising from fair value adjustment as of the latest appraisal amounted to P230.5 million was credited to Fair value gains in investment properties reported in the consolidated statements of income for the year ended March 31, 2018. As allowed under PAS 40 on the transfer from investment property carried at fair value to property and equipment, the fair value at the time of change in use is the cost of property under its new classification. The reclassification was made in view of the owner-occupation (quarry activities).

To prepare the site for quarry operation, the Group incurs stripping costs. These costs are incurred in the development phase which are capitalized as part of constructing the quarry site and subsequently amortized over its useful life using the unit-of-production method. The capitalization of stripping costs ceases when the quarry site is ready for production.

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

		2024		2023
Cost of production	P	3,039,062	P	1,112,351
Direct costs		1,934,716		1,934,716
Administrative expenses		758,869		758,869
	<b>P</b>	<b>5,732,647</b>	<b>P</b>	<b>3,805,936</b>

## 16. Trust funds

In accordance with MPSA and ECC, the Group is required by the DENR-MGB to set up the following funds:

- Environment Trust Fund (ETF) – fund set aside to address the environmental impacts and safety concerns in the implementation, operation and abandonment/decommissioning and rehabilitation of mining projects.
- Monitoring Trust Fund (MTF) – fund to cover maintenance and other operating budget for the transportation and travel expenses, cost of laboratory analysis, cost of supplies and materials, cost of communication services, cost of consultancy work and other reasonable expenses incurred by the monitoring team of the MRF Committee.
- Rehabilitation Cash Fund (RCF) - fund to ensure compliance with the approved rehabilitation activities and schedules, including research programs, as defined in the EPEP.
- Final Mine Rehabilitation and Decommissioning Fund (FMRDF) – fund to be established and maintained through cash deposits to cover the Group’s rehabilitation liability upon the closure of the mine and to ensure payment of compensable damages that may be caused by mine wastes.

The movements of these funds are as follows:

2024	Beginning	Contributions	Transfers	Interest earned	Ending
ETF	P 60,042	P -	P -	P 30	P 60,072
MTF	159,958	-	-	81	160,039
RCF	554,030	745,802	-	648	1,300,480
FMRDF	1,615,349	1,620,000	-	1,031	3,236,380
	<b>P 2,389,379</b>	<b>P 2,365,802</b>	<b>P -</b>	<b>P 1,790</b>	<b>P 4,756,971</b>

2023	Beginning	Contributions	Transfers*	Interest earned	Ending
ETF	P 10,000	P 150,004	P (100,000)	P 38	P 60,042
MTF	10,000	49,935	100,000	23	159,958
RCF	10,000	543,980	-	50	554,030
FMRDF	10,000	1,605,229	-	120	1,615,349
	P 2,389,379	P 2,349,148	P -	P 231	P 2,389,379

\*Transferred to MTF or Initial contribution

These trust funds are held in government depository banks as required by the MPSA. Withdrawal is restricted only based on the duly approved purpose of the funds.

## 17. Accounts Payable and Accrued Expenses

This account consists of the following:

	2024	2023
Capital gains tax payable	P 2,985,000	P 2,985,000
Accounts payable (see Note 15)	3,327,730	270,916
Accrued expenses	1,171,188	784,459
Taxes payable	54,489	29,741
	P 7,538,407	P 4,070,116

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

- Accounts payable are non-interest bearing and are normally settled on a 90-day term;
- Accruals are liabilities from services rendered but not yet billed by the supplier;
- Taxes payable are settled in the following month.

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 statement of financial position to be a reasonable approximation of their fair values.

## 18. Short-term Loans Payable

The Group has an omnibus line with China Banking Corporation for a maximum amount of P50 million. Interest is charged every month on the outstanding loan balance at 6.50% per annum in 2024 and 5.75% per annum in 2023. The loan has a term of 360 days and is collateralized by condominium units in Summit One Tower. As of March 31, 2024 and 2023, the balance of the loan amounted to P41.3 million and P44.3 million, respectively. Proceeds of the loan are used for working capital requirements.

Interest expense related to this loan amounted to P2,948,336, P2,518,020 and P2,220,283 for the fiscal years ended March 31, 2024, 2023 and 2022, respectively.

## 19. Deposits

This account represents deposit on operating leases which is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts.

As of March 31, 2024 and 2023, deposits on operating leases amounted to P16,322,746 and P16,091,419, respectively.

## 20. Equity

### Share capital

Component of the Group's share capital as at March 31, 2024 and 2023 is as follows:

Title of issue	Authorized share capital at P0.10 par value per share		Subscribed and paid	
	Number of shares	Amount	Number of shares	Amount
Common				
Class A	4,200,000,000	P 420,000,000	4,025,055,429	P 402,505,543
Class B	2,800,000,000	280,000,000	2,800,000,000	280,000,000
Preferred	5,000,000,000	500,000,000	-	-
	12,000,000,000	P 1,200,000,000	6,825,055,429	P 682,505,543

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 are cumulative, non-participating, non-voting shares that are entitled for mandatory redemption on the 5<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> year anniversary of issue.

The movement of capital as at March 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	P 682,505,543	P 450,000,000
Debt-to-equity conversion	-	232,505,543
Balance at the end of year	P 682,505,543	P 682,505,543

During the annual stockholders meeting held on November 14, 2019, the stockholders approved the following resolutions:

- Issuance of 2,325,055,429 shares to Unipage Management, Inc. (UMI) from the unsubscribed portion of the authorized capital stock.
- The Group to increase its authorized capital from 12 billion shares to 24 billion shares both with par value of P0.10.
- Issuance of 824,944,571 shares to a certain shareholder upon increase of Authorized Capital Stock.

On April 5, 2022, a subscription agreement was executed wherein UMI subscribed to 2,325,055,429 shares of the Group for a total subscription price amounting to P466,451,550. Payment was satisfied through the conversion of the former's advances to the Group. The additional subscription was allocated as follows:

Share capital	P 232,505,543
Additional paid-in capital	233,946,007
	P 466,451,550

As of March 31, 2024 and 2023, Additional paid-in capital amounted to P256,319,963.

As of March 31, 2024, the application for increase in capital is due for filing with the Securities and Exchange Commission.

*Unrealized gain (loss) on Financial assets at fair value through OCI*

The movement of this account is as follows:

	<b>2024</b>	2023	2022
Balance at beginning of year	<b>P 5,189,939</b>	P 23,994,939	P 32,617,516
Changes in fair value	<b>(8,580,000)</b>	(18,805,000)	(10,998,000)
Effect of deferred tax adjustment	-	-	2,375,423
Balance at the end of year	<b>P (3,390,061)</b>	P 5,189,939	P 23,994,939

**21. Sales**

The Group sells aggregates in different sizes (armor rocks, crushed basalt, etc.) to various customers. Revenue is recognized only when the Group satisfies a performance obligation which is the delivery and acceptance of the aggregates by the customers. That is the point in time when the transfer of control of the aggregates occurs from the Group to the customers.

Sale of aggregates is made directly to customers. All sales are made locally and the geographical information of customers is irrelevant.

Sale of aggregates amounted to P6.6 million, P35.1 million, and P25.7 million for the fiscal years ended March 31, 2024, 2023 and 2022, respectively. Sales generated from 2022-2024 were all produced during the period of the SMP.

**22. Cost of Sales and Services**

The breakdown of this account is as follows:

	<b>2024</b>	2023	2022
Cost of aggregates sold	<b>P 5,469,942</b>	P 26,246,392	P 19,673,048
Direct costs on real estate leasing (see Note 14)	<b>1,039,194</b>	1,077,280	1,028,870
Depreciation (see Note 15)	<b>1,934,716</b>	1,934,716	1,934,716
	<b>P 8,443,852</b>	P 29,258,388	P 22,636,634

The details of cost of aggregates sold are as follows:

	<b>2024</b>	2023	2022
Inventory, beginning	<b>P 21,671,838</b>	P 5,844,042	P -
Add: Cost of production			
Fuel and gasoline	<b>18,707,719</b>	21,526,293	14,362,501
Utilities	<b>5,360,635</b>	7,984,604	2,703,552
Manpower services	<b>9,950,378</b>	6,636,810	1,827,212
Trucking and freight	<b>1,576,762</b>	4,814,130	6,623,825
Depreciation (see Note 15)	<b>3,039,062</b>	1,112,351	-
	<b>38,634,556</b>	42,074,188	25,517,090
	<b>60,306,394</b>	47,918,230	25,517,090
Less: Inventory, ending	<b>(54,836,452)</b>	(21,671,838)	(5,844,042)
	<b>P 5,469,942</b>	P 26,246,392	P 19,673,048

### 23. Administrative Expenses and Finance Costs

The breakdown of this account is as follows:

	2024		2023		2022
Salaries and employee benefits (see Note 24)	P 2,518,741	P	2,310,459	P	1,070,574
Communication and association dues	1,453,700		1,510,155		2,043,978
Professional fees	1,070,301		1,802,856		1,534,000
Depreciation (see Note 15)	758,869		758,869		758,869
Rent	495,988		460,561		425,133
Taxes and licenses	299,014		2,637,677		211,600
Security and janitorial services	289,919		313,000		284,352
Government contributions	198,314		295,940		-
Transportation and travel	177,819		495,093		388,569
Office supplies and printing	150,530		329,226		281,245
Insurance	50,595		39,969		75,530
Representation and entertainment	8,770		630,767		533,679
Repairs and maintenance	1,710		20,499		98,013
Miscellaneous	54,178		67,900		55,534
	<b>P 7,528,448</b>	P	<b>11,672,971</b>	P	<b>7,761,076</b>

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

Sources of finance costs for the fiscal years ended March 31, 2024, 2023 and 2022 are as follows:

	2024		2023		2022
Short-term loans (see Note 18)	P 2,948,336	P	2,518,020	P	2,220,283
Lease liabilities	-		-		24,618
	<b>P 2,948,336</b>	P	<b>2,518,020</b>	P	<b>2,244,901</b>

### 24. Salary and Employee Benefits

This account consists of the following:

	2024		2023		2022
Salaries and wages	P 2,440,116	P	2,247,440	P	1,070,574
Provisions for retirement	78,625		63,019		-
	<b>P 2,518,741</b>	P	<b>2,310,459</b>	P	<b>1,070,574</b>

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.

The movement of the pension liability account is as follows:

		2024		2023		2022
Balance at the beginning of the year	P	476,364	P	413,345	P	844,950
Provisions during the year		78,625		63,019		-
Reversal of pension liability		-		-		(431,605)
	P	554,989	P	476,364	P	413,345

## 25. Leases

### Group as a Lessor

The Group leases its investment properties to various tenants. The term of the lease is for a period of one year renewable at the option of both parties. Rental income for the years ended March 31, 2024, 2023 and 2022 amounted to P5,533,206, P6,021,461 and P9,014,450, respectively.

The agreements, among others, have the following terms:

- Payment of monthly rent;
- Payment of security deposit;
- Annual escalation clause of rental rates upon renewal; and
- Restriction of use, among others.

Direct operating cost related to lease of these properties amounted to P1,039,194 in 2024, P1,077,280 in 2023 and P1,028,870 in 2022.

## 26. Related Party Transactions

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

Category	Year	Transactions during the year				Outstanding balance		Terms and conditions	
		Cash transactions		Non-cash transactions		Due from related parties	Due to related parties		
		Due from (Collections)	Due to (Settlement)	Assignment of advances	Conversion to capital				
<i>Associate</i>									
<i>ATN Solar</i>									
Cash advances	2024	P 8,934,570	P -	P -	P -	P 54,075,464	P -	<i>Demandable; Non-interest bearing; Unsecured; Payable in cash</i>	
	2023	(8,979,090)	-	-	-	45,140,894	-		
	2022	26,401,348	-	-	-	54,119,984	-		
<i>Companies under common control</i>									
<i>Transpacific Broadband Group Intl, Inc. (TBGI)</i>									
Cash advances	2024	2,000,000	494,340	-	-	18,380,813	5,437,885	<i>Demandable; Non-interest bearing; Unsecured; Payable in cash</i>	
	2023	280,813	4,943,545	-	-	16,380,813	4,943,545		
	2022	-	(634,237)	-	-	16,100,000	-		
<i>Sierra Madre Consolidated Mines (SMCM)</i>									
Cash advances	2024	-	-	-	-	7,450,000	-	<i>Demandable; Non-interest bearing; Unsecured; Payable in cash</i>	
	2023	-	-	-	-	7,450,000	-		
	2022	-	-	-	-	7,450,000	-		
<i>Unipage Management, Inc. (UMI)</i>									
Cash advances	2024	-	12,300,000	-	-	-	90,885,899	<i>Demandable; Non-interest bearing; Unsecured; Payable in cash</i>	
	2023	-	64,543,996	210,000,000	(466,451,550)	-	78,585,899		
	2022	-	33,698,856	-	-	-	270,493,453		
<i>Stockholders</i>									
Cash advances	2024	-	42,178,418	-	-	-	363,707,481	<i>Demandable; Non-interest bearing; Unsecured; Payable in cash</i>	
	2023	-	(35,544,694)	(210,000,000)	-	-	321,529,063		
	2022	-	1,407,378	-	-	-	567,073,757		
	2024						P 79,906,277	P 460,031,265	
	2023						P 68,971,707	P 405,058,507	
	2022						P 77,669,984	P 837,567,210	

Significant transactions with related parties are as follows:

1. UMI and certain stockholders provide financing for the Group. Eventually, these funds are transferred and used to support ATN Solar's capital expenditures and operating expenses.
2. In prior years, the Group provided cash 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 was 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 P7.45 million.
3. On April 5, 2022, a Deed of Assignment was executed wherein the advances provided by a certain stockholder to the Company amounting to P210 million were assigned to UMI. On the same date, a Subscription Agreement was executed wherein the Company issued 2,325,055,429 shares to UMI in exchange for the latter's advances to the Parent Company amounting to P466,451,550. This non-cash transaction was excluded in the consolidated statements of cash flows for the fiscal year ended March 31, 2023.
4. The details of subsidiaries' accounts that were eliminated in the process of consolidation are as follows:

	Due from subsidiaries		
	2024	2023	2022
Palladian Land Development, Inc.	P 23,529,860	P 23,245,620	P 28,919,160
Managed Care Philippines, Inc.	8,642,328	8,642,328	8,642,328
Advanced Home Concept Development Corporation	10,938,677	10,818,677	10,768,677
	P 43,110,865	P 42,706,625	P 48,330,165

5. The amount of compensation paid to key management personnel amounted to P423,241 and P370,000 for the fiscal years ended March 31, 2024 and 2023, respectively. During the fiscal year ended March 31, 2022, the Group did not recognize any key management compensation nor provided any stock options and bonuses.
6. There were no provisions for ECL during 2024, 2023 and 2022 covering Advances to related parties.

As of March 31, 2024 and 2023, the net carrying values of these advances are as follows:

	2024	2023	2022
Due from related parties	P 79,906,277	P 68,971,707	P 77,669,984
Less: Allowance for impairment losses	(7,450,000)	(7,450,000)	(7,450,000)
	72,456,277	61,521,707	70,219,984
Due to related parties	P 460,031,265	P 405,058,507	P 837,567,210

## 27. Income Taxes

Components of income tax reported in the consolidated statements of income are as follows:

	2024	2023	2022
Current	P 71,706	P 475,094	P 326,925
Deferred	20,450	(12,604)	(318,496)
	P 92,156	P 462,490	P 8,429

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense is as follows:

	2024		2023		2022	
Statutory income tax	P	(1,788,514)	P	(670,973)	P	646,588
Tax effect of:						
Reduced tax rate		-		-		(1,435,917)
Non-deductible expenses		555,234		2,065		303
Unrecognized deferred income tax		1,326,838		1,140,975		1,860,769
Utilized NOLCO		-		-		(1,059,510)
Income subject to final tax		(1,402)		(9,577)		(3,804)
Actual provision for income tax	P	92,156	P	462,490	P	8,429

The component of the Group's net deferred income tax liabilities is as follows:

	2024		2023		2022	
Unrealized gain on fair value adjustment of investment properties	P	711,467,726	P	711,467,726	P	711,467,726
Retirement liability		(135,596)		(115,940)		(103,336)
	P	711,332,130	P	711,351,786	P	711,364,390

The Group did not recognize any deferred tax assets as at March 31, 2024 and 2023 on impairment losses, net operating loss carry over (NOLCO) and minimum corporate income tax (MCIT) since it does not expect to have sufficient profit against which the deferred tax assets can be utilized. The breakdown is as follows:

	2024		2023	
Impairment losses	P	4,510,167	P	4,510,167
Net Operating Loss Carry Over (NOLCO)		4,742,654		3,544,513
Minimum Corporate Income Tax (MCIT)		273,298		161,486
	P	9,526,119	P	8,216,166

Components of the Group's unutilized NOLCO and MCIT and the year until which these are deductible from taxable income are as follows:

NOLCO							
Year incurred	Amount	Applied	Expired	Remaining balance	Year of expiry		
2024	P 4,792,562	P -	P -	P 4,792,562	2027		
2023	4,502,499	-	-	4,502,499	2026		
2022	329,690	-	-	329,690	2025		
2021	10,315,029	(969,165)	-	9,345,864	2026		
	P 19,939,780	P (969,165)	P -	P 18,970,615			

MCIT							
Year incurred	Amount	Applied	Expired	Remaining balance	Year of expiry		
2024	P 111,812	P -	P -	P 111,812	2027		
2022	83,001	-	-	83,001	2025		
2021	78,485	-	-	78,485	2026		
	P 273,298	P -	P -	P 273,298			

**NOLCO**

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which provide that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

**28. Earnings (Loss) per Share**

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

	2024		2023		2022
Income (Loss) (A)	P	(7,246,210)	P	(3,146,380)	P 2,577,923
Divided by:					
Weighted Average Shares (B)		6,825,055,429		6,825,055,429	4,500,000,000
Earnings (Loss) per share (A/B)	P	(0.00106)	P	(0.00046)	P 0.00057

As of the respective year ends, there were no potential ordinary shares with dilutive effect.

**29. Segment Information**

For management reporting purposes, the Group is divided into two (2) reportable segments consisting of the (i) Real estate leasing and (ii) Aggregates which is involve in the production and selling of rock aggregates.

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.

Segment information for the reportable segment is shown in the following table:

	As of March 31, 2024				
	Real estate leasing	Sale of aggregates	Non-segment items	Total	
Revenues	P 5,533,206	P 6,566,557	P 5,607	P 12,105,370	
Cost and Expenses	1,680,432	5,469,942	12,201,206	19,351,580	
Segment results	3,852,774	1,096,615	(12,195,599)	(7,246,210)	
Reportable segment assets	351,969,672	2,492,612,157	958,339,834	3,802,921,663	
Reportable segment liabilities	16,322,746	-	1,220,759,791	1,237,082,537	
Non-cash expenses					
Depreciation	-	4,973,778	758,869	5,732,647	

	As of March 31, 2023				
		Real estate leasing	Sale of aggregates	Non-segment items	Total
Revenues	P	6,021,461	P 35,059,949	P 38,306	P 41,119,716
Cost and Expenses		1,763,370	26,246,392	16,256,334	44,266,096
Segment results		4,258,091	8,813,557	(16,218,028)	(3,146,380)
Reportable segment assets		354,905,801	2,454,727,598	953,433,129	3,763,066,528
Reportable segment liabilities		16,091,419	-	1,165,309,773	1,181,401,192
Non-cash expenses					
Depreciation		-	3,047,067	758,869	3,805,936

	As of March 31, 2022				
		Real estate leasing	Sale of aggregates	Non-segment items	Total
Revenues	P	9,014,450	P 25,679,177	P 535,336	P 35,228,963
Cost and Expenses		1,698,365	19,673,048	11,279,627	32,651,040
Segment results		7,316,085	6,006,129	(10,744,291)	2,577,923
Reportable segment assets		365,835,891	2,412,134,756	980,010,873	3,757,981,520
Reportable segment liabilities		19,704,472	-	1,601,111,882	1,620,816,354
Non-cash expenses					
Depreciation		-	1,934,716	758,869	2,693,585

Sale of aggregates to three (3) major customers in 2024 accounted to 96% of the revenues arising from Sale of aggregates segment.

Sale of aggregates to four (4) major customers in 2023 accounted to 93% of the revenues arising from Sale of aggregates segment.

Sale of aggregates to three (3) major customers in 2022 accounted to 100% of the revenues arising from Sale of aggregates segment.

### 30. Other Matters

#### *Final Mine Rehabilitation and Decommissioning Fund (FMRDF)*

As provided for in FMRDF, the Group is required to set up a fund designed to ensure compliance with the approved rehabilitation activities and schedules, including research programs as defined in the Environment Protection and Enhancement Program (EPEP). As provided for in the EPEP and FMRDF Plan, initial funding will commence in the 4th year of operation amounting to P1.035 million. The fund is required to have P5 million in 13 years. Annual contribution is based on a specific formula as provided under DAO 2005-07. Withdrawal thereto shall be based on a committee-approved work and financial plan.

*Supplemental disclosure to consolidated statements of cash flows*

Details of the movement in cash flows from financing activities for the fiscal years ended March 31, 2024 and 2023 are as follows:

<b>2024</b>	<b>Beginning</b>	<b>Net cash flows</b>	<b>Others</b>	<b>End</b>
<b>Due to related parties</b>	<b>P 405,058,507</b>	<b>P 54,972,758</b>	<b>P -</b>	<b>P 460,031,265</b>
<b>Short-term loans payable</b>	<b>44,353,000</b>	<b>(3,050,000)</b>	<b>-</b>	<b>41,303,000</b>
<b>Interest payable</b>	<b>-</b>	<b>(2,948,336)</b>	<b>2,948,336</b>	<b>-</b>
	<b>P 449,411,507</b>	<b>P 48,974,422</b>	<b>P 2,948,336</b>	<b>P 501,334,265</b>

<b>2023</b>	<b>Beginning</b>	<b>Net cash flows</b>	<b>Others</b>	<b>End</b>
<b>Due to related parties</b>	<b>P 837,567,210</b>	<b>P 33,942,847</b>	<b>P(466,451,550)</b>	<b>P 405,058,507</b>
<b>Short-term loans payable</b>	<b>47,000,000</b>	<b>(2,647,000)</b>	<b>-</b>	<b>44,353,000</b>
<b>Interest payable</b>	<b>-</b>	<b>(2,518,020)</b>	<b>2,518,020</b>	<b>-</b>
	<b>P 884,567,210</b>	<b>P 28,777,827</b>	<b>P(463,933,530)</b>	<b>P 449,411,507</b>

Non cash financing activities

Others pertaining to due to related parties in 2023 represent debt to capital conversion for the subscription of Group's additional shares by a certain stockholder. (see Notes 20 and 26)

**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Index to the Consolidated Financial Statements and Supplementary Schedules  
Under Revised Securities Regulation Code Rule 68  
March 31, 2024

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**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule I - Financial Soundness Indicators

Key Performance Indicators	Formula	For the Fiscal Year Ended March 31	
		2024	2023
A. Current/Liquidity Ratio			
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	<b>1.461:1</b>	0.921:1
Quick Ratio	$\frac{\text{Current Assets} - \text{Inventory} - \text{Other Current Assets}}{\text{Current Liabilities}}$	<b>0.047:1</b>	0.250:1
B. Solvency Ratio/Debt-to-Equity Ratio			
Solvency Ratio	$\frac{\text{Net Income (Loss) Before Depreciation and Amortization}}{\text{Total Liabilities}}$	<b>(0.001):1</b>	0.001:1
Debt-to-Equity Ratio	$\frac{\text{Total Liabilities}}{\text{Total Equity}}$	<b>0.482:1</b>	0.458:1
C. Asset to Equity Ratio			
Asset-to-Equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	<b>1.482:1</b>	1.458:1
D. EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization)	Profit Before Tax Add: Depreciation, Depletion and Amortization Interest Expense Less: Interest Income	<b>P 1,521,322</b>	P 3,601,760
E. Profitability Ratios			
Profit Before Tax Margin Ratio	$\frac{\text{Profit (Loss) Before Tax}}{\text{Total Revenue}}$	<b>(59.13%)</b>	(6.53%)
Return on Assets	$\frac{\text{Net Income (Loss)}}{\text{Average Total Assets}}$	<b>(0.192%)</b>	(0.084%)
Return on Equity	$\frac{\text{Net Income (Loss)}}{\text{Average Total Equity}}$	<b>(0.443%)</b>	(0.133%)

**Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration**

MARCH 31, 2024

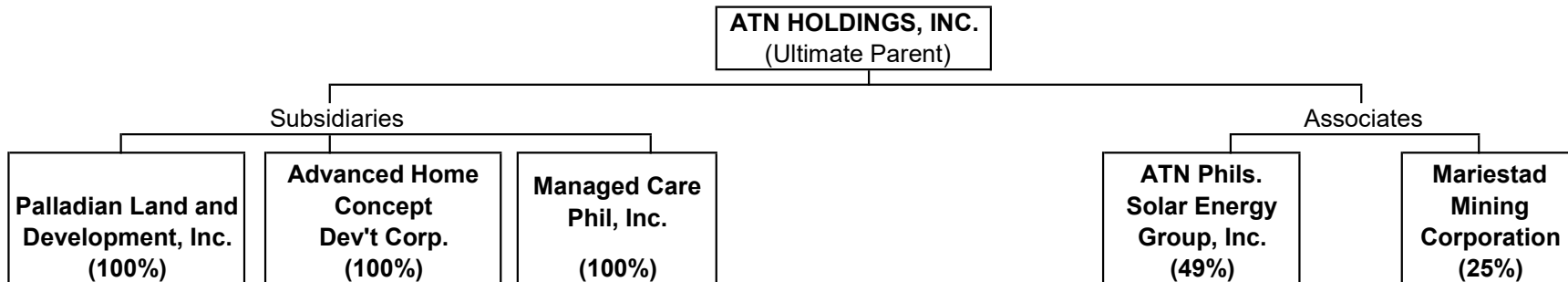
**ATN HOLDINGS, INC.**

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

<b>Unappropriated Retained Earnings, beginning of reporting period</b>	<b>P</b>	<b>17,638,915</b>
<b>Add: Category A: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	-	
Effect of restatements or prior-period adjustments	-	
Others	-	
		<hr/>
<b>Less: Category B: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	-	
Retained Earnings appropriated during the reporting period	-	
Effect of restatements or prior-period adjustments	-	
Others	-	
		<hr/>
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>17,638,915</b>
<b>Add/Less: Net Income (loss) for the current year</b>		<b>(3,310,855)</b>
<b>Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized fair value gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal		<hr/> <hr/>
<b>Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)</b>		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized fair value gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-	
Subtotal		<hr/> <hr/>
<b>Add: Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting period (net of tax)</b>		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded	-	
Subtotal		<hr/> <hr/>
<b>Adjusted Net Income/Loss</b>		<hr/> <hr/>
<b>Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>		
Depreciation on revaluation increment (after tax)	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange loss during the year	-	
Subtotal		<hr/> <hr/>
<b>Add/Less: Category E: Adjustments related to relief granted by the SEC and BSP</b>		
Amortization of the effect of reporting relief	-	
Total amount of reporting relief granted during the year	-	
Others	-	
Subtotal		<hr/> <hr/>
<b>Add/Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution</b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	-	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	-	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others	(41,834,818)	
Subtotal		<hr/> <hr/>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>	<b>P</b>	<b>(27,506,758)</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule III - A map showing the relationship between and among the Parent Company  
and its Subsidiaries and Associates  
Pursuant to Rule 68  
March 31, 2024



**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule A - Financial assets

March 31, 2024

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the statement of financial position	Equity in net earnings (losses) of the investee for the period	Income received and accrued
<b>INVESTMENT IN ASSOCIATES</b>				
Mariestad Mining Corporation (MMC)	P -	P 11,306,000	P -	P -
ATN Philippines Solar Energy Group, Inc.	-	851,254,279	(338,788)	-
Less: Allowance for impairment loss (MMC)	-	(11,306,000)	-	-
	P -	P 851,254,279	P (338,788)	P -
<b>FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI</b>				
Transpacific Broadband Group International, Inc.	130,000,000 shares	P 18,850,000	P -	P -

**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule B - Amount Receivable from Directors, Officers, Employees, Related parties and Principal Stockholders (Other than Related Parties)

March 31, 2024

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written off	Allowance for impairment	Current	Non-current	Balance at end of the period
ATN Philippines Solar Energy Group, Inc.	P 45,140,894	P 8,934,570	P -	P -	P -	P -	P 54,075,464	P 54,075,464
Transpacific Broadband Group Int'l Inc.	16,380,813	2,000,000	-	-	-	-	18,380,813	18,380,813
	<u>P 61,521,707</u>	<u>P 10,934,570</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P -</u>	<u>P 72,456,277</u>	<u>P 72,456,277</u>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
Schedule C - Amounts Receivable from Related Parties  
which are Eliminated during the Consolidation of Financial Statements  
March 31, 2024

Related Party	Balance at beginning of period	Net Transactions	Balance at end of period
Palladian Land and Development, Inc.	P 23,245,620	P 284,240	P 23,529,860
Advanced Home Concept Development Corporation	10,818,677	(120,000)	10,938,677
Managed Care Philippines, Inc.	8,642,328	-	8,642,328
<b>Total</b>	<b>P 42,706,625</b>	<b>P 164,240</b>	<b>P 43,110,865</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
Schedule E - Indebtedness to Related Parties  
March 31, 2024

Related Party	Balance at beginning of period	Payment	Addition	Balance at end of period
Transpacific Broadband				
Group International, Inc.	P 4,943,545	P -	P 494,340	P 5,437,885
Unipage Management Corp.	78,585,899	-	12,300,000	90,885,899
Stockholder	321,529,063	-	42,178,418	363,707,481
<b>Total</b>	<b>P 405,058,507</b>	<b>P -</b>	<b>P 54,972,758</b>	<b>P 460,031,265</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule G - Capital Stock

March 31, 2024

Title of Issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Number of shares held by directors, officers, and employees	Others
Common shares - P 0.10 par value						
Class A	4,200,000,000	4,025,055,429	-	325,131,429	2,780,219,357	919,704,643
Class B	2,800,000,000	2,800,000,000	-	2,041,779,000	-	758,221,000
Preferred shares	5,000,000,000	-	-	-	-	-
	12,000,000,000	6,825,055,429	-	2,366,910,429	2,780,219,357	1,677,925,643

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


July 11, 2024

The management on **ATN HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal years ended **March 31, 2024 and 2023**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

**R.R. Tan and Associates, CPAs**, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**Arsenio T. Ng**  
Chairman and CEO



**Hilario T. Ng**  
Chief Finance Officer

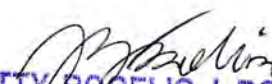


**Paul Saria**  
Chief Operating Officer

SUBSCRIBED AND SWORN to before me this 11 day of JUL 12 2024, affiants exhibiting to me their driver's license as follows:

NAMES	RES. CERT. NO.	DATE OF EXPIRATION	PLACE OF ISSUE
Arsenio T. Ng	DL# NO1-86-031588	03/13/2033	Mandaluyong
Hilario T. Ng	PP# P9996126A	12/19/2028	Manila
Paul B. Saria	DL# N04-93-264-992	12/15/2031	Mandaluyong

Doc. No. 131;  
Page No. 4;  
Book No. xxx;  
Series of 2024.

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC  
NOTARY PUBLIC IN QUEZON CITY  
Commission No. Adm. Matter No. NP 158 (2023-2024)  
IBP O.R. No. 180815 2023 & IBP O.R. No. 180816 2024  
PTR O.R. No. 3916669 D 04/03/2023 / Roll No. 33832 / TIN # 129-871-009-000  
MCLE No. 768 FROM APRIL 15, 2023 UNTIL APRIL 14, 2025  
Address: 31-F Harvard St. Cubao, Q.C.

***Report of Independent Public Accountants***

The Stockholders and Board of Directors

**ATN HOLDINGS, INC.**

9<sup>TH</sup> Floor, Summit One Tower

530 Shaw Blvd., Mandaluyong City

***Report on the Audit of the Financial Statements***

***Opinion***

We have audited the financial statements of **ATN HOLDINGS, INC.** (the Company), which comprise the Parent Company statements of financial position as at March 31, 2024 and 2023, and Parent Company statements of income, Parent Company statements of comprehensive income, Parent Company statements of changes in equity and Parent Company statements of cash flows for each of the three years in the period ended March 31, 2024, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2024 and 2023, and its financial performance and its cash flows for each of the three years in the period ended March 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRSs).

***Basis for Opinion***

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of Management and Those Charged With Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless

management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

***Report on the Supplementary Information Required Under Revenue Regulation (RR) 15-2010 of the Bureau of Internal Revenue***

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 28 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Domingo A. Daza, Jr.

**R. R. TAN AND ASSOCIATES, CPAs**



**By: DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 109993

Tax Identification No. 203-917-449

PTR No. 0173936, January 05, 2024, Pasig City

BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025

July 11, 2024

Pasig City

***Independent Auditors' Report on Other Regulatory Requirements***

The Stockholders and Board of Directors  
**ATN HOLDINGS, INC.**  
9<sup>TH</sup> Floor, Summit One Tower  
530 Shaw Blvd., Mandaluyong City

We have audited the accompanying financial statements of **ATN HOLDINGS, INC.** (the Company) for the year ended March 31, 2024, on which we have rendered the attached report dated July 11, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole.

The information contained in the Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management. This schedule is presented for purposes of additional analysis and not a required part of the basic financial statements but supplementary information required by the Revised Securities Regulation Code Rule 68. Such information has been subjected to the auditing procedures applied in our audit and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**R. R. TAN AND ASSOCIATES, CPAs**



**By: DOMINGO A. DAZA, JR.**  
Partner  
CPA Certificate No. 109993  
Tax Identification No. 203-917-449  
PTR No. 0173936, January 05, 2024, Pasig City  
BIR Accreditation No. 07-100512-002-2022, valid until September 14, 2025

July 11, 2024  
Pasig City

**ATN HOLDINGS, INC.**  
**PARENT COMPANY STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2024 AND 2023**

	Notes	2024	2023
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash in banks	8	P 947,028	P 2,107,900
Trade receivables	9	-	6,858,908
Inventories	10	54,836,452	21,671,838
Other current assets	11	6,064,304	2,531,144
		<b>61,847,784</b>	<b>33,169,790</b>
<b>Non-current Assets</b>			
Investments in:			
Financial assets at fair value through other comprehensive income (FVOCI)	12	18,850,000	27,430,000
Subsidiaries and associates - net	13	1,067,080,120	1,067,080,120
Investment properties	14	77,080,709	77,080,709
Property and equipment - net	15	30,268,229	22,191,220
Advances to related parties	24	106,924,814	95,586,004
Trust funds	16	4,756,971	2,389,379
		<b>1,304,960,844</b>	<b>1,291,757,432</b>
<b>TOTAL ASSETS</b>		<b>P 1,366,808,628</b>	<b>P 1,324,927,222</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	17	P 6,817,900	P 3,758,338
Short-term loans payable	18	41,303,000	44,353,000
		<b>48,120,900</b>	<b>48,111,338</b>
<b>Non-current Liabilities</b>			
Deposits	19	15,068,006	15,068,006
Advances from related parties	24	373,185,909	319,423,210
Deferred tax liability	25	2,670,308	2,670,308
		<b>390,924,223</b>	<b>337,161,524</b>
<b>TOTAL LIABILITIES</b>		<b>439,045,123</b>	<b>385,272,862</b>
<b>EQUITY</b>			
Share capital	20	682,505,543	682,505,543
Additional paid-in capital	20	234,319,963	234,319,963
Unrealized gain (loss) on financial asset at fair value through OCI	20	(3,390,061)	5,189,939
Retained earnings - March 31		14,328,060	17,638,915
<b>TOTAL EQUITY</b>		<b>927,763,505</b>	<b>939,654,360</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 1,366,808,628</b>	<b>P 1,324,927,222</b>

See accompanying Notes to Parent Company Financial Statements

**ATN HOLDINGS, INC.**  
**PARENT COMPANY STATEMENTS OF INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024 AND 2023**

	<i>Notes</i>	<b>2024</b>	2023
<b>SALES</b>	21	<b>P 6,566,557</b>	P 35,059,949
<b>COST OF SALES</b>	22	<b>5,469,942</b>	26,246,392
<b>GROSS PROFIT</b>		<b>1,096,615</b>	8,813,557
<b>ADMINISTRATIVE EXPENSES</b>	23	<b>3,880,576</b>	6,790,299
<b>INCOME (LOSS) FROM OPERATIONS</b>		<b>(2,783,961)</b>	2,023,258
<b>OTHER INCOME (CHARGES)</b>			
Rental income	14	<b>2,488,698</b>	2,280,321
Interest income	8	<b>4,450</b>	33,048
Finance cost	18	<b>(2,948,336)</b>	(2,518,020)
		<b>(455,188)</b>	(204,651)
<b>INCOME (LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>(3,239,149)</b>	1,818,607
<b>INCOME TAX EXPENSE</b>	25	<b>71,706</b>	448,455
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>P (3,310,855)</b>	P 1,370,152
<b>EARNINGS (LOSS) PER SHARE</b>	26	<b>P (0.0005)</b>	P 0.0002

*See accompanying Notes to Parent Company Financial Statements*

**ATN HOLDINGS, INC.**  
**PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024 AND 2023**

	<i>Notes</i>	<b>2024</b>	2023
<b>INCOME (LOSS) FOR THE PERIOD</b>	<b>P</b>	<b>(3,310,855)</b>	P 1,370,152
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>			
Fair value changes in financial assets at fair value through			
other comprehensive income	<i>12,20</i>	<b>(8,580,000)</b>	(18,805,000)
<b>TOTAL COMPREHENSIVE LOSS</b>	<b>P</b>	<b>(11,890,855)</b>	P (17,434,848)

*See accompanying Notes to Parent Company Financial Statements*

**ATN HOLDINGS, INC.**  
**PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024 AND 2023**

	<i>Notes</i>	<b>Share Capital</b>	<b>Additional Paid-in Capital</b>	<b>Unrealized Gain (Loss) on Financial Assets at Fair Value Through OCI</b>	<b>Retained Earnings</b>	<b>Total</b>				
Balance at March 31, 2022	P	450,000,000	P	373,956	P	23,994,939	P	16,268,763	P	490,637,658
Issuances during the year	20	232,505,543		233,946,007		-		-		466,451,550
Changes in fair value of financial assets at fair value through other comprehensive income	20	-		-		(18,805,000)		-		(18,805,000)
Income for the period		-		-		-		1,370,152		1,370,152
<b>Balance at March 31, 2023</b>		<b>682,505,543</b>		<b>234,319,963</b>		<b>5,189,939</b>		<b>17,638,915</b>		<b>939,654,360</b>
Changes in fair value of financial assets at fair value through other comprehensive income	20	-		-		(8,580,000)		-		(8,580,000)
Loss for the period		-		-		-		(3,310,855)		(3,310,855)
<b>Balance at March 31, 2024</b>		<b>P 682,505,543</b>	<b>P</b>	<b>234,319,963</b>	<b>P</b>	<b>(3,390,061)</b>	<b>P</b>	<b>14,328,060</b>	<b>P</b>	<b>927,763,505</b>

*See accompanying Notes to Parent Company Financial Statements*

**ATN HOLDINGS, INC.**  
**PARENT COMPANY STATEMENTS OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2024 AND 2023**

	<i>Notes</i>	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income (loss) before income tax expense	<b>P</b>	<b>(3,239,149)</b>	<b>P 1,818,607</b>
Adjustments for:			
Depreciation	<i>15</i>	<b>3,039,062</b>	1,112,351
Interest expense	<i>18</i>	<b>2,948,336</b>	2,518,020
Interest income	<i>8</i>	<b>(4,450)</b>	(33,048)
Operating Income Before Working Capital Changes		<b>2,743,799</b>	5,415,930
Decrease (Increase) in Operating assets:			
Trade receivables		<b>6,858,908</b>	(4,119,163)
Inventories		<b>(33,164,614)</b>	(15,827,796)
Other current assets		<b>(3,604,867)</b>	(2,371,846)
Increase in Accounts payable and accrued expenses		<b>3,059,562</b>	92,391
Cash Used in Operations		<b>(24,107,212)</b>	(16,810,484)
Income taxes paid		-	(401,123)
Interest received		<b>4,450</b>	33,048
<b>Net Cash Used in Operating Activities</b>		<b>(24,102,762)</b>	(17,178,559)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property and equipment	<i>15</i>	<b>(11,116,071)</b>	(23,303,571)
Contributions to trust funds		<b>(2,367,592)</b>	(2,389,379)
Advances to related parties	<i>24</i>	<b>(13,838,810)</b>	(330,813)
Collection of advances to related parties	<i>24</i>	<b>2,500,000</b>	14,652,630
<b>Net Cash Used in Investing Activities</b>		<b>(24,822,473)</b>	(11,371,133)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds of short term loans		<b>41,303,000</b>	44,353,000
Payment of short term loans:			
Principal		<b>(44,353,000)</b>	(47,000,000)
Interest		<b>(2,948,336)</b>	(2,518,020)
Availment of advances from related parties	<i>24</i>	<b>53,762,699</b>	26,656,500
<b>Net Cash Provided by Financing Activities</b>		<b>47,764,363</b>	21,491,480
<b>NET DECREASE IN CASH</b>		<b>(1,160,872)</b>	(7,058,212)
<b>CASH AT BEGINNING OF YEAR</b>		<b>2,107,900</b>	9,166,112
<b>CASH AT END OF THE YEAR</b>	<b>P</b>	<b>947,028</b>	<b>P 2,107,900</b>

*See accompanying Notes to Parent Company Financial Statements*

**ATN HOLDINGS, INC.**  
**NOTES TO PARENT COMPANY FINANCIAL STATEMENTS**  
**MARCH 31, 2024 AND 2023**

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**1. General Information**

Corporate Information

ATN Holdings, Inc. ('ATN', the 'Parent Company' 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, real estate investments and exploration and development of mineral resources.

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 registered office address of ATN is at 9<sup>th</sup> Floor Summit One Tower Bldg., 530 Shaw Blvd., Mandaluyong City.

The common shares of ATN are listed and traded in the Philippine Stock Exchange.

ATN Integrated Aggregates Project

On March 14, 2019, the Company was granted by the Department of Environment and Natural Resources (DENR) through the Mines and Geosciences Bureau (MGB) an Exploration Permit (EP) denominated as EP-IVA-019. The EP covering approximately 83 hectares of private land located in Barangay Macabud in Rodriguez, Rizal (the "contract area"), involves the quarrying of basalt to be processed into marketable concrete aggregate products. On February 8, 2021, the Environment Compliance Certificate (ECC) was issued by DENR for its Integrated Aggregate Project. The project component includes the following:

- Crushing plant consisting of dump hoppers, vibrating feeders, jaw crusher, vibrating screens and belt conveyors;
- Batching plant with concrete mixing stations equipped with dust collector and twin shaft mixer;
- Concrete hollow blocks plant;
- Support facilities such as office and housing facilities, bunkhouses and security outpost
- Pollution control facilities such sedimentation ponds/settling ponds and pit drainage.

The quarry operation will employ open cast mining method wherein the mining extraction utilizes a hillside cut approach forming multiple benches at 5-10 meters height and of 5 meters width for each bench. Pit wall slope ranges from 35 to 45 degrees or steeper. It entails the crushing of the blasted materials to reduce to its saleable size. The Final Exploration Report revealed an indicated resource of 66 million tons of rock aggregates and 31 million tons of fill materials for the whole contract area. A Declaration of Mining Project Feasibility (DMPF) confirmed that basalt mineral resource exists in the Company's mine site.

Following the approval of DMPF, the Special Mines Permit (SMP) covering the contract area, was issued with inclusive term from January 4, 2023 to January 3, 2024 denominated as SMP No. 2022-03 also by the DENR-MGB. During 2023, the Company undertook production of aggregates consisting of armor rocks and aggregates.

On January 22, 2024, ATN was granted by the DENR a Mineral Production Sharing Agreement (MPSA) denominated as MPSA No. 354-2024-IVA. ATN was given the exclusive right to conduct mining operations and to provide for the development and commercial utilization of aggregates and other associated mineral deposits within the mineral property over a period of 25 years commencing from its date of effectivity for a contract area of 82.7092 hectares.

### Approval of Financial Statements

The accompanying financial statements were authorized for issue by the President on July 11, 2024.

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## **2. Statement of Compliance and Basis of Preparation and Presentation**

### Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC) and adopted by the SEC, including SEC pronouncements.

The financial statements are prepared as the Company's separate financial statements. The Company's investment in its subsidiaries is accounted at cost, less any impairment loss.

Impairment loss is provided when there is objective evidence that the investment in subsidiaries will not be recovered.

### Basis of Preparation and Presentation

The accompanying financial statements have been prepared using the historical cost method except for financial assets at fair value through other comprehensive income (FVOCI) and investment properties which are carried at fair value.

The financial statements are presented in Philippine Peso, the Company's functional currency. All values are rounded off to the nearest peso and represent absolute amounts except when otherwise indicated.

The preparation of the financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

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## **3. Changes in Accounting Policies and Disclosures**

### New Accounting Standards and Amendments to Existing Standards Effective in Fiscal Year 2024

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to standards effective in fiscal year 2024. The adoption however did not result to any material changes in the financial statements.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

#### *Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments did not have a material impact on the Company.

#### Amendments to PAS 8, *Definition of Accounting Estimates*

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments did not have a material impact on the Company.

#### Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

The amendments provide guidance and examples to help entities apply materiality judgment to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

- Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
- Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition, or presentation of any items in the financial statements. The application of these amendments is reflected in the Company's financial statements under Note 4.

#### Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively. Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

#### *New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to Fiscal Year 2024*

The standards, amendments and interpretations which have been issued but not yet effective as at Fiscal Year 2024 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

#### *Effective for annual periods beginning on or after January 1, 2024*

#### Amendments to PAS 1, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

The amendments clarify paragraphs 69 to 76 of PAS 1, Presentation of Financial Statements, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Company is currently assessing the impact the amendments will have on current practice.

*Amendments to PFRS 16, Leases - Lease Liability in a Sale and Leaseback*

The amendments clarify that the liability that arises from a sale and leaseback transaction, that satisfies the requirements of PFRS 15, Revenue from Contracts with Customers, to be accounted for as a sale, is a lease liability to which PFRS 16 applies and give rise to a right-of-use asset. For the subsequent measurement, the seller-lessee shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee. Applying this subsequent measurement does not prevent the seller-lessee from recognizing any gain or loss relating to the partial or full termination of lease. Any gain or loss to the partial or full termination of the lease does not relate to the right of use retained but to the right of use terminated.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments are not expected to have a material impact on the Company.

*Amendments to PAS 7 and PFRS 7, Supplier Finance Arrangements*

The amendments added disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

The amendments are effective for annual periods beginning on or after January 1, 2024 with earlier adoption permitted. The amendments are not expected to have an impact on the Company's financial statements.

The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Early application is permitted. The amendments are not expected to have a material impact on the Company's financial statements.

*Effective for annual periods beginning on or after January 1, 2025*

*PFRS 17, Insurance Contracts*

PFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of PFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of the financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

The key principles in PFRS 17 are that an entity:

- Identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder;
- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts;
- Divides the contracts into groups that it will recognize and measure;
- Recognizes and measures groups of insurance contracts at:
  - i. a risk-adjusted present value of the future cash flows (the fulfillment cash flows) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); or

- ii. an amount representing the unearned profit in the group of contracts (the contractual service margin);
- Recognizes the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity recognizes the loss immediately;
  - Presents separately insurance revenue (that excludes the receipt of any investment component), insurance service expenses (that excludes the repayment of any investment components) and insurance finance income or expenses; and
  - Discloses information to enable users of the financial statements to assess the effect that contracts within the scope of PFRS 17 have on the financial position, financial performance and cash flows of an entity.

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. The new standard is not applicable to the Company since it has no activities that are predominantly connected with insurance or issue insurance contracts.

#### *Deferred effectivity*

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

These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

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#### **4. Summary of Material Accounting Policies**

The material 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 Company presents assets and liabilities in the 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 Company 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 Company classifies all other liabilities as non-current.

### Financial Instruments

#### *Date of recognition*

The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the transaction date.

#### *Initial recognition*

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of these financial instruments includes transaction costs.

#### **a.) Financial Assets**

##### *Classification and subsequent measurement of financial assets*

Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing the financial assets.

The Company classifies and measures its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at FVPL
- financial assets measured at FVOCI, where gains or losses in fair value is recognized to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic service arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other risks and costs associated with holding the financial asset for a particular period of time.

The Company's business model is determined at a level that reflects how a group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument. The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a group of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

As at March 31, 2024 and 2023, the Company's financial assets consists of (i) financial assets at FVOCI and (ii) financial assets measured at amortized cost.

- *Financial assets at FVOCI*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Subsequent to initial recognition, financial assets at FVOCI are carried at fair value. Gains and losses on these financial assets are never recycled to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

Included in this category are the Company's investments in shares of stock in a publicly listed company.

- *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if:

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

Financial assets at amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in the statement of comprehensive income when the asset is derecognized, modified or impaired.

As at March 31, 2024 and 2023, the Company's financial assets under this category include cash in banks, trade receivables, advances to related parties and trust funds.

## **b.) Financial Liabilities**

### *Classification and subsequent measurement of financial liabilities*

The Company determines the classification of financial liabilities, at initial recognition based on the following categories:

- financial liabilities at FVPL
- other financial liabilities

Financial liabilities as at March 31, 2024 and 2023 are categorized as *Other financial liabilities*. These include accounts payable and accrued expenses, short-term loans payable, deposits, and advances from related parties.

After initial recognition, other financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any direct attributable transaction cost. Gains or losses on financial liabilities are recognized in profit or loss when the liabilities are derecognized.

### *Derecognition of financial assets and financial liabilities*

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

- the rights to receive cash flows from the asset have expired
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. If a transfer of financial asset does not result in derecognition since the Company has retained substantially all the risks and rewards of the ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a liability for the consideration received.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When 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 modification is treated as the derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in profit or loss.

#### *Impairment of financial assets*

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company considers a financial asset in default when contractual payments are generally 1 to 3 months past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

#### *Offsetting of financial instruments*

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

#### Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the assets or liability, assuming that market participants act in their economic best interest.

#### *Fair value hierarchy*

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" loss) in profit or loss unless it qualifies for recognition as some other type of asset or liability. In cases where use is made of data that is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the "Day 1" loss amount.

The fair values for financial instruments traded in active markets at the reporting date are based on their quoted market prices, without any deduction for transaction costs. When current market prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models. Any difference noted between the fair value and the transaction price is treated as expense or income, unless it qualifies for recognition as some type of asset or liability.

#### Cash in banks

Cash in banks are deposits which generally earn interest at prevailing bank deposit rates.

#### Inventories

Inventories represent aggregates for sale. Inventories are valued at the lower of cost and net realizable value (NRV). Cost consists of fuel, utilities, manpower services, depreciation, and other costs that are directly attributable in bringing the aggregates in its saleable conditions. Cost is determined by the moving average production and handling cost during the period. NRV is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Any write-down of inventory to NRV is recognized in the statement of income in the period the write-down occurs. Periodic inventory survey is performed to determine the volume of aggregates inventory.

#### Input tax

Input tax represents 12% VAT input from purchases of goods and services. Input tax can be claimed against output tax in the subsequent period.

#### 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 Company.

Investment property is measured at cost at initial recognition. 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. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Company.

Fair value measurement of investment property, takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

#### Investment in subsidiaries and associates

In these separate financial statements, the Company's investments in its subsidiaries and associates are accounted for using the cost method as allowed under PAS 27.

Under the cost method, the Company recognizes income from the investment only to the extent that the Company received distributions from accumulated profits of the investee from date of acquisition.

A parent controls an investee when it is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power over that investee. Specifically, control is achieved if and only if the a parent company has all 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.

The Company derecognizes an investment only when the contractual rights to the cash flows from the assets expire, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity.

#### Property and equipment

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. 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 costs are incurred. In situations where it can be clearly demonstrated that the expenditures would result in an increase in future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of such property and equipment.

Property and equipment are subsequently stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation or amortization of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is computed using the straight-line method over the stipulated useful lives of the assets as follows:

Machinery and equipment	10 years
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When assets are sold or retired, the cost and related accumulated depreciation and accumulated impairment in value are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Trust funds

Trust funds are cash on deposit with financial institutions which is not available for use by the Company and shall not be released until certain conditions are met under contractual obligations.

Stripping costs

As part of its mining operations, the Company incurs stripping costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently amortized over its useful life using unit-of-production method. Stripping costs incurred during the development phase is included under land improvements.

Impairment of non-financial assets

The Company's investment in associates and subsidiaries and investment properties 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.

Accounts payable and accrued expenses

Accounts payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Accounts payable are non-interest bearing and are stated at their original invoice amount.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

Equity

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

Additional paid-in capital includes any premiums received on the initial 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 financial assets at FVOCI pertains to mark-to-market valuation of financial asset.

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

Revenue and cost recognition

Revenue is recognized when it transfers control over a product or service to a customer. Revenue is measured at the transaction price which the entity expects to be entitled in exchange for a good or service. The following specific revenue recognition criteria must also be met before revenue is recognized.

- (i) Sale of aggregates – revenue is recognized when control passes to the customer, which occurs at a point in time when the aggregates are physically transferred to the customer or buyer.
- (ii) Rental from operating leases - properties leased out under operating leases are included in investment properties in the statement of financial position. Lease income is recognized over the term of the lease on a straight-line basis.
- (iii) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.

Cost and expenses are recognized in the statements of income upon utilization of the assets or services or at the date they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period these occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases – Company as lessor

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

Leases where a significant portion of the risks and rewards of ownership over the asset are retained by the lessor are classified as operating leases. Rental income on operating leases is recognized in profit or loss on a straight-line basis of accounting over the period of the lease.

Income taxes

The Company accounts for income tax using the deferred income taxes method. Under the deferred income taxes method, the Company recognizes the current and future tax consequences of transactions and other events that have been recognized in the financial statements. These recognized amounts comprise current tax and deferred tax.

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 as at the reporting date.

Deferred tax is recognized using the balance sheet method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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 can be utilized. Deferred tax liabilities are recognized for all taxable differences between the financial and tax reporting bases of liabilities. Deferred tax assets and liabilities are measured at the tax rates expected to apply to the periods when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Most changes in deferred tax assets and liabilities are recognized as a component of tax expense in the statement of comprehensive income. Only changes in deferred tax assets and liabilities that relate to items recognized directly to equity are recognized in equity and other comprehensive income.

#### Provisions

Liabilities are recognized when the Company has a present legal or constructive obligation arising as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation.

The increase in the provision due to the passage of time is recognized as a finance cost.

#### Contingencies

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

#### Earnings (Loss) per share

Earnings (Loss) per share is determined by dividing the profit (loss) 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.

#### Events after the reporting period

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

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

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *(i) Judgments*

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

#### *Commencement of commercial production*

The Company assesses when a property reaches the stage when it is substantially complete and ready for its intended use. The Company considers various relevant criteria to assess when the

commercial production phase is considered to commence. Some of the criteria used will include, but is not limited to, the following:

- the completion of a reasonable period of testing of mine plant;
- securing the necessary government agreements and permits
- the ability to produce saleable aggregates;
- the ability to achieve production targets;
- sufficiency of hauling access from the pit;
- ability to sustain ongoing production;
- capital expenditures incurred relative to the expected costs to complete.

#### *Impairment of mine properties*

Mine properties are reviewed and evaluated for impairment at each reporting period or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Common indicators of impairment of a resource property include, but are not limited to:

- the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed;
- substantive expenditure on further exploration in a specific area is neither budgeted or planned;
- exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Company has decided to discontinue activities in the area; or sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

#### *Mineral reserves*

Proven and probable mineral reserves are the economically mineable parts of the Company's measured and indicated mineral resources as determined in the Final Exploration Report. The Company estimates its proven and probable mineral reserves based on information compiled by appropriately qualified persons. Geological estimates of the size, depth and shape of the mineral body requires complex judgments. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as:

- estimates of prices of aggregates;
- future capital requirements;
- mineral recovery factors and production costs;
- unforeseen operational issues; and
- geological assumptions and judgments made in estimating the size and grade of the mineral body.

Changes in the proven and probable mineral reserves estimates may impact the carrying value of resource properties, property and equipment and environmental rehabilitation obligations. The Company conducts a regular review of its reserves and mineral resources. Changes in estimates are accounted for prospectively.

#### *Determination of control*

The Company controls an entity if and only if the Company has (i) Power over the entity, (ii) Exposure or rights to variable returns from its involvement with the entity, and (iii) The ability to use its power over the entity to affect the amount of Company's returns.

Control is achieved when the Parent Company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In the event the Parent Company loses this power, the Parent Company will have to change the classification of its investment in investee companies.

As of March 31, 2024 and 2023, the Company is in control of its subsidiaries.

*Significant influence in associate*

The Company classifies its investment in associate if the Company has significant influence in the investee company. Significant influence is presumed to exist if the Company has a holding of 20% or more of the voting power of the investee. Holding of less than 20% of the voting power is presumed not to give rise to significant influence, unless it can be clearly demonstrated that there is in fact significant influence.

As of March 31, 2024 and 2023, the Company determined that it exercise significant influence over its associates.

*Classification of listed shares*

Judgement is exercise when classifying shares of stock that are listed in an exchange. In making the judgment, the Company evaluates its intention and marketability of the instrument. Financial assets classifications are disclosed in Note 4.

As of March 31, listed shares are classified as financial assets at FVOCI amounting to P18.8 million in 2024 and P27.4 million in 2023.

*Distinction between investment properties and owner-occupied properties*

The Company 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 rentals, 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 Company considers each property separately in making its judgment.

Accordingly, the condominium units and parking lots are classified as investment properties.

*Operating leases – Company as lessor*

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

The Company's rental income amounted to P2,488,698 in 2024 and P2,280,321 in 2023.

*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:

*Estimating allowance for ECL on receivables on Advances to related parties*

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Company's historical credit loss experience and forecast of economic conditions may also not be representative of actual default in the future.

*Inventory valuation*

The Company values inventory at the lower of cost and net realizable value ("NRV"). The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Estimates of net realizable value are based on the

most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgment regarding reliability of evidence available and are reviewed on a regular basis. Write-downs of inventory in stockpiles and in-process resulting from NRV impairments are reported in statement of income.

*Impairment of investment in subsidiaries and associates*

In assessing impairment losses from investments in subsidiaries and associates, the Company considers the following at the minimum:

- The ability to declare dividend; or
- the carrying amount of the investment in the separate financial statements exceeding the carrying amount of the investee's net assets.

The Company calculates the amount of impairment as being the difference between the fair value less cost to sell or value-in-use, whichever is higher, and the carrying value of the investments in associate and recognizes the difference in profit or loss.

As of March 31, 2024 and 2023, the carrying values of Investment in subsidiaries and associates are as follows:

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Investment in:	
Subsidiaries	P 202,000,000
Associates	865,080,120

*Determination of fair value of assets and liabilities*

The Company measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

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. Assets and liabilities are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry 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).

Fair value measurement is discussed in Note 6.

*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 Company determines the amount within a range of reasonable fair value estimates. In making its judgment, the Company considers information from a variety of sources including:

1. 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;
2. 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
3. appraisal of independent qualified appraisers.

The Company's investment properties were appraised by an independent firm of appraisers which is an industry specialist in valuing these types of investment properties. The appraisal resulted into an increment amounting to P17.05 million. For lots, raw land and condominium units, the values were arrived at using the *Sales Comparison Approach*. This is a comparative approach to value that considers the sales of similar substitute properties and related market data and establishes a value estimate by processes involving comparison, listings and offerings. The value of improvements was determined under the *Cost approach*. The approach is based on the reproduction cost of the subject property, less depreciation, plus the value of the land to which an estimate of entrepreneurial incentive is commonly added.

Investment properties amounted to P77.08 million both in March 31, 2024 and 2023.

*Recognition of deferred tax asset*

The Company reviews the carrying amounts of deferred tax assets at each reporting dates and reduces deferred tax assets to the extent that it is no longer probable that sufficient income will be available to allow all or part of the deferred tax asset to be utilized.

Management believes that there is no assurance that the Company will generate sufficient taxable profit to allow all or part of its deferred tax asset to be utilized.

Unrecognized deferred tax assets amounted of P1,191,651 and P309,323 as of March 31, 2024 and 2023, respectively.

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**6. Fair Value Measurement**

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

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

Assets and liabilities measured at fair value and those which are not measured at fair value but fair value is required to be disclosed are categorized in a manner discussed in note 5.

The following table presents the summary of the Company's assets and liabilities measured or disclosed at fair value on a recurring or non-recurring basis recognized in the Statements of Financial Position as of March 31, 2024 and 2023:

	2024						2023					
	Fair value hierarchy						Fair value hierarchy					
	Level 1		Level 2		Level 3		Level 1		Level 2		Level 3	
<b>Assets</b>												
Cash in bank	P	-	P	947,028	P	-	P	-	P	2,107,900	P	-
Trade receivables		-		-		-		-		6,858,908		-
Financial assets at fair value through OCI		18,850,000		-		-		27,430,000		-		-
Investment properties		-		77,080,709		-		-		77,080,709		-
Advances to related parties		-		106,924,814		-		-		95,586,004		-
Trust funds		-		4,756,971		-		-		2,389,379		-
	P	18,850,000	P	189,709,522	P	-	P	27,430,000	P	184,022,900	P	-
<b>Liabilities</b>												
Accounts payable and accrued expenses	P	-	P	6,817,900	P	-	P	-	P	3,758,338	P	-
Short-term loans payable		-		41,303,000		-		-		44,353,000		-
Deposits		-		15,068,006		-		-		15,068,006		-
Advances from related parties		-		373,185,909		-		-		319,423,210		-
	P	-	P	436,374,815	P	-	P	-	P	382,602,554	P	-

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

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, market risk, and price 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.

The Company 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; and c) be able to access funding when needed at the least possible cost.

Funding is principally sourced through advances or collection of advances to related parties.

As of March 31, 2024 and 2023, accounts payable and accrued expenses and deposits have maximum maturities of less than 1 year. Advances from related parties do not have fixed repayment period but management believes that settlement is expected after 12 months but not more than 5 years.

### 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 statements of financial position (or in the detailed analysis provided in the notes to financial statements).

The table below shows the gross maximum exposure to credit risk of the Company as of March 31, 2024 and 2023.

	Gross maximum exposure			
	2024		2023	
Cash in bank	P	947,028	P	2,107,900
Trade receivables		-		6,858,908
FVOCI investments		18,850,000		27,430,000
Advances to related parties		123,017,142		111,678,332
Trust funds		4,756,971		2,389,379
	P	147,571,141	P	150,464,519

Credit quality of the Company's assets as of March 31, 2024 and 2023 is as follows:

2024	Stage 1 12-months ECL		Stage 2 Lifetime ECL		Stage 3 Credit impaired		Total
	P		P		P		
Cash in bank	P	947,028	P	-	P	-	P 947,028
FVOCI investments		18,850,000		-		-	18,850,000
Advances to related parties:							
Stockholders and related companies		-		72,456,277		7,450,000	79,906,277
Subsidiaries		-		34,468,537		8,642,328	43,110,865
Trust funds		4,756,971		-		-	4,756,971
		24,553,999		106,924,814		16,092,328	147,571,141
ECL		-		-		16,092,328	16,092,328
Net carrying value	P	24,553,999	P	106,924,814	P	-	P 131,478,813

2023	Stage 1 12-months ECL		Stage 2 Lifetime ECL		Stage 3 Credit impaired		Total
	P		P		P		
Cash in bank	P	2,107,900	P	-	P	-	P 2,107,900
Trade receivables		6,858,908		-		-	6,858,908
FVOCI investments		27,430,000		-		-	27,430,000
Advances to related parties:							
Stockholders and related companies		-		61,521,707		7,450,000	68,971,707
Subsidiaries		-		34,064,297		8,642,328	42,706,625
Trust funds		2,389,379		-		-	2,389,379
		38,786,187		95,586,004		16,092,328	150,464,519
ECL		-		-		16,092,328	16,092,328
Net carrying value	P	38,786,187	P	95,586,004	P	-	P 134,372,191

### 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 Company 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 Company manages market risk by evenly distributing capital among investment instruments in different financial institutions.

**Currency risk**

The Company is not exposed to currency risk.

**Interest rate risk**

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating interest rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest-bearing financial assets. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Exposure to interest rate risk arises from bank loans with interest dependent on the prevailing market rate.

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, the Company's income before tax for the fiscal years ended March 31, 2024 and 2023:

Increase (Decrease) in interest rates	Effect on profit before tax	
	2024	2023
+100 basis points	P (428,280)	P (443,530)
-100 basis points	428,280	443,530

**Price risk**

The Company's price risk exposure at year end relates to financial assets whose values will fluctuate as a result of changes in market price, principally, FVOCI financial assets.

Observed volatility rates of the fair values of Company's investments held at fair value and their impact on the Company's equity as at March 31, 2024 and 2023 is shown below:

% change in market values	Impact on equity	
	2024	2023
+2%	P 377,000	P 548,600
-2%	(377,000)	(548,600)

Changes in fair value of Financial assets at fair value through other comprehensive income are charged to equity and therefore do not affect profit and loss.

**Capital Management**

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities.

No changes have been made in the objective, policies and processes as they have been applied in previous years.

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

	<b>2024</b>	<b>2023</b>
Equity	<b>P 927,763,505</b>	P 939,654,360
Total assets	<b>1,366,808,628</b>	1,324,927,222
Ratio	<b>0.68</b>	0.71

#### 8. Cash in Banks

Cash in banks generally earn interest based on prevailing bank deposit rates. Cash in banks amounted to P947,028 and P2,107,900 as at March 31, 2024 and 2023, respectively.

Interest earned on these deposits amounted to P4,450 in 2024 and P33,048 in 2023.

#### 9. Trade Receivables

Trade receivables of P6,858,908 as of March 31, 2023 represents receivable from sale of aggregates. These are non-interest bearing and are generally collectible within twelve (12) months.

The aging of trade receivables as at March 31, 2023 is as follows:

		Current	Past due		Total
			31-60 days	61-90 days	
Trade receivables	P	3,767,466	P 2,177,740	P 913,702	P 6,858,908

#### 10. Inventories

The Company's aggregates inventories as at March 31, 2024 and 2023 are as follows:

	<b>2024</b>	<b>2023</b>
Armor rocks	<b>P 40,564,839</b>	P 5,126,800
Crushed basalt aggregates	<b>14,271,613</b>	16,545,038
	<b>P 54,836,452</b>	P 21,671,838

Movement of the Company's inventories is as follows:

	<b>2024</b>	<b>2023</b>
Balance at beginning of year	<b>P 21,671,838</b>	P 5,844,042
Cost of production (see Note 22)	<b>38,634,556</b>	42,074,188
Cost of sales	<b>(5,469,942)</b>	(26,246,392)
Balance at end of year	<b>P 54,836,452</b>	P 21,671,838

As at March 31, 2024 and 2023, inventories are carried at cost. Due to a relatively high demand, the NRV approximates the carrying value.

### 11. Other Current Assets

This account consists of the following:

		2024		2023
Input vat	P	5,715,485	P	2,411,447
Prepaid taxes		348,819		119,697
	P	<b>6,064,304</b>	P	<b>2,531,144</b>

Input VAT represents 12% tax in local purchase of goods and services. Input taxes are creditable against output taxes in the subsequent period.

Prepaid taxes represent excess tax credits which are creditable against income tax in succeeding period.

### 12. Financial Assets at Fair Value through Other Comprehensive Income

This account represents 130,000,000 listed shares of Transpacific Broadband Group International, Inc. (TBGI), a publicly listed company in the Philippine Stock Exchange. Fair value was determined through reference to published price quotations.

The reconciliation of the carrying amounts of this account at the beginning and end of the fiscal year is as follows:

		2024		2023
Balance, April 1	P	27,430,000	P	46,235,000
Changes in fair value		<b>(8,580,000)</b>		<b>(18,805,000)</b>
Balance, March 31	P	<b>18,850,000</b>	P	<b>27,430,000</b>

Changes in fair value are reported separately in the parent company statements of comprehensive income as "Unrealized gain/loss on financial assets at fair value through other comprehensive income".

### 13. Investments in Subsidiaries and Associates

As of March 31, 2024 and 2023, this account consists of the following:

Investments in subsidiaries				
Cost	P			227,000,000
Less: Allowance for impairment losses				<b>(25,000,000)</b>
Net carrying value				<b>202,000,000</b>
Investments in associates				
Cost				872,080,120
Less: Allowance for impairment losses				<b>(7,000,000)</b>
Net carrying value				<b>865,080,120</b>
Total investments in subsidiaries and associates	P			<b>1,067,080,120</b>

(i) *Investment in subsidiaries*

The details of this account as of March 31, 2024 and 2023 are as follows:

	% of ownership		
Palladian Land Development, Inc. (PLDI)	100%	<b>P</b>	<b>200,000,000</b>
Managed Care Phils., Inc. (MCPI)	100%		<b>25,000,000</b>
Advanced Home Concept Development Corporation (AHCDC)	100%		<b>2,000,000</b>
			<b>227,000,000</b>
Less: Allowance for impairment losses			<b>(25,000,000)</b>
Net carrying value		<b>P</b>	<b>202,000,000</b>

PLDI holds real estate properties that are either for lease or for development.

AHCDC are companies engaged in the development of residential real estate projects. MCPI is an out-patient ambulatory surgical center. These companies have ceased to operate actively.

Management is contemplating on the most advantageous business strategy to spin off its operations.

All subsidiaries are incorporated and domiciled in the Philippines.

(ii) *Investment in associates*

The composition of this account as of March 31, 2024 and 2023 is as follows:

Cost			
ATN Phils. Solar Energy Group, Inc. (ATN Solar)		<b>P</b>	<b>865,080,120</b>
Mariestad Mining Corporation (MMC)			<b>7,000,000</b>
			<b>872,080,120</b>
Less: Allowance for impairment losses			<b>(7,000,000)</b>
Net carrying value		<b>P</b>	<b>865,080,120</b>

*ATN Solar*

ATN Solar is a grantee of Solar Energy Service Contract with the Philippine Government through the Department of Energy to develop, own and operate a 30MW solar power plant in Rodriguez, Rizal.

In 2023, ATN Solar has commenced discussion with Engineering Procurement Construction (EPC) groups for the construction of the plant. Construction phases are (1) 250kW pilot plant to test possible technical issues and improve construction efficiency of commercial scale plant to reduce construction timelines. (2) 250kW pilot plant to be expanded to 2MW for the complete modular assembly of DC/AC system.

The Company has awarded in principle the construction of the 250kW plant. Initial output power will be utilized by its parent company ATN Holding, Inc. for internal use, with no export to the grid. Completion in project phases will allow ATN Solar to finalized supply agreements with a Retail Electricity Supplier (RES) and/or the Meralco group.

After successful construction of the pilot plant, the Company will decide on the award of construction of modular 3 x 10MW Solar PV plant to the EPC or other EPC to complete the three modules.

The project site of 15 hectares for 30 MW have been leveled and cleared. With the advances in solar panel capacity from 210Wp to 630Wp per panel, a 15-hectare land area will be allocated for the 30 MW project. The Company needs to install the DC components of the project since the 3 x 10MW sub-distribution lines connected to Meralco have been installed in place. All temporary and ancillary facilities including but not limited to water supply facility, personnel housing, heavy equipment for construction, power supply for construction are ready for the implementation of the 30 MW project, pending the result of the pilot project.

As of July 11, 2024, the Company is finalizing its Power Supply Agreement with Meralco and various RES. Demand for electricity given the expected depletion of the Malampaya Natural Gas, which supplies to 2,400MW power plants. The increase in coal prices by 400x, due to the Ukraine war, hasten the need of renewable energy like solar to supply peak hour demands.

As of March 31, 2024 and 2023, the Parent Company owns 49.49% and 48.80% of ATN Solar, respectively, and it exercises significant influence over the financial and operating matters of the associate.

The latest financial information of ATN Solar is as follows:

	December 31,	
	2023	2022
Current assets	<b>P 6,938,436</b>	P 7,275,783
Non-current assets	<b>1,891,868,801</b>	1,845,276,119
Current liabilities	<b>18,022,858</b>	14,880,000
Non-current liabilities	<b>1,213,718,562</b>	1,168,766,643
Equity	<b>P 667,065,817</b>	P 668,905,259

Other financial information:

	December 31,	
	2023	2022
Carrying value of investment in ATN Solar	<b>P 851,254,279</b>	P 851,593,067
Net income (loss)	<b>(684,559)</b>	(725,874)
Group's share in net income (loss)	<b>(338,788)</b>	(354,227)

ATN Solar's accounting period is January 1 to December 31.

#### MMC

In 2007, the Company entered into an investment agreement with MMC to participate in the extraction of manganese ores in the former's mining site. The Company's participation is in the form of providing financial resources to undertake the mining operations. The Company 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 Company provided a full impairment loss on its investment in MMC. Furthermore, there was no recent financial information available for MMC.

## 14. Investment Properties

As at March 31, 2024 and 2023, this account consists of the following:

Commercial condominium units	<b>P 37,468,709</b>
Residential units	<b>6,962,000</b>
Parking lots	<b>26,350,000</b>
Vacant lots	<b>6,300,000</b>
	<b>P 77,080,709</b>

Condominium units and parking lots are located at Summit One Tower, Mandaluyong City. The fair market value of condominium units and parking lots is determined by a firm of independent appraiser using the Market Approach, a comparative approach valuation that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Accordingly, the Company categorized these condominium units and parking lots under Level 2 of the fair value hierarchy. Management believes that there are no present material factors that would significantly increase or decrease the fair value of these properties as of March 31, 2024.

Residential units and vacant lots are located at Riverside Village, Pasig City. The fair market value of residential units is determined by a firm of independent appraiser on April 2, 2018 based on analysis of prevailing land usage in the neighborhood and the property itself which represents the highest and best use of the property under Level 3 in the fair value hierarchy. The fair market value of vacant lots is determined by a firm of independent appraiser using the Market Approach, a comparative approach valuation that considers the sale of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison.

The description of valuation techniques and inputs used in determining the fair value of investment properties are classified as Level 2 and 3 in fair value hierarchy is as follows:

Location	Type	Valuation techniques	Significant observable inputs	Fair value hierarchy	Range	
Riverside Village	Residential and vacant lots	Market approach	Selling price (per square meter)	Level 3	P22,500 - P36,333	
			Size			5.0%
			Location			-5% to -10%
			Improvements			-25% to -35%
Summit One Tower	Parking lots	Market approach	Selling price (per square meter)	Level 2	P61,818 - P82,926	
			Size			5%
			Location			-5%
	Condominium units	Market approach	Selling price (per square meter)	Level 2	P61,864 - P64,937	
			Size			5%
			Location			-5%
			Improvements		10% to 15%	

Rental income on investment properties amounted to P2,488,698 and P2,280,321 in 2024 and 2023, respectively. No direct operating costs were incurred on these investment properties in both 2024 and 2023 except for real property taxes amounting to P12,241 in 2024 and 2023 which were charged as part of Administrative expenses under "Taxes and Licenses".

## 15. Property and Equipment - Net

The detail of this account is as follows:

Machinery and equipment	2024		2023	
<b>Cost</b>				
Balance, beginning of fiscal year	P	23,303,571	P	-
Additions		11,116,071		23,303,571
Balance, end of fiscal year		34,419,642		23,303,571
<b>Accumulated depreciation</b>				
Balance, beginning of fiscal year		1,112,351		-
Provisions		3,039,062		1,112,351
Balance, end of fiscal year		4,151,413		1,112,351
Net book value	P	30,268,229	P	22,191,220

Machinery and equipment include crushing plant, transport equipment for aggregates and rock drilling machine. In October 2023, certain machinery was acquired for P5.85 million payable within ten (10) months from November 2024 to October 2024. The balance as March 30, 2024 is presented as part of Accounts payable amounting to P2.87 million.

Depreciation charged to direct costs amounted to P3,039,062 in 2024 and P1,112,351 in 2023.

## 16. Trust Funds

In accordance with MPSA and ECC, the Company is required by the DENR-MGB to set up the following funds:

- Environment Trust Fund (ETF) – fund set aside to address the environmental impacts and safety concerns in the implementation, operation and abandonment/decommissioning and rehabilitation of mining projects.
- Monitoring Trust Fund (MTF) – fund to cover maintenance and other operating budget for the transportation and travel expenses, cost of laboratory analysis, cost of supplies and materials, cost of communication services, cost of consultancy work and other reasonable expenses incurred by the monitoring team of the MRF Committee.
- Rehabilitation Cash Fund (RCF) - fund to ensure compliance with the approved rehabilitation activities and schedules, including research programs, as defined in the EPEP.
- Final Mine Rehabilitation and Decommissioning Fund (FMRDF) – fund to be established and maintained through cash deposits to cover the Company’s rehabilitation liability upon the closure of the mine and to ensure payment of compensable damages that may be caused by mine wastes.

The movements of these funds are as follows:

2024	Beginning	Contributions	Transfers	Interest earned	Ending
ETF	P 60,042	P -	P -	P 30	P 60,072
MTF	159,958	-	-	81	160,039
RCF	554,030	745,802	-	648	1,300,480
FMRDF	1,615,349	1,620,000	-	1,031	3,236,380
	<b>P 2,389,379</b>	<b>P 2,365,802</b>	<b>P -</b>	<b>P 1,790</b>	<b>P 4,756,971</b>

2023	Beginning	Contributions	Transfers*	Interest earned	Ending
ETF	P 10,000	P 150,004	P (100,000)	P 38	P 260,042
MTF	10,000	149,935	100,000	23	59,958
RCF	10,000	543,980	-	50	554,030
FMRDF	10,000	1,605,229	-	120	1,615,349
	<b>P 40,000</b>	<b>P 2,449,148</b>	<b>P -</b>	<b>P 231</b>	<b>P 2,489,379</b>

\*Transferred to MTF or Initial contribution

These trust funds are held in government depository banks as required by the MPSA. Withdrawal is restricted only based on the duly approved purpose of the funds.

## 17. Accounts Payable and Accrued Expenses

This account consists of the following:

	2024		2023
Capital gains tax payable	P 2,985,000	P	2,985,000
Accounts payable (see Note 15)	3,327,730		270,916
Accrued expenses	450,681		472,681
Taxes and social security	54,489		29,741
	P 6,817,900	P	3,758,338

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

- Accounts payable are non-interest bearing and are normally settled on a 90-day term;
- Accruals are liabilities from services rendered but not yet billed by the supplier;
- Taxes and social security costs are settled in the following month.

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 statement of financial position to be a reasonable approximation of their fair values.

## 18. Short-term Loans Payable

The Parent Company has an omnibus line with China Banking Corporation for a maximum amount of P50 million. Interest is charged every month on the outstanding loan balance at 6.50% per annum in 2024 and 5.75% per annum in 2023. The loan has a term of 360 days and is collateralized by condominium units in Summit One Tower. As of March 31, 2024 and 2023, the balance of the loan amounted to P41.3 million and P44.3 million, respectively. Proceeds of the loan are used for working capital requirements.

Interest expense related to this loan amounted to P2,948,336 and P2,518,020 for the fiscal years ended March 31, 2024 and 2023, respectively.

## 19. Deposits

This account represents deposit on operating leases which is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts.

As of March 31, 2024 and 2023, deposits on operating leases amounted to P15,068,006.

## 20. Equity

### Share capital

The component of the Parent Company's share capital as at March 31, 2024 and 2023 is as follows:

Title of issue	Authorized share capital at P0.10 par value per share		Subscribed and paid	
	Number of shares	Amount	Number of shares	Amount
Common				
Class A	4,200,000,000	P 420,000,000	4,025,055,429	P 402,505,543
Class B	2,800,000,000	280,000,000	2,800,000,000	280,000,000
Preferred	5,000,000,000	500,000,000	-	-
	12,000,000,000	P 1,200,000,000	6,825,055,429	P 682,505,543

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 are cumulative, non-participating, non-voting shares that are entitled for mandatory redemption on the 5<sup>th</sup>, 7<sup>th</sup> and 10<sup>th</sup> year anniversary of issue.

The movement of capital as at March 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	P 682,505,543	P 450,000,000
Debt-to-equity conversion	-	232,505,543
Balance at the end of year	P 682,505,543	P 682,505,543

During the annual stockholders meeting held on November 14, 2019, the stockholders approved the following resolutions:

- Issuance of 2,325,055,429 shares to Unipage Management, Inc. (UMI) from the unsubscribed portion of the authorized capital stock.
- The Parent Company to increase its authorized capital from 12 billion shares to 24 billion shares both with par value of P0.10.
- Issuance of 824,944,571 shares to a certain shareholder upon increase of Authorized Capital Stock.

On April 5, 2022, a subscription agreement was executed wherein UMI subscribed to 2,325,055,429 shares of the Company for a total subscription price of P466,451,550. Payment was satisfied through the conversion of the former's advances to the Company. The additional subscription was allocated as follows:

Share capital	P 232,505,543
Additional paid-in capital	233,946,007
	P 466,451,550

As of March 31, 2024 and 2023, Additional paid-in capital amounted to P234,319,963.

As of March 31, 2024, the application for increase in capital is due for filing with the Securities and Exchange Commission.

*Unrealized gain (loss) on financial asset at fair value through other comprehensive income*  
The movement of this account is as follows:

		<b>2024</b>		2023
Balance at beginning of year	<b>P</b>	<b>5,189,939</b>	<b>P</b>	23,994,939
Changes in fair value		<b>(8,580,000)</b>		(18,805,000)
Balance at the end of year	<b>P</b>	<b>(3,390,061)</b>	<b>P</b>	5,189,939

## 21. Sales

The Parent Company sells aggregates in different sizes (armor rocks, crushed basalt, etc.) to various customers. Revenue is recognized only when the Parent Company satisfies a performance obligation which is the delivery and acceptance of the aggregates by the customers. That is the point in time when the transfer of control of the aggregates occurs from the Company to the customers.

Sale of aggregates is made directly to customers. All sales are made locally and the geographical information of customers is irrelevant.

Sale of aggregates amounted to P6.6 million and P35.1 million for the fiscal years ended March 31, 2024 and 2023, respectively. Sales generated from 2022-2024 were all produced during the period of the SMP.

## 22. Cost of Sale of Aggregates

The breakdown of this account is as follows:

		<b>2024</b>		2023
Inventory, beginning	<b>P</b>	<b>21,671,838</b>	<b>P</b>	5,844,042
Add: Cost of production				
Fuel and gasoline		<b>18,707,719</b>		21,526,293
Utilities		<b>5,360,635</b>		7,984,604
Manpower services		<b>9,950,378</b>		6,636,810
Trucking and freight		<b>1,576,762</b>		4,814,130
Depreciation (see Note 15)		<b>3,039,062</b>		1,112,351
		<b>38,634,556</b>		42,074,188
		<b>60,306,394</b>		47,918,230
Less: Inventory, end		<b>(54,836,452)</b>		(21,671,838)
	<b>P</b>	<b>5,469,942</b>	<b>P</b>	26,246,392

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### 23. Administrative Expenses

The breakdown of this account is as follows:

	<b>2024</b>	<b>2023</b>
Salaries and wages	<b>P 1,281,143</b>	P 988,760
Professional fees	<b>1,020,301</b>	1,752,858
Rent	<b>425,133</b>	35,428
Security services	<b>254,401</b>	36,000
Taxes and licenses	<b>201,723</b>	2,425,964
Government contributions	<b>198,314</b>	295,940
Communication, light and water	<b>178,111</b>	381,450
Transportation and travel	<b>145,959</b>	373,292
Office supplies	<b>112,543</b>	294,474
Representation and entertainment	<b>8,770</b>	147,088
Miscellaneous	<b>54,178</b>	59,045
	<b>P 3,880,576</b>	P 6,790,299

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### 24. Related Party Transactions

It is the policy of the Company that any transaction with a Related Party be conducted at arms' length and on terms generally available to an unaffiliated third party under at least the same or similar circumstances. There must be sound business reason(s) to enter into such a related party transaction, taking into account such factors as cost efficiency, time, and such other terms advantageous to Company, among others. The Audit Committee is tasked to oversee and review the propriety of related party transactions (RPT) and the required reporting disclosures. The Company's material RPT Policy covers all transactions meeting the materiality threshold of transactions, i.e., 10% or more of the total consolidated assets as of the latest audited financial statements.

RPT is defined as a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged; or, outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Related Parties covers the Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the company. It also covers Company's parent company, subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

The BOD shall have the overall responsibility in ensuring that transactions with Related Parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interests of the company's shareholders and other stakeholders.

The details of related party transaction during 2024 and 2023 are as follows:

Transactions and balances

(a) Advances to related parties

Related parties	2024			
	Balance at beginning of year	Availment	Collection	Balance at end of year
<i>Subsidiaries</i>				
Managed Care Philippines, Inc.	P 8,642,328	P -	P -	P 8,642,328
Advanced Home Concept Development Corporation	10,818,677	120,000	-	10,938,677
Palladian Land Development, Inc.	23,245,620	2,784,240	2,500,000	23,529,860
<i>Associate</i>				
ATN Philippines Solar Energy Group, Inc.	45,140,894	8,934,570	-	54,075,464
<i>Companies under common control</i>				
Transpacific Broadband Group Intl, Inc.	16,380,813	2,000,000	-	18,380,813
Sierra Madre Consolidated Mines	7,450,000	-	-	7,450,000
	111,678,332	13,838,810	2,500,000	123,017,142
Allowance for ECL	16,092,328	-	-	16,092,328
	P 95,586,004	P 13,838,810	P 2,500,000	P 106,924,814
<hr/>				
Related parties	2023			
	Balance at beginning of year	Availment	Collection	Balance at end of year
<i>Subsidiaries</i>				
Managed Care Philippines, Inc.	P 8,642,328	-	P -	P 8,642,328
Advanced Home Concept Development Corporation	10,768,677	50,000	-	10,818,677
Palladian Land Development, Inc.	28,919,160	-	5,673,540	23,245,620
<i>Associate</i>				
ATN Philippines Solar Energy Group, Inc.	54,119,984	-	8,979,090	45,140,894
<i>Companies under common control</i>				
Transpacific Broadband Group Intl, Inc.	16,100,000	280,813	-	16,380,813
Sierra Madre Consolidated Mines	7,450,000	-	-	7,450,000
	126,000,149	330,813	14,652,630	111,678,332
Allowance for ECL	16,092,328	-	-	16,092,328
	P 109,907,821	P 330,813	P 14,652,630	P 95,586,004

In prior years, the Company provided cash advances to Sierra Madre Consolidated Mines (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 Company provided a full impairment loss on its advances to SMCM in 2014 amounting to P7.45 million.

During the fiscal year 2022, the Company provided a full allowance for impairment on its advances to Managed Care Philippines, Inc. (MCPI) amounting to P8,642,328. MCPI has ceased its healthcare operations and accordingly sold a significant portion of its medical equipment during 2020.

(b) Advances from related parties

Related party	2024			
	Balance at beginning of year	Availments	Payment	Balance at end of year
<i>Company under common control</i>				
Unipage Management Inc. (UMI)	P 7,459,643	P 12,300,000	P -	P 19,759,643
Stockholders	311,963,567	41,462,699	-	353,426,266
	<b>P 319,423,210</b>	<b>P 53,762,699</b>	<b>P -</b>	<b>P 373,185,909</b>

Related party	2023			
	Balance at beginning of year	Availments	Conversion to Share capital	Balance at end of year
<i>Company under common control</i>				
Unipage Management Inc. (UMI)	P 250,911,193	P 13,000,000	P 256,451,550	P 7,459,643
Stockholders	508,307,067	13,656,500	210,000,000	311,963,567
	<b>P 759,218,260</b>	<b>P 26,656,500</b>	<b>P 466,451,550</b>	<b>P 319,423,210</b>

Terms and conditions

Advances to/from related parties has the following terms and condition:

- Generally payable in cash
- Clean and unsecured
- Not subject to interest
- No fixed repayment periods

The amount of compensation paid to key management personnel amounted to P423,241 in 2024 and P370,000 in 2023.

On April 5, 2022, a Deed of Assignment was executed wherein the advances provided by a certain stockholder to the Company amounting to P210 million were assigned to UMI. On the same date, a Subscription Agreement was executed wherein the Company issued 2,325,055,429 shares to UMI in exchange for the latter's advances to the Parent Company amounting to P466,451,550. This non-cash transaction was excluded in the statement of cash flows for the fiscal year ended March 31, 2023.

**25. Income Taxes**

Income tax expense amounting to P71,706 in 2024 and P448,455 in 2023 represents current income tax.

The reconciliation of pretax income computed at the applicable statutory rates to tax expense is as follows:

	2024	2023
Statutory income tax	P (809,787)	P 454,652
Tax effect of:		
Income subject to final tax	(1,113)	(8,262)
Non-deductible expense	278	2,065
Unrecognized deferred income tax - NOLCO	810,622	-
Unrecognized deferred income tax - MCIT	71,706	-
	<b>P 71,706</b>	<b>P 448,455</b>

As of March 31, 2024 and 2023, the Company's deferred tax liabilities amounting to P2,670,308 represents deferred tax on unrealized gains on investment properties.

The Company did not recognize any deferred tax assets as at March 31, 2024 and 2023 on the following items since it does not expect to have sufficient profit against which the deferred tax assets can be utilized. The breakdown is as follows:

		<b>2024</b>		2023
Net Operating Loss Carry Over (NOLCO)	<b>P</b>	<b>1,010,468</b>	<b>P</b>	199,846
Minimum Corporate Income Tax (MCIT)		<b>181,183</b>		109,477
	<b>P</b>	<b>1,191,651</b>	<b>P</b>	309,323

The carry-forward benefits of NOLCO and the excess of the MCIT over the regular corporate income tax, which can be claimed by the Parent Company as credits against the regular corporate income tax due, are as follows:

<b>NOLCO</b>									
Year		Amount	Applied	Expired	Remaining	Year of		balance	expiry
2024	P	3,242,486	P -	P -	P 3,242,486	2027			
2021		1,768,550	(969,165)	-	799,385	2026			
	<b>P</b>	<b>5,011,036</b>	<b>P (969,165)</b>	<b>P -</b>	<b>P 4,041,871</b>				

<b>MCIT</b>									
Year		Amount	Applied	Expired	Remaining	Year of		balance	expiry
2024	P	71,706	P -	P -	P 71,706	2027			
2022		83,001	-	-	83,001	2025			
2021		26,476	-	-	26,476	2026			
	<b>P</b>	<b>181,183</b>	<b>P -</b>	<b>P -</b>	<b>P 181,183</b>				

## 26. Earnings (Loss) Per Share

Earnings (Loss) per share is computed by dividing the income (loss) for the year by the weighted average number of common shares as follows:

		<b>2024</b>		2023
Income (Loss) for the year	<b>P</b>	<b>(3,310,855)</b>	<b>P</b>	1,370,152
Weighted average numbers of shares outstanding during the year		<b>6,825,055,429</b>		6,825,055,429
	<b>P</b>	<b>(0.0005)</b>	<b>P</b>	0.0002

As of March 31, 2024 and 2023, there were no potential ordinary shares with dilutive effect.

## 27. Other Matters

### *Final Mine Rehabilitation and Decommissioning Fund (FMRDF)*

As provided for in FMRDF, the Company is required to set up a fund designed to ensure compliance with the approved rehabilitation activities and schedules, including research programs as defined in the Environment Protection and Enhancement Program (EPEP). As provided for in the EPEP and FMRDF Plan, initial funding will commence in the 4th year of operation amounting to P1.035 million. The fund is required to have P5 million in 13 years. Annual contribution is based on a specific formula as provided under DAO 2005-07. Withdrawal thereto shall be based on a committee-approved work and financial plan.

**Operating Lease Commitments**

Certain investment properties of the Companies are leased out to third parties under the operating lease agreement. The lease term is for a period of 1 year renewable at the option of both parties.

**Supplemental disclosure to statements of cash flows**

Details of the movement in cash flows from financing activities for the fiscal years ended March 31, 2024 and 2023 are as follows:

<b>2024</b>	Beginning	Net cash flows	Others	End
Due to related parties	P 319,423,210	P 53,762,699	P -	P 373,185,909
Short-term loans payable	44,353,000	(3,050,000)	-	41,303,000
Interest payable	-	(2,948,336)	2,948,336	-
	<b>P 363,776,210</b>	<b>P 47,764,363</b>	<b>P 2,948,336</b>	<b>P 414,488,909</b>

<b>2023</b>	Beginning	Net cash flows	Others	End
Due to related parties	P 759,218,260	P 26,656,500	P (466,451,550)	P 319,423,210
Short-term loans payable	47,000,000	(2,647,000)	-	44,353,000
Interest payable	-	(2,518,020)	2,518,020	-
	<b>P 806,218,260</b>	<b>P 21,491,480</b>	<b>P (463,933,530)</b>	<b>P 363,776,210</b>

**Non cash financing activities**

Others pertaining to due to related parties in 2023 represent debt to capital conversion for the subscription of Company's additional shares by a certain stockholder. (see Notes 20 and 24)

**28. Supplementary Information Required under Revenue Regulation 15-2010**

The Bureau of Internal Revenue (BIR) issued Revenue Regulation 15-2010 which requires additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the fiscal year ended March 31, 2024 is presented in compliance thereto.

- The VAT output tax declared amounted to P1,064,827.
- The VAT input tax claimed is broken down as follows:

Beginning of the year	P	2,411,447
Domestic purchases of goods and services during the year		4,368,865
Claimed against Output VAT and adjustments		(1,064,827)
	<b>P</b>	<b>5,715,485</b>

- Withholding taxes paid and accrued during the fiscal year are as follows:

Expanded Compensation	P	138,023
		10,000

- As of March 31, 2024, the Company has no pending tax cases within and outside the administration of the BIR.

- All other taxes, local and national, lodge under taxes and licenses account are as follows:

<hr/>		
Local		
Mayor's permit	P	126,982
Real property tax		12,241
National		
BIR Annual registration		500
Environmental permits		62,000
	P	<hr/>
		201,723
		<hr/>



**PALLADIAN LAND DEVELOPMENT, INC.**

FINANCIAL STATEMENTS  
December 31, 2023 and 2022

# PALLADIAN LAND DEVELOPMENT INC.

9F Summit One Tower, 530 Shaw Blvd. Mandaluyong City  
Tel. no. 7717-0523

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## **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The management of **Palladian Land Development Inc.**, is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years of **December 31, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's the financial statements process.

The Board of Directors is reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

Celinia H. Faelmoca, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standard on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon of such examination.



Mr. Arsenio T. Ng  
Chairman of the Board and President



Mr. Hilario T. Ng  
Treasurer

Sign this 8th day of April 2024

## REPORT OF INDEPENDENT AUDITOR

### **Board of Directors and Stockholders Palladian Land Development Inc.**

9F Summit One Tower  
530 Shaw Blvd. Mandaluyong City

#### *Opinion*

I have audited the accompanying financial statements of **Palladian Land Development Inc.** which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

#### *Basis for Opinion*

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concerns, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Those charged with governance are responsible for overseeing the Company's** financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an **auditor's report that includes my opinion**. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

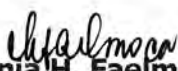
As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- **Conclude on the appropriateness of management's use of the going concern basis of accounting** and, based on the audit evidence obtained, whether a material uncertainty exists **related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern**. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my **auditor's report**. **However, future events or conditions** may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify' during my audit.

*Report on the Supplementary Information Required Under Revenue Regulations 15-2010.*

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 25 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

  
**Celinia H. Faelmoca**  
CPA License No. 0062399  
PRC ID expires on October 21, 2024  
PTR No. 21322831, January 31, 2024, Province of Rizal  
TIN No. 105-992-754  
BOA Certificate of Accreditation No. 3454  
Valid until October 31, 2024  
BIR Accreditation No. 07-100601-002-2023  
Valid until March 1, 2026

April 8, 2024  
38 Lancia St. Village East  
Cainta, Rizal

**PALLADIAN LAND DEVELOPMENT INC.**  
**STATEMENTS OF FINANCIAL POSITIONS**  
**December 31, 2023 and 2022**

	Notes	2023		2022
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash in bank	8	<b>P</b>	<b>536,232</b>	P 3,743,083
Trade receivables	9		<b>16,550</b>	48,394
Other current assets	10		<b>7,777,979</b>	7,882,070
			<b>8,330,761</b>	11,673,547
<b>Non-Current Assets</b>				
Advances to related parties	19		<b>938,715</b>	938,715
Investment properties	11		<b>252,035,569</b>	252,035,569
Property and equipment	12		<b>2,403,105,290</b>	2,402,979,442
			<b>2,656,079,574</b>	2,655,953,726
			<b>P 2,664,410,335</b>	P 2,667,627,273
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	13	<b>P</b>	<b>720,507</b>	P 311,778
<b>Noncurrent Liabilities</b>				
Payable to related parties	19		<b>106,047,144</b>	108,315,112
Deposits	14		<b>1,254,740</b>	1,023,413
Retirement liability	21		<b>554,989</b>	476,364
Deferred tax liabilities			<b>700,998,439</b>	701,405,614
			<b>808,855,312</b>	811,220,503
<b>Total Liabilities</b>			<b>809,575,819</b>	811,532,281
<b>Equity</b>				
Share capital	15	<b>P</b>	<b>200,000,000</b>	P 200,000,000
Additional paid-in capital			<b>22,000,000</b>	22,000,000
Retained earnings			<b>1,632,834,516</b>	1,634,094,992
			<b>1,854,834,516</b>	1,856,094,992
			<b>P 2,664,410,335</b>	P 2,667,627,273
<i>See Notes to Financial Statements</i>				

**PALLADIAN LAND DEVELOPMENT INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

		<b>2023</b>		2022
<b>REVENUES</b>				
Lease of properties	P	<b>3,044,508</b>	P	3,741,140
Other Income				
Interest income		<b>1,157</b>		5,258
		<b>3,045,665</b>		3,746,398
<b>COST AND EXPENSES</b>				
Direct Cost	16	<b>1,039,194</b>		1,077,280
Administrative expenses	17	<b>3,634,016</b>		4,385,139
		<b>4,673,210</b>		5,462,419
<b>INCOME BEFORE INCOME TAX</b>		<b>(1,627,545)</b>		(1,716,021)
<b>INCOME TAX EXPENSE</b>				
Current	22	<b>40,106</b>		26,639
Deferred	22	<b>(407,175)</b>		(344,256)
		<b>(367,069)</b>		(317,617)
<b>INCOME (LOSS) FOR THE PERIOD</b>	P	<b>(1,260,476)</b>	P	(1,398,404)
<b>EARNINGS PER SHARE</b>	23	<b>P (0.06)</b>	P	<b>(0.07)</b>

*See Notes to Financial Statements*

**PALLADIAN LAND DEVELOPMENT, INC.**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

	<b>2023</b>	2022
<b>SHARE CAPITAL</b>	<b>P 200,000,000</b>	P 200,000,000
<b>ADDITIONAL PAID-IN CAPITAL</b>	<b>22,000,000</b>	22,000,000
<b>RETAINED EARNINGS</b>		
Balance, January 1	<b>1,634,094,992</b>	1,635,493,396
Income (loss) during the year	<b>(1,260,476)</b>	(1,398,404)
Balance, December 31	<b>1,632,834,516</b>	1,634,094,992
<b>Balance at December 31, 2021</b>	<b>P 1,854,834,516</b>	P 1,856,094,992
<b><i>See Notes to Financial Statements</i></b>		

**PALLADIAN LAND DEVELOPMENT INC.****STATEMENTS OF CASH FLOW****FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022**

	<b>2023</b>	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss) before income tax	<b>P (1,627,545)</b>	P (1,716,021)
Adjustments to reconcile net income to cash provided by operation:		
Depreciation and amortization	<b>812,553</b>	812,553
Provision for retirement	<b>78,625</b>	63,019
Interest income	<b>(1,157)</b>	(5,258)
Operating income before working capital changes	<b>(737,524)</b>	(845,707)
Decrease (increase) in current assets:		
Accounts receivable	<b>31,844</b>	20,741
Other current assets	<b>104,091</b>	191,388
Increase (decrease) in current liabilities:		
Accounts payable	<b>408,729</b>	(789,213)
Income taxes paid	<b>(40,106)</b>	(26,639)
Interest received	<b>1,157</b>	5,258
	<b>(231,809)</b>	(1,444,172)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (decrease) in deposits	<b>231,327</b>	(3,613,053)
Increase in property and equipment	<b>(938,401)</b>	-
	<b>(707,074)</b>	(3,613,053)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Due to related parties:		
Availment (payment)	<b>(2,267,968)</b>	2,575,486
	<b>(2,267,968)</b>	2,575,486
NET INCREASE/(DECREASE) IN CASH	<b>(3,206,851)</b>	(2,481,739)
CASH BEGINNING	<b>3,743,083</b>	6,224,822
<b>CASH END OF THE PERIOD</b>	<b>P 536,232</b>	P 3,743,083

*See Notes to Financial Statements*

**PALLADIAN LAND DEVELOPMENT INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 AND 2022**

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**1. Corporate Information**

Palladian Land Development Inc. (“the Company”), a corporation duly organized and existing under the laws of the Republic of the Philippines, was incorporated and registered with the Securities and Exchange Commission (“SEC”) on June 21, 1989, primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.

The Parent Company is a holder of Mineral Processing Permit denominated as MPP No. 2020-001-IV issued by Mines and Geosciences Bureau of the Department of Environment and Natural Resources. The MPP allows the Parent company to undertake mineral processing and related activities for a period of 5 years, renewable for like periods but not to exceed a total term of 25 years or until May 19, 2045.

Previously, the Parent Company was granted Exploration permit covering an area of 82.7 hectares. The project area contains deposits of massive volcanic rocks consisting of andesite to basaltic andesite flows and breccia and highly indurated pyroclastic rocks than can be utilized as a mountain-rock quarry type of aggregates. The highly weathered component of the volcanic rock assemblage including the associated boulder clasts can be used as filling materials. The site is estimated to have an indicated resource of 31 million tons of fill materials and 66 million tons of rock aggregates.

The MPP will allow the Company to process 2.65 million tons per year of aggregates through its 500-ton per hour rock aggregates crushing plant.

The ultimate parent company is ATN Holdings Inc.

The company’s registered office address is 9F Summit One Tower, 530 Shaw Boulevard, Mandaluyong City.

The financial statements of the Company as of December 31, 2023 were authorized for issue by the President on April 8, 2024.

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**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

The accompanying financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards on a historical cost basis, except for financial assets at fair value through profit or loss (FVPL), available-for-sale financial assets (AFS) and investment properties that have been measured at fair values.

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

*Statement of Compliance*

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

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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 Company 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 Company 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 Company 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 Company when it becomes a party to the contractual provisions of the instrument.

##### *Initial Recognition*

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

##### *Classification of Financial Instruments*

The Company 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 Company 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 December 31, 2023 and 2022, the Company's financial instruments are receivables, and other financial liabilities.

##### *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 Company's **cash, receivables** and advances to 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, 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 Company 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.

*Non-Financial Assets*

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

*Financial Liabilities*

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

### Real Estate Inventories

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

As of December 31, 2023 and 2022, there are no real estate inventories.

### Non-current Assets Held for Sale

The Company classifies its non-current assets (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 assets (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 group) and the sale must be highly probable.

### Other Current Assets

Other current assets include 12% input tax from purchases of goods and services which can be claimed against output tax, 5% withholding taxes on rental services which can be claimed against **company's income tax, prepaid expenses** 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 Company.

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 Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Company. 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 major improvements and renewals are capitalized while minor repairs and maintenance and overhaul costs, are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statements of income for the period.

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 Company 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 Company's **investments in associates** if any 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.

As of December 31, 2023 and 2022, there are no investment in associates.

### Property and Equipment

Property and equipment, excluding Land, are initially recognized at acquisition cost including the expenses to get the property ready for its intended use. Subsequent to initial recognition, property and equipment are carried at cost less accumulated depreciation and impairment losses, if any. Land is measured at deemed cost which include an upward adjustment in fair value prior to reclassification to Property and equipment.

Expenditures for major improvements and renewals are capitalized while minor repairs and maintenance and overhaul costs, are charged to expense as incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in the statements of income for the period.

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 as follows:

<u>Item</u>	<u>Method</u>	<u>Divisor</u>
Land improvements	Unit-of-production	25.4 million cubic meters
Machinery and equipment	Straight-line	25 years
Office furniture and improvements	Straight-line	10 years
Transportation equipment	Straight-line	5
Right-of-use assets	Straight-line	5

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

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

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

### Stripping Costs

As part of its mining operations, the Company incurs stripping cost both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine before the production phase commences (development stripping) are capitalized as part of the cost of constructing the mine and subsequently

amortized over its useful life using unit-of- production method. Stripping cost incurred during the development phase is included under land improvements.

As of December 31, 2023 and 2022, there are no stripping cost.

#### Intangible Asset

Intangible assets 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. As of December 31, 2019, intangible assets are fully amortized

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

As of December 31, 2023 and 2022, there are no intangible assets.

#### Accounts Payable and Accrued Expenses

Accounts payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Accounts payable are non-interest bearing and are stated at their original invoice amount since the effect of discounting is immaterial.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees.

#### Impairment of Non-Financial Assets

**The Company's investment in associates and subsidiaries, investment properties and intangible assets 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.

#### Short-term Loan

Short-term loans if any, are measured at their nominal values and subsequently recognized at amortized costs less payments.

#### Deposits

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

### Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in PFRS 16.

#### As a Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset of the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the **Company's** incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payment that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual guarantee; and
- The exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the **Company's** estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company used a number of practical expedients when applying PFRS 16 to leases previously classified as operating leases under PAS 17. In particular, the Group:

- Did not recognized right-of-use assets and liabilities for leases for which the lease term ends within 12 months from the date of initial application;
- Excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term.

#### Short-term Leases and Leases of Low-value Assets

The Company has elected not to recognize right-of-use assets and lease liabilities for the leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### As a Lessor

When the Company acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Company made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease is a finance lease; if not, then it was an operating lease. As part of this assessment, the Company considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Leases where the Company does not transfer substantially all of the risks and rewards of ownership of the asset are classified as operating leases. Rental income is recognized on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

#### Short-term lease

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

#### Equity

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

Additional paid-in capital includes any premiums received on the initial 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.

As of December 31, 2023 and 2022, the Company has no other comprehensive income.

### Revenue and Cost Recognition

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

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

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

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

- (i) Sales – Sales of aggregates are recognized at point in time when control of the goods has been transferred or delivered to the buyer.
- (ii) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.
- (iii) Real Estate Sales – 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.
- (iv) 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.
- (v) 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 of aggregates sold if any, include costs that are directly related to production such as fuel, supplies, services, depreciation and other production overhead.

Administrative and other expenses are recognized in the statements of income upon utilization of the assets or services or at the date they are incurred.

### Borrowing Cost

Borrowing cost are charged to expense as incurred.

### Retirement Benefit Cost

The Company 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.

#### 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.

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.

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 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.

#### 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 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 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.

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

##### New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2023.

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 January 1, 2023. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new standards did not have an impact on the financial statements of the Company.

##### *Amendments to PFRS 3, Reference to the Conceptual Framework*

The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets or Philippine-IFRIC 21, Levies, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and must be applied prospectively.

##### *Amendments to PAS 16, Property, Plant and Equipment – Proceeds before Intended Use*

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced before the asset is available for use. The proceeds before intended use should be recognized in profit or loss, together with the costs of producing those items which are identified and measured in accordance with PAS 2 *Inventories*.

The amendments also clarify that testing whether an item of property, plant and equipment is functioning properly means assessing its technical and physical performance rather than assessing its financial performance.

For the sale of items that are not part of a Company's ordinary activities, the amendments require the company to disclose separately the sales proceeds and related production cost recognized in profit or loss and specify the line items in which such proceeds and costs are included in the statement of comprehensive income. This disclosure is not required if such proceeds and costs are presented separately in the statement of comprehensive income.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022. Earlier application is permitted. The amendments do not to have significant impact on the Company's financial statements.

##### *Amendments to PAS 37, Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract: Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments are effective for annual periods beginning on or after January 1, 2022. The amendments do not have significant impact on the Company's financial statements.

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## 5. Summary of Significant Accounting Judgments and Estimates

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

### (i) Judgments

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

#### *Revenue Recognition*

Sale of aggregates is measured at point in time as control of the delivered goods is transferred at the time of shipment and acceptance by the customer.

#### *Classification of financial assets at FVOCI*

In classifying its financial assets, the Company 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.

#### *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 Company 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.

#### *Operating leases – Company as lessor*

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

The Company's rental income amounted to ₱3,044,508 in 2023 and ₱3,741,140 in 2022.

#### *Determination of fair value of financial assets at FVOCI and Investment properties*

The Group measures fair value of financial assets at FVOCI and Investment properties 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:

*Estimating allowance for ECL on receivables and due from related parties*

The assessment of the correlation between historically observed default rates, forward-looking information, and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions.

The Company's **historical credit loss experience and forecast of** economic conditions may also not be representative of actual default in the future.

*Estimating mineral reserve*

The result of exploration indicates that the quarry site has an estimated basalt resource of 12.5 metric tons of fill materials and 25.4 million of rock aggregates. The estimate of quarry reserves is based on the interpretation of geological data performed by qualified geologist. Changes in mineral reserves may impact the carrying amount of property and equipment and the recognition of depreciation.

*Estimated useful lives of property and equipment*

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

Property and equipment, net of accumulated depreciation and impairment losses, amounted to **₱2,403,105,290 and ₱2,402,979,442** as of December 31, 2023 and 2022, respectively.

*Estimating fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar properties and other contracts. In the absence of such information, the Company determines the amount

within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

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

*Estimating the cost of assets held for sale*

The Company 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 Company's assets held for sale based on the indicative price agreed with identified buyer.

*Impairment of investment in associates and due from related parties*

The Company 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 advances to related parties as of December 31, 2023 and 2022 is as follows:

	2023		2022	
	Gross carrying amount	Net carrying amount	Gross carrying amount	Net carrying amount
Advances to subsidiaries				
Advanced Home Concept Dev. Inc.	₱ 938,715	₱ 938,715	₱ 938,715	₱ 938,715
Advances from subsidiaries				
ATN Holdings Inc.	(22,930,620)	(22,930,620)	(25,806,620)	(25,806,620)
Advances to (from) related parties				
Unipage Mgt. Inc.	(71,126,255)	(71,126,255)	(71,126,255)	(71,126,255)
Transpacific Broadband Group Intl Inc.	(5,437,885)	(5,437,885)	(4,943,545)	(4,943,545)
Stockholder	(6,552,384)	(6,552,384)	(6,438,692)	(6,438,692)
	<b>P (106,047,144)</b>	<b>P (106,047,144)</b>	<b>P (108,315,112)</b>	<b>P (108,315,112)</b>

## 6. Fair Value Measurement

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 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 Company 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.

	2023		2022	
	Carrying value	Fair value	Carrying value	Fair value
<b>Loans and receivables:</b>				
Cash	₱ 536,232	₱ 536,232	₱ 3,743,083	₱ 3,743,083
Trade receivable	16,550	16,550	48,394	48,394
Advances to related parties	938,715	938,715	938,715	938,715
<b>Other financial liabilities:</b>				
Accounts payable and accrued expenses	720,507	720,507	311,778	311,778
Deposits	1,254,740	1,254,740	1,023,413	1,023,413
Due to related parties	106,047,144	106,047,144	108,315,112	108,315,112

Fair values were determined as follows:

- *Cash and cash equivalents, receivables, other current assets, deposits and other financial liabilities* – the fair values are approximately the carrying amounts at initial recognition due to short-term nature.
- *Short-term loan* – the fair value of the loans payable is determined by discounting the principal using the market rate of 6.0%.
- *Deposit* – The fair value of deposits approximates the carrying value as at year end.

#### Fair value hierarchy

The following table presents the summary of the Company's assets and liabilities measured or disclosed at fair value on a recurring or non-recurring basis recognized in the Statements of Financial Position as of December 31, 2023 and 2022.

2023	Level 1		Level 2		Level 3		Total
	P	-	P	-	P	-	
<b>Cash in bank</b>	P	-	P 536,232	-	P	-	P 536,232
<b>Accounts receivable</b>			16,550				16,550
<b>Advances to related parties</b>			938,715				938,715
	P	-	P 1,491,497	P	-	P	1,491,497
<b>Accounts payable and accrued expenses</b>			720,507				720,507
<b>Payable to related parties</b>			106,047,144				106,047,144
<b>Deposits</b>			1,254,740				1,254,740
	P	-	P 108,022,391	P	-	P	108,022,391
<hr/>							
2022	Level 1		Level 2		Level 3		Total
	P	-	P	-	P	-	
Cash in bank	P	-	P 3,743,083	-	P	-	P 3,743,083
Accounts receivable			48,394				48,394
Advances to related parties			938,715				938,715
	P	-	P 4,730,192	P	-	P	4,730,192
<b>Accounts payable and accrued expenses</b>			311,778				311,778
<b>Payable to related parties</b>			108,315,112				108,315,112
<b>Deposits</b>			1,023,413				1,023,413
	P	-	P 109,650,303	P	-	P	109,650,303

### Investment Properties

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 P252 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 Group categorized these condominium units under Level 2 of the fair value hierarchy.

## **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 Company 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 Company's financial liabilities at December 31, 2023 and 2022 based on contractual undiscounted payments:

2023	On demand	Not later than one month	Later than 1 month & not later than 3 mos	Later than 3 mos & not later than 1 year	No fixed payment period	Total
<b>Accounts payable and accrued expenses</b>	P 720,507	P -	P -	P -	P -	P 720,507
<b>Payable to related par</b>	-	-	-	-	106,047,144	106,047,144
<b>Deposits</b>	-	-	-	-	1,254,740	1,254,740
	<b>P 720,507</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P 107,301,884</b>	<b>P 108,022,391</b>

2022	On demand	Not later than one month	Later than 1 month & not later than 3 mos	Later than 3 mos & not later than 1 year	No fixed payment period	Total
<b>Accounts payable and accrued expenses</b>	P 311,778	P -	P -	P -	P -	P 311,778
<b>Payable to related parties</b>	-	-	-	-	108,315,112	108,315,112
<b>Deposits</b>	-	-	-	-	1,023,413	1,023,413
	<b>P 311,778</b>	<b>P -</b>	<b>P -</b>	<b>P -</b>	<b>P 109,338,525</b>	<b>P 109,650,303</b>

### *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 Company as of December 31, 2023 and 2022. Net maximum exposure is the effect after considering the collaterals and other credit enhancements.

	Gross maximum exposure			
	2023		2022	
Cash in bank	P	536,232	P	3,743,083
Trade receivable		16,550		48,394
Advances to related parties		938,715		938,715
	P	1,491,497	P	4,730,192

Credit quality of the Company's assets as of December 31, 2023 and 2022 is as follows:

	Neither past due nor impaired		Past due but not impaired		Past due and impaired	
	High Grade	Standard grade				
2023						
Cash in bank	P	536,232	P	-	P	-
Trade receivable		16,550				
Advances to related part		-		938,715		-
	P	536,232	P	16,550	P	938,715

	Neither past due nor impaired		Past due but not impaired		Past due and impaired	
	High Grade	Standard grade				
2022						
Cash in bank	P	3,743,083	P	-	P	-
Trade receivable		48,394				
Advances to related parties		-		938,715		-
	P	3,743,083	P	48,394	P	938,715

High grade cash in bank 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*

The Company is not exposed to market risk with respects to financial instruments it does not hold in equity securities.

### *Price Risk*

The Company is exposed to property price and property rentals risk and to market price changes of financial assets through profit or loss.

### Capital Management

The Company 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 Company sets the amount of capital in proportion to risk. The Company 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 Company may adjust the dividends paid to shareholders or issue new shares.

The capital structure of the Company 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 Company, is as follows:

	2023	2022
Equity	P 1,854,834,516	P 1,856,094,992
Total assets	2,664,410,335	2,667,627,273
Ratio	0.70	0.70

## 8. Cash in banks

Cash in banks amounted to P536,232 and P3,743,083 as of December 31, 2023 and 2022, respectively.

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

## 9. Trade receivables

Trade receivables represents uncollected lease income amounting to P16,550 and P48,394 as of December 31, 2023 and 2022 respectively. These are non-interest bearing and are generally collectible within two (2) months.

## 10. Other Current Assets

This account consists of:

	2023	2022
Prepaid tax	P 6,305,525	P 6,209,955
Prepaid expenses and deposits	1,472,454	1,552,091
Input Vat	-	120,024
	P 7,777,979	P 7,882,070

Input taxes represents the 12% tax on domestic purchases of goods and services from VAT registered entities.

Prepaid expenses and deposits are advance payment of real estate taxes that are applied within the next 12 months.

Prepaid tax are 5% tax withheld on rentals. As of December 31, 2023 and 2022, creditable withholding taxes are considered recoverable in full and no impairment losses is necessary.

## 11. Investment Properties

The composition of this account as of December 31, 2023 and 2022 is as follows:

Land	<b>P 4,950,000</b>
Condominium units	<b>247,085,569</b>
	<b>P 252,035,569</b>

During 2021, Land and improvements located in Rodriguez, Rizal was transferred to Property and equipment due to commencement of rock crushing operation. As allowed under PAS 40 – *Investment Property*, the carrying value at the time of reclassification was used as deemed cost of the land and improvements under property and equipment.

## 12. Property and Equipment

Property and equipment consists of:

2023	Land and mine insportation	Leasehold	Furniture	Machineries		
Kind of Property	te improvement	Equipment	nd Fixtures	and equipment	Total	
Balance at beginning of year	P 2,358,225,928	P5,238,392	P7,963,628	P 1,122,550	P 47,025,758	P 2,419,576,256
Addition during the year	2,598,710	-	-	220,723	-	2,819,433
Balance at end of year	P 2,360,824,638	P5,238,392	P7,963,628	P1,343,273	P 47,025,758	P 2,422,395,689
Accumulated depreciation and amortizations						
Balance at beginning of year	120,789	3,291,220	7,963,628	988,855	4,232,322	16,596,814
Depreciation for the year	53,684	723,065	-	35,804	1,881,032	2,693,585
Balance at end of year	174,473	4,014,285	7,963,628	1,024,659	6,113,354	19,290,399
Book value	P 2,360,650,165	P1,224,107	P -	P 318,614	P 40,912,404	P 2,403,105,290

2022	Land and mine Transportation	Leasehold	Furniture	Machineries		
Kind of Property	site improvement	Equipment	and Fixtures	and equipment	Total	
Balance at beginning of year	P 2,356,344,896	P 5,238,392	P 7,963,628	P 1,122,550	P 47,025,758	P 2,417,695,224
Addition during the year	1,881,032	-	-	-	-	1,881,032
Balance at end of year	P 2,358,225,928	P 5,238,392	P 7,963,628	P 1,122,550	P 47,025,758	P 2,419,576,256
Accumulated depreciation and amortizations						
Balance at beginning of year	67,105	2,568,155	7,963,628	953,051	2,351,290	13,903,229
Depreciation for the year	53,684	723,065	-	35,804	1,881,032	2,693,585
Balance at end of year	120,789	3,291,220	7,963,628	988,855	4,232,322	16,596,814
Book value	P 2,358,105,139	P 1,947,172	P -	P 133,695	P 42,793,436	P 2,402,979,442

To prepare the site for quarry operation, the Company incurs stripping costs. These costs are incurred in the development phase which are capitalized as part of constructing the quarry site and subsequently amortized over its useful life using the unit-of-production method. The capitalization of stripping costs ceases when the quarry site is ready for production. Stripping cost is included as part of Land and mine site improvements.

Machineries and equipment represent the purchase price including freight and insurance charges for the acquisition of stone and hydraulic cone crusher totaling **₱47 million**. This machinery is used for the production of rock aggregates.

## 13. Accounts payable and accrued expenses

This account consists of P720,507 and P311,778 as of December 31, 2023 and 2022 respectively.

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;
- Other current liabilities are noninterest-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 statement of financial position to be a reasonable approximation of their fair values.

#### 14. Deposits

This account represents deposit on operating leases is made in compliance with the existing leasing agreement with lessee. The amount is refundable at the expiration of lease contracts. As of December 31, 2023 and 2022, deposits on operating leases amounted to P1,254,740 and P1,023,413 respectively.

#### 15. Equity

Share capital

The company's authorized, subscribed and paid-up capital consist of:

	2023		2022	
	No. of shares	Amount	No. of shares	Amount
Authorized – P10 par value	<b>20,000,000</b>	<b>P200,000,000</b>	20,000,000	P200,000,000
Subscribed and paid-up	<b>20,000,000</b>	<b>P200,000,000</b>	20,000,000	P200,000,000

Premium on subscribed share capital

The company has no additional premium on share capital subscribed as of December 31, 2023 and 2022.

#### 16. Direct Costs

The breakdowns of this account are as follows:

	2023		2022	
Real estate taxes	<b>P</b>	<b>1,039,194</b>	<b>P</b>	<b>1,077,280</b>

#### 17. Administrative expenses

The breakdown of this account is as follows:

	2023		2022	
Communication, dues and utilities	<b>P</b>	<b>1,275,589</b>	<b>P</b>	<b>1,128,705</b>
Salaries, wages and other benefits		<b>1,067,283</b>		<b>1,073,883</b>
Depreciation and amortization		<b>812,553</b>		<b>812,553</b>
Mandatory premiums		<b>91,690</b>		<b>184,797</b>
Provision for retirement		<b>78,625</b>		<b>63,019</b>
Rent		<b>70,855</b>		<b>425,133</b>
Taxes and licenses		<b>53,606</b>		<b>168,028</b>
Insurance		<b>41,740</b>		<b>39,969</b>
Office supplies		<b>37,987</b>		<b>34,752</b>
Security services		<b>31,500</b>		<b>178,500</b>
Professional fees		<b>35,000</b>		<b>35,000</b>
Transportation and travel		<b>31,860</b>		<b>121,801</b>
Repairs and maintenance		<b>1,710</b>		<b>20,499</b>
Contractual services		<b>4,018</b>		<b>98,500</b>
	<b>P</b>	<b>3,634,016</b>	<b>P</b>	<b>4,385,139</b>

## 18. Leases

### *Company as lessor*

The Company leases its investment properties to various tenants. The term of the lease is for a period of one year renewable at the option of both parties. Payment of monthly rent;

- Payment of security deposit;
- Annual escalation clause of rental rates upon renewal; and
- Restriction of use, among others.

## 19. Related Party Transactions

The following related party transactions occurred during 2023 and 2022:

	Transaction	Transaction Amount	Year-end balances	Terms	Conditions
<b>Advanced Home Concept Dev. Cop.</b>					
2023	Advances	-	<b>938,715</b>	no payment	Unsecured
2022		-	938,715	terms	no impairment
<b>ATN Holdings Inc.</b>					
2023	payment of advances	2,876,000	<b>(22,930,620)</b>	no payment	Unsecured
2022			(25,806,620)	terms	no impairment
<b>Transpacific Broadband Group Int'l, Inc.</b>					
2023	Advances	(494,340)	<b>(5,437,885)</b>	no payment	Unsecured
2022			(4,943,545)	terms	no impairment
<b>Unipage Management Inc.</b>					
2023	Advances	-	<b>(71,126,255)</b>	no payment	Unsecured
2022			(71,126,255)	terms	no impairment
<b>Stockholders</b>					
2023		(113,692)	<b>(6,552,384)</b>	no payment	Unsecured
2022			(6,438,692)	terms	no impairment

## 20. Retirement Benefits

The Company provides for estimated retirement benefits costs required to be paid under RA 7641 to qualifying employees. The cost of defined retirement benefits, including those mandated under RA 7641 should be determined using the accrued benefits valuation method or projected benefit valuation method. Both methods require an actuarial valuation which the Group has not undertaken. Management believes, however, that the effect on the financial statements of the difference between the retirement cost determined under the current method used by the Group and an acceptable actuarial valuation method is not significant.

The balance of retirement liability account as of December 31, 2023 and 2022 is P554,989 and P476,364 respectively.

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## 21. Income Taxes

Components of income tax reported in the statements of comprehensive income are as follows:

		2023		2022
Current	P	40,106	P	26,639
Deferred		(407,175)		(344,256)
	P	(367,069)	P	(317,617)

The reconciliation of tax on pretax income computed at the applicable statutory rates to tax expense is as follows:

		2023		2022
Statutory income tax	P	(387,519)	P	(331,652)
Tax effect of:				
Non-deductible expenses		(19,656)		(12,604)
Actual provision for income tax	P	(407,175)	P	(344,256)

The component of the Company's deferred income tax assets and liabilities is as follows:

		2023		2022
Unrealized gain on fair value adjustment				
of land and investment properties	P	703,907,131	P	703,907,131
Retirement liability		(163,233)		(143,577)
NOLCO		(719,171)		(331,652)
Impairment losses		(2,026,288)		(2,026,288)
	P	700,998,439	P	701,405,614

### *NOLCO*

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which provide that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

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## 22. Earnings (Loss) Per Share

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

		2023		2022
Earnings (A)	P	(1,260,476)	P	(1,398,404)
Divided by:				
Weighted Average Shares (B)		20,000,000		20,000,000
Earnings per share (A/B)		(0.063)		(0.070)

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

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## 23. Commitments and contingencies

### *Operating Lease Commitments*

Certain investment properties of the Company are leased out to third parties under the operating lease agreement. The lease term is for the period of 1 year renewable at the option of both parties.

## 24. Other Internal Revenue Matters

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

a.VAT Output taxes	365,341
Gross revenue subject to VAT	3,044,508
b. VAT input taxes	
Amount	205,889
Purchases of goods and services	1,715,742
c.Other taxes, licenses and fees	
Business permit	53,106
Annual registration	500
d.Withholding taxes	
Tax on compensation and benefits	35,001
Creditable withholding taxes	9,516

### **Deficiency tax assessments and tax cases**

The company has no existing deficiency tax assessments.

### **Supplementary information required under RR 19-2011**

#### **Details of direct costs for income tax purposes as follows:**

Real estate tax	P	1,039,194
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#### **Details of administrative expenses for income tax purposes as follows:**

Communication, dues and utilities	P	1,275,589
Salaries, wages and other benefit		1,067,283
Depreciation and amortization		812,553
Mandatory premiums		91,690
Rent		70,855
Taxes and licenses		53,606
Insurance		41,740
Office supplies		37,987
Security services		31,500
Professional fees		35,000
Transportation and travel		31,860
Repairs and maintenance		1,710
Contractual services		4,018
		<u>3,555,391</u>



**ADVANCED HOME CONCEPT DEVELOPMENT  
CORPORATION**

FINANCIAL STATEMENTS  
December 31, 2023 AND 2022

# ADVANCED HOME CONCEPT DEV. CORP.

9F Summit One Tower, 530 Shaw Blvd. Mandaluyong City  
Tel. no. 7717-0523

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## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


The management of **ADVANCED HOME CONCEPT DEVELOPMENT CORP.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years of December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's the financial statements process.

The Board of Directors is reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

CELINIA H. FAELMOCA, the independent auditor appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standard on Auditing, and in its report to the stockholders has expressed its opinion on the fairness of presentation upon of such examination.

  
**Mr. Arsenio T. Ng**  
Chairman of the Board and President

  
**Mr. Hilario T. Ng**  
Treasurer

Sign this 8<sup>th</sup> of April 2024

## **REPORT OF INDEPENDENT AUDITOR**

BOARD OF DIRECTORS AND STOCKHOLDERS  
ADVANCED HOME CONCEPT DEVELOPMENT CORPORATION  
9F Summit One Tower, 530 Shaw Blvd.  
Mandaluyong City

### *Opinion*

I have audited the accompanying financial statements of ADVANCED HOME CONCEPT DEVELOPMENT CORPORATION which comprise the statements of financial position as at December 31, 2023 and 2022 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022 and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

### *Basis for Opinion*

I conducted my audits in accordance with Philippine Standards on Auditing (PSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to my audit of the financial statements in the Philippines, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concerns, disclosing, as applicable, matters related to going concerns and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

**Those charged with governance are responsible for overseeing the Company's** financial reporting process.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

My objective are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an **auditor's report that includes my opinion**. Reasonable assurance is a high level of assurance, but is not guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with PSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- **Conclude on the appropriateness of management's use of** the going concern basis of accounting and, based on the audit evidence obtained, **whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's** ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence **obtained up to the date of my auditor's** report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with the governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify' during my audit.

*Report on the Supplementary Information Required Under Revenue Regulations 15-2010.*

My audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes, duties and license fees in Note 15 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in my audit of the basic financial statements. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

  
**Celinia H. Faelmoca**  
CPA License No. 0062399  
PRC ID expires on October 21, 2024  
PTR No. 21322831, January 31, 2024, Province of Rizal  
TIN No. 105-992-754  
BOA Certificate of Accreditation No. 3454  
Valid until October 31, 2024  
BIR Accreditation No. 07-100601-002-2023  
Valid until March 1, 2026

April 8, 2024  
38 Lancia St. Village East  
Cainta, Rizal

**ADVANCED HOME CONCEPT DEVELOPMENT CORP.**  
**STATEMENTS OF FINANCIAL POSITIONS**  
**DECEMBER 31, 2023 AND 2022**

	Notes		<b>2023</b>		2022
<b>ASSETS</b>					
Current Assets					
Cash in banks	7	<b>P</b>	<b>83,343</b>	P	32,534
Other current assets	8		<b>394,273</b>		394,273
			<b>477,616</b>		426,807
Noncurrent Assets					
Investment property	9		<b>25,501,001</b>		25,501,001
		<b>P</b>	<b>25,978,617</b>	P	25,927,808
<b>LIABILITIES AND EQUITY</b>					
Noncurrent Liabilities					
Payable to related parties	10	<b>P</b>	<b>15,362,402</b>	P	15,244,053
Deferred tax liability			<b>4,890,287</b>		4,890,287
Total Liabilities			<b>20,252,689</b>		20,134,340
<b>EQUITY</b>					
Share Capital	11		<b>2,000,000</b>		2,000,000
Retained Earning			<b>3,725,928</b>		3,793,468
			<b>5,725,928</b>		5,793,468
		<b>P</b>	<b>25,978,617</b>	P	25,927,808
See notes to Financial Statements					

**ADVANCED HOME CONCEPT DEVELOPMENT CORPORATION**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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	Notes	2023		2022
<b>SUMMARY OF EXPENSES</b>				
Taxes, licenses and permits	P	<b>43,685</b>	P	43,685
Miscellaneous		<b>23,855</b>		23,853
<b>NET LOSS</b>		<b>67,540</b>		67,538
<b>INCOME PER SHARE</b>		<b>(0.03)</b>		(0.03)
See notes to Financial Statements				

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**ADVANCED HOME CONCEPT DEVELOPMENT CORPORATION**  
**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	2022
Share Capital	<b>P 2,000,000</b>	P 2,000,000
Retained Earnings		
Balance, January 1	<b>3,793,468</b>	3,861,006
Net profit (loss) for the period	<b>(67,540)</b>	(67,538)
Balance, December 31	<b>3,725,928</b>	3,793,468
	<b>P 5,725,928</b>	P 5,793,468
See Notes to Financial Statements		

**ADVANCED HOME CONCEPT DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOW**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<b>2023</b>	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Loss	<b>P (67,540)</b>	P (67,538)
Net cash provided by operations	<b>(67,540)</b>	(67,538)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase (Decrease) in :		
Payable to related parties	<b>118,349</b>	50,000
Net cash provided by investing activities	<b>118,349</b>	50,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>50,809</b>	(17,538)
CASH BEGINNING OF YEAR	<b>32,534</b>	50,072
<b>CASH END OF YEAR</b>	<b>P 83,343</b>	P 32,534
See Notes to Financial Statements		

**ADVANCED HOME CONCEPT DEVELOPMENT CORP.**  
**Notes to Financial Statement**  
**December 31, 2023 and 2022**

**1. Corporate Information**

Advanced Home Concept Development Corporation (“the Company”), a corporation duly organized and existing under the laws of the Republic of the Philippines, was incorporated and registered with the Securities and Exchange Commission (“SEC”) on March 14, 1998, primarily to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other structures of whatever kind, together with their appurtenances.

The company’s registered office address is 9F Summit One Tower, 530 Shaw Boulevard, Mandaluyong City.

The accompanying financial statements were authorized for issue in accordance with the resolution by the Board of Directors (BOD) on April 8, 2024.

The board of directors is still empowered to make revisions on financial statements even after the date of issue.

**2. Summary of Significant Accounting Policies**

Basis of Preparation

The financial statements of the Company have been prepared on a fair value measurement. **The financial statements are presented in Philippine Pesos, which is the Company’s functional currency.** All amounts are rounded to the nearest Philippine peso, except when otherwise indicated.

The accompanying financial statements have been prepared on a going concern basis, which contemplate the realization of assets and settlement of liabilities in the normal course of business.

Statement of Compliance

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

**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 to all the years presented, unless otherwise stated.

Cash in bank

Cash in bank in current accounts earn interest at the respective bank deposit rates and these are deposits held at call with banks. Cash equivalents if any may consist of short-term, highly liquid debt instruments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Trade Receivable

Trade receivables are stated at their nominal values as reduced by any appropriate allowances for doubtful accounts. Any allowance for impairment loss and allowance for doubtful accounts are the estimated amount of probable losses arising from non-collection based on past collection experience and management’s review of the current status of the

long-outstanding receivables. Any doubtful account expense is to be recognized in the statement of income.

#### Financial Instruments

##### Date of Recognition

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

##### Initial Recognition

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

##### Determination of Fair Value

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

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

##### Classification of Financial Instruments

The Company 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 Company 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.

##### 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 statement of financial position. Changes in the fair value are **recognized directly in equity account as "Revaluation reserve 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 profit or loss for the period.

As of December 31, 2023 and 2022, there are no financial assets under this category.

##### 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 Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category is **the company's cash** in bank.

##### 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 Company having an obligation either to deliver cash or another financial asset

to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

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

Included under this category are accounts payable and accrued expenses and long term loans payable.

#### 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 statement of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

#### Impairment

##### Financial Assets

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

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

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

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

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

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

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

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

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in

market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

#### Non-Financial Assets

**The Company's property and equipment 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 carrying 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 Company 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 Company 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 Company 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 Company's continuing involvement in the asset.** Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

##### Financial Liabilities

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

#### Other current assets

Other current asset consists of 12% input tax from purchases of goods and services which can be claimed against output tax and prepaid expenses.

### Real Estate Inventory

Real estate inventory if any, are accounted for as current assets. Initially, the lots are measured at cost including transaction costs

Real estate inventory are derecognized when they have either been disposed of or when permanently withdrawn from use and no future benefit is expected. Any gain and loss on disposal is recognized in the consolidated statement of income in the year of disposal.

### Property and Equipment

Property and equipment if any, are stated at cost less accumulated depreciation and amortization, and any impairment in value.

The initial cost of property, plant and equipment consists of its purchase price, including any directly attributable costs in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the item has been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized as expense in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment. When assets are sold or retired, their costs and accumulated depreciation, amortization and impairment losses, if any, are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of operations of such period

Depreciation is computed on a straight-line basis over the estimated useful lives except for portal and enterprise system which is computed based on the aggregate predicted life of 15-20 years from the date of launch.

The useful life of each of the property, plant and equipment is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice and experience with similar assets.

The assets' residual values, useful lives and depreciation and amortization method are reviewed, and adjusted if appropriate, at each financial year-end.

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 statement of operations in the year the item is derecognized.

### 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 company.

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

Investment properties are derecognized when either they have been disposed of, or when the investment property is permanently withdrawn from use 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 statement of income in the year of retirement or disposal.

#### Investment in Associate

An associate if any, is an entity in which the investor has a significant influence and which is neither a subsidiary nor a joint venture.

Investment in associate is accounted for using the equity method of accounting and initially recognized at cost, and is subsequently **adjusted to reflect the investor's share of the net profit or loss of the associate.**

#### Accounts Payable and accrued expenses

Accounts payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier. Trade payables are non interest bearing and are stated at their nominal value.

Accruals are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier, including amounts due to employees. It is necessary to estimate the amount or timing of accruals, however, the uncertainty is generally much less than for provisions

#### Long-term loans

Long-term loans if any, are measured at their nominal values and subsequently recognized at amortized costs less settlement payments.

#### Equity

Share capital is determined using the nominal value of shares that have been issued.

**Any costs of acquiring Company's own shares are shown as a deduction from equity attributable to the Company's equity holders until the shares are cancelled or reissued.**

When such shares are subsequently sold or reissued, any consideration received, net of directly attributable incremental transaction costs and the related income tax effects, and is **included in equity attributable to the Company's equity holders.**

Deficit include all current and prior period results as disclosed in the statement of income.

#### Comprehensive Income

Comprehensive income, if any are recognized as part of total comprehensive income, outside of profit or loss, when they arise. Comprehensive income may represent some gains and losses arising on translating the financial statements of a foreign corporation, some actuarial gains and losses, and some changes in fair values of hedging instruments.

The Company has no comprehensive income for the periods ending December 31, 2023 and December 31, 2022.

#### Revenue and cost recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company 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 from Operating Leases  
Properties leased out under operating leases are included in investment property in the statement of financial position. Lease income is recognized over the term of the lease on a straight-line basis.

- (iv) Dividends - Dividends are recognized in the period in which they are declared.
- (v) Fair value gains on investment properties – fair value gains on investment properties are recognized when the market of the investment properties are higher than its carrying value.

As of December 31, 2023 and 2022, the Company has no income from operation.

Operating expenses are recognized in the statement of income upon utilization of the service or in the date they are incurred. Finance costs are reported on an accrual basis.

#### Retirement Benefit Cost

The Company accrues retirement expense if any, 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.

#### Related Party Transactions

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.

#### 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 end of 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 each end of reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statement.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

#### Contingencies

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

#### Events after End of reporting period

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

#### Earnings (loss) Per Share

Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

#### **4. Management's Significant Accounting Judgments and Estimates**

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### (i) Judgments

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

##### Determination of functional currency

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

##### Classification of leases

Judgment is exercise in determining whether substantially all the significant risk and rewards of ownership of the leased asset is transferred to the Company. Leases where the lessor transfer all the risk and rewards incidental to the ownership of the leased asset are taken up as finance leases. Leases where the lessor retains all the risk and rewards to assets are taken up as operating leases.

##### Impairment of financial assets

The company follows the guidance of PAS 39 on determining when the investment is other than temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

##### (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:

##### Determination of fair value of investment property

The Company has adopted the fair value model in determining the carrying value of its investment properties. The Company has obtained the services of an independent appraiser to determine the fair value of its investment properties, such fair value was determined based on recent prices of similar properties with adjustment to reflect any changes in economic conditions since the date of the transaction that occurred on those prices.

##### Estimating Allowance for probable losses on receivables

The Company estimates the allowance for probable losses related to its trade receivable based on assessment of specific accounts when the Company has information that certain customers are unable to meet their financial obligation. In these cases, management uses the best available facts and circumstances including but not limited to third party credit reports and known market factors.

##### Estimated Useful Lives of Property and Equipment

The Company 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.

The company has no property and equipment as of December 31, 2023 and 2022.

#### Deferred tax assets

The Company reviews the carrying amounts of deferred tax asset at each end of reporting period and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

#### Estimating Retirement Benefits

**The determination of the Company's obligation and cost for retirement and other retirement benefits which is based on RA 7641 is dependent on the length of stay of the qualifying employees and reaching the age of 60 upon retirement. Annually, retirement benefits are computed based on existing employees and there is no assurance that the employee will still be with the Company at the age of retirement.**

#### Impairment of non-financial asset

The Company 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.

### **5. Fair Value Measurement**

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 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 Company recognizes the difference between the transaction price and the fair value in the statements of income unless it qualifies for recognition as some other type of asset.

**The following table presents the summary of the Company's financial assets and liabilities recognized in the Statements of Financial Position as of December 31, 2023 and 2022.**

	<b>Carrying Value</b>	<b>2023 Fair Value</b>	Carrying Value	2022 Fair Value
Financial assets				
Cash in bank	<b>P83,343</b>	<b>P83,343</b>	<b>P32,534</b>	<b>P32,534</b>
Financial liabilities				
Payable to related party	<b>P15,362,402</b>	<b>P15,362,402</b>	<b>P15,244,053</b>	<b>P15,244,053</b>

Due to short-term nature of transactions, fair values approximates the carrying amounts at initial recognition.

### **6. Financial Risk Management**

#### Financial Risk Management Objectives and Policies

**The main purpose of the Company's principal financial instruments is to fund its operational and capital expenditures. The Company's risk management is coordinated and in close operation with the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimizing the exposure to financial markets.**

The Company's activities expose it to a variety of financial risks: credit risk and liquidity risk

The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company.

Financial Risk

The Company is also exposed to financial risk through its financial assets and financial liabilities. The most important components of these financial risks are credit risk, liquidity risk and market risk.

Credit risk

The table below shows the maximum exposure to credit risk for the components of the 2023 and 2022 balance sheet. The maximum exposure is shown gross, without taking into account collateral and other credit enhancement.

	Gross maximum exposure	
	<b>2023</b>	2022
Cash in bank	<b>P83,343</b>	P32,534

**The Company's credit risk is primarily attributable to its trade receivables. The Company** has adopted stringent procedure in extending credit terms to customers and in monitoring its credit risk.

Credit risk is the risk that one party to a financial instrument will fail to discharge and obligation and cause the other party to incur a financial loss.

The Company manages the level of credit risk it accepts through comprehensive credit risk policy setting out assessment and determination of what constitutes credit risk for the Company; setting up exposure limits by each counterparty or group of counterparties, geographical and industry segments; guidelines on obtaining collateral and guarantees; reporting of credit risk exposures and breaches to the monitoring authority; monitoring compliance with credit risk policy and review of credit risk policy for pertinence and changing environment.

Receivable balances if any, are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

As of balance sheet date, there were no significant concentrations of credit risk.

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 counter party failing on repayment of contractual obligation; or inability to generate cash inflows as anticipated.

The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows and a balance between continuity of funding and flexibility through the use of short-term debt and advances from related parties.

Market risk is the risk of change in fair value of financial instruments 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 is the risk to an institution's financial condition from volatility** in the price movements of the assets contained in a portfolio. Market risk represents what the Company 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.

#### Capital management

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

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts 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 Company may issue new shares, or sell assets to reduce debt.

The capital structure of the Company consists of issued capital, and deficit.

During the year ended, the company had a net loss of P67,540 and P67,538 in 2023 and 2022 respectively. To address its financing requirements the company will seek sale of investment properties but the outcome of these matters cannot be predicted at this time.

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

	<b>2023</b>	2022
Equity	<b>P5,725,928</b>	P5,793,468
Total Assets	<b>25,978,617</b>	25,927,808
Ratio	<b>0.22</b>	0.22

#### **7. Cash in bank**

Cash in bank earn interest at the prevailing bank deposit rates. There are no cash equivalents as of the end of the period.

#### **8. Other Non-current assets**

The composition of this account as of December 31, 2023 and 2022 is as follows:

Prepaid tax	<b>P 270,000</b>
Input taxes	<b>81,088</b>
Pre-paid expenses	<b>43,185</b>
	<b>P 394,273</b>

#### **9. Investment Property**

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

Land	<b>P 9,510,000</b>
Townhouses	<b>15,991,001</b>
	<b>P 25,501,001</b>

Investment properties consist of land and townhouses. There is no movement of this account is as December 31, 2023 and 2022.

On April 2, 2018 investment properties 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.

#### 10. **Payable to related parties**

The composition of this account as of December 31, 2023 and 2022 is as follows:

	Balance, 2022	Addition	Balance, 2023
ATN Holdings, Inc.	P 10,818,677	-	<b>P 10,818,677</b>
Palladian Land Dev. Inc.	938,715	-	<b>938,715</b>
Stockholders	3,486,661	118,349	<b>3,605,010</b>
	<b>P 15,244,053</b>	<b>P 118,349</b>	<b>P 15,362,402</b>

Payable to related parties are non-interest bearing advances which consist of advances for various expenses incurred and for meeting extra ordinary financial obligation. These advances have no definite call period.

For the years ended December 31, 2023 and 2022, the Company did not provide compensation to its key management personnel.

#### 11. **Share Capital**

The company's authorized, subscribed and paid-up capital consist of:

	2023		2022	
	No. of shares	Amount	No. of shares	Amount
Authorized-P100 par value	<b>20,000</b>	<b>P2,000,000</b>	20,000	P2,000,000
Subscribed and paid-up	<b>20,000</b>	<b>P2,000,000</b>	20,000	P2,000,000

#### 12. **Revenues**

The company has no commercial operations as at December 31, 2023 and 2022.

#### 13. **Income Tax expense**

The company has no income tax due for the years ended December 31, 2023 and 2022.

The component deferred tax liability consist of unrealized gain on fair value adjustment of investment property of P4,890,287.

The Company did not recognize any deferred tax assets as of December 31, 2023 and 2022 on impairment losses and net loss carry over (NOLCO) since it does not expect to have sufficient profit against which the deferred tax assets can be utilized.

#### 14. **Earnings per Share**

The Company's earnings per share for the period ended December 31, 2020 and 2019 are computed as follows:

	2023	2022
Net loss during the year	<b>P67,540</b>	P67,538
Number of shares issued and outstanding	<b>2,000,000</b>	2,000,000
<b>EARNINGS (LOSS) PER SHARE</b>	<b>(0.03)</b>	(0.03)

The Company considers its equity contributed by shareholders as capital.

	Amount
Share Capital	2,000,000
Total	2,000,000

## 15. Other Internal Revenue Matters

In compliance with the requirements set forth by RR 15-2010 hereunder are the information on taxes, duties and license fees paid or accrued during the taxable year:

The company has no VAT output and VAT inputs for the year ended December 31, 2023.

Other taxes and licenses:

Real Estate Taxes	P	43,185
Bureau of Internal Revenue		500
	P	43,685

The company has no existing deficiency tax assessments as of December 31, 2023.



**SUSTAINABILITY REPORT 2023**

# Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

## Contextual Information

Company Details	
Name of Organization	<b>ATN HOLDINGS INC.</b> (and Report on Subsidiary: ATN Philippines Solar Energy Group Inc.)
Location of Headquarters	Unit 904, Summit One Tower, 530 Shaw Boulevard, Mandaluyong City
Location of Operations	Sitio Laan, Brgy. Macabud, Rodriguez, Rizal
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	This report covers the activities and scope of business of ATN Holdings, Inc. as Mineral Processing Permit holder and, the subsidiary, ATN Philippines Solar Energy Group, Inc. for a 30MW Solar Energy Project
Business Model, including Primary Activities, Brands, Products, and Services	- Processing of extracted rocks because of the land development activities of ATN Solar for the solar project. Products include armour rocks and quarried or blasted materials; crushing plant operations and the products includes various aggregates such as S1, G1, 3/4, 3/8 and boulders; marketing and sales of aggregate products; pre-cast operations fabrications for various industrial and construction needs.
Reporting Period	March 31, 2023 to March 31, 2024
Highest Ranking Person responsible for this report	Paul B. Saria

*\*If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

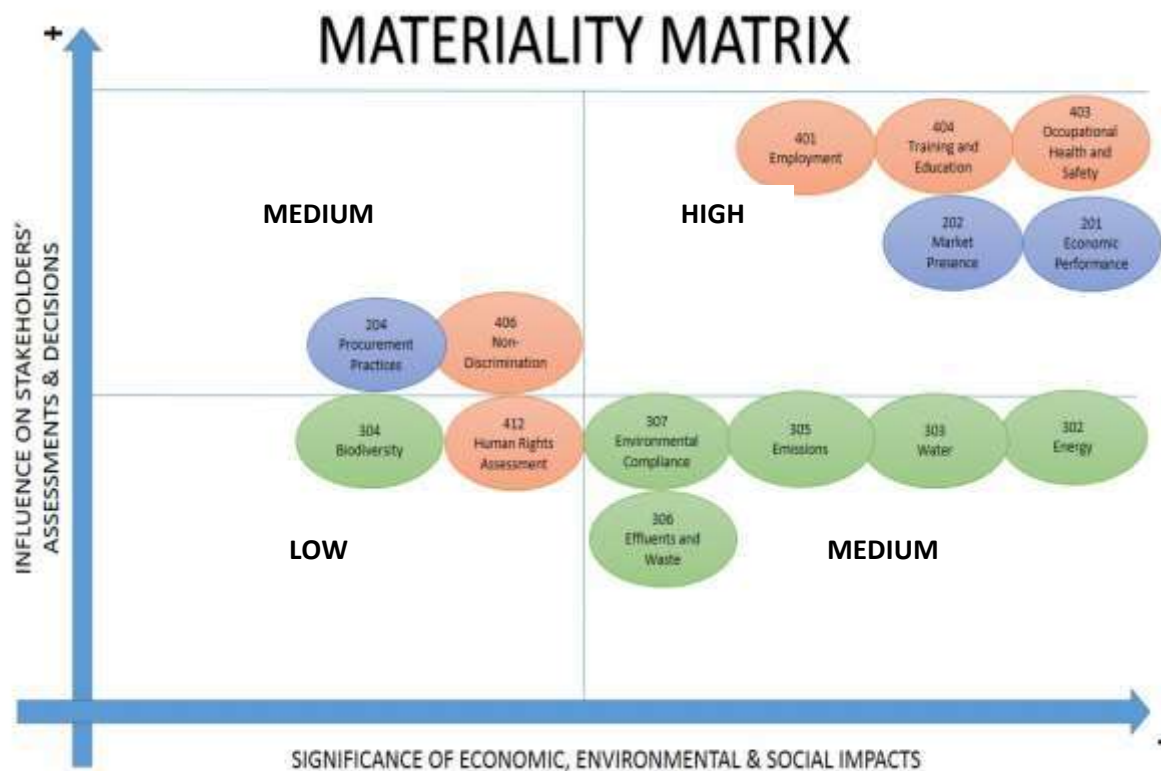
## Materiality Process

**Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.<sup>1</sup>**

ATNH acknowledges that the Company and stakeholder has a key role in the economy, environment, and good social development. As part of nation building, it is our responsibility to contribute to national development via available resources and expertise the company can provide. Integrating ESG Principles in our day to day operations is a work in progress yet is a necessary step in creating a more sustainable environment.

ATNH is involved in non-metallic mining, real estate development, and energy. Given our multi-industry context, the company contributes to economic and social development via providing resource supply for construction, employment, social development, and environmental protection. ATNH proximity to several Build-Build-Build projects including but not limited to Manila Subway Project, North-South Commuter Railway Project, NLEX expansion, San Miguel Bulacan Airport, make it an essential factor in the fast and efficient development of the above-mentioned projects. Therefore, ATNH is continually investing in infrastructure to provide technologically innovative building products to its clients.

In this report our stakeholders are our customers, suppliers and our very own employees. Methods of stakeholder engagement include customer and supplier surveys, focus groups, corporate advisory panels, written communication, management, and other mechanisms available. Attached is the Materiality Matrix by ATN Holdings, Inc.



<sup>1</sup> See [GRI 102-46](#) (2016) for more guidance.

## ECONOMIC

### Economic Performance

#### Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	12,099,763	PhP
Direct economic value distributed:		
a. Operating costs	8,443,852	PhP
b. Employee wages and benefits	2,518,741	PhP
c. Payments to suppliers, other operating costs	34,695,494	PhP
d. Dividends given to stockholders and interest payments to loan providers	None	PhP
e. Taxes given to government	92,156	PhP
f. Investments to community (e.g. donations, CSR)	198,314	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>1. <i>ATN 30 MW Solar Project</i> The 30MW solar project will contribute to the reduction of carbon footprint of 2 million tons per year and can power up to 100,000 light bulbs.</p> <p>2. <i>ATN Mineral Processing Plant</i> Processing of non-metallic minerals is essential for economic growth especially in infrastructure development in Metro Manila</p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p>Philippine population and country development</p> <p>Local Government and nearby communities</p> <p>Contractors and suppliers</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p>1. <i>ER1-92 MOA with Department of Energy</i></p> <p>2. <i>Community Development Plan with Barangay Macabud.</i></p> <p>3. <i>Social Development and Management Program and MOA with the Municipality of Rodriguez Rizal</i></p> <p>4. <i>Environmental Protection and Enhancement Program with DENR</i></p> <p>5. <i>Safety and Health Program as mandated by DENR</i></p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <ol style="list-style-type: none"> <li>1. <i>Solar Project: current land Development Operations</i> <ol style="list-style-type: none"> <li>a. <i>Landslide and flooding</i></li> <li>b. <i>Siltation of the river</i></li> </ol> </li> <li>2. <i>Mineral Processing Plant</i> <ol style="list-style-type: none"> <li>c. <i>Dust and noise pollution</i></li> <li>d. <i>Vibration effect due to blasting</i></li> </ol> </li> </ol>	<p><i>Employees during construction</i></p> <p><i>Residents near the land development area</i></p>	<p><i>Benching will follow Safety Standard. Belt canal is constructed to handle run-off water down to the settling ponds. Numerous settling ponds to accommodate run-off water and properly manage siltation.</i></p> <p><i>Controlled blasting to minimize ground vibration. Before blasting, PNP Clearance &amp; permits are secured by a licensed blasting contractor. Perimeter is checked &amp; properly barricaded for safety purposes. A siren or loud alarm is sounded as well to signal that blasting will start so no one should be near the perimeter.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <ol style="list-style-type: none"> <li>1. <i>Solar Project and Mineral Processing Plant</i> <ol style="list-style-type: none"> <li>a. <i>Employment opportunities for the local residents.</i></li> <li>b. <i>Business opportunities for industrial suppliers</i></li> <li>c. <i>Income for the host community in the form of taxes and CSR related investments and donations</i></li> </ol> </li> </ol>	<p><i>Host LGU to issue business permit.</i></p> <p><i>Local residents and interested non-locals.</i></p>	<p><i>Secure business permit from the host LGU. Prompt payment of taxes and compliance with the terms and conditions as mandated by RA7942 (Mining Act of 1995)</i></p> <p><i>Priorities hiring of locals. Patronize local suppliers based on the availability and price of the needed supplies.</i></p> <p><i>The Community Development Program ("CDP") wherein the company disburses and allocates Php 410,000, to be distributed within a 2 year Exploration Work Program to the barangay.</i></p> <p><i>Road development and rehabilitation along the Muslim residents area to ensure that their children will be able to go to school with safe &amp; better roads</i></p>

Climate-related risks and opportunities<sup>2</sup>

Governance	Strategy	Risk Management	Metrics and Targets
<p>Disclose the organization’s governance around climate-related risks and opportunities</p> <p><i>The Corporation adopts strict guidelines on safety and environmental protection based on DENR mandated:</i></p> <ol style="list-style-type: none"> <li><i>1. Environmental Protection and Enhancement Program (EPEP)</i></li> </ol> <p><b>**See link at the bottom of the page</b></p> <ol style="list-style-type: none"> <li><i>2. Safety and Health Program (SHP)</i></li> </ol> <p><b>**See link at the bottom of the page</b></p>	<p>Disclose the actual and potential impacts<sup>3</sup> of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material</p> <p><i>As based on the EPEP, the Corporation allocates 2% of its processing cost to environmental protection as mandated by DENR. Annual 2% EPEP fund is estimated at P1.364 Million</i></p> <p><i>As based on the SHP, the Corporation allocates 0.2% of its processing cost to safety and health as mandated by DENR. Annual 0.2% SHP fund is estimated at P136,000.00</i></p>	<p>Disclose how the organization identifies, assesses, and manages climate-related risks</p> <p><i>Please refer to the Corporations EPEP and SHP document in the link below:</i></p> <p><b>**See link at the bottom of the page</b></p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p> <p><i>Please refer to the Corporations EPEP and SHP document in the link below:</i></p> <p><b>**See link at the bottom of the page</b></p>
<p><b>Environmental Protection and Enhancement Program (EPEP)</b>  <a href="http://www.atnholdings.com/shareholding%20structure/ATN%20CDP%20Revised%20(with%20sign).pdf">http://www.atnholdings.com/shareholding%20structure/ATN%20CDP%20Revised%20(with%20sign).pdf</a></p>			
<p><b>Safety and Health Program (SHP)</b>  <a href="http://www.atnholdings.com/shareholding%20structure/ATN%20Safety%20and%20Health%20Program7-9-19.pdf">http://www.atnholdings.com/shareholding%20structure/ATN%20Safety%20and%20Health%20Program7-9-19.pdf</a></p>			
<p></p>			

<sup>2</sup> Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

<sup>3</sup> For this disclosure, impact refers to the impact of climate-related issues on the company.

Recommended Disclosures			
<p>a) Describe the board’s oversight of climate-related risks and opportunities</p> <p><i>ATN Board is supportive of the site management recommendations on how to manage climate related risk and opportunities. Site conditions are properly assessed by multiple site surveyors and safety officers before land development activities proceed.</i></p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term</p> <p>1. <i>Land development Operations</i></p> <p>a. <i>Landslide and Flood – the area cleared of vegetation and topsoil for land development operations are prone to landslide and contributes to flooding</i></p>	<p>a) Describe the organization’s processes for identifying and assessing climate-related risks</p> <p>1. <i>Land development Operations</i></p> <p>a. <i>Survey and quantify the area of the Water Catchment and the cleared area of vegetation and topsoil.</i></p> <p>b. <i>Identify the number of equipment using fossil fuel</i></p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p><i>Participation in renewable energy programs and adoption of energy efficiency measures to lessen GHG emissions. 30MW Solar Panels will be installed in our property at Rodriguez Rizal.</i></p>
<p>b) Describe management’s role in assessing and managing climate-related risks and opportunities</p> <p><i>ATN Management is very pro-active in the assessment and management of climate related risks and opportunities. Safety of operators and staff at the crusher and land development site is of utmost priority.</i></p>	<p>b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy and financial planning.</p> <p><i>Please refer to the Corporations EPEP and SHP document</i></p> <p><b>***Pls refer to link attached on page 6 of Sustainability Report</b></p>	<p>b) Describe the organization’s processes for managing climate-related risks</p> <p><i>ATN Management prioritizes the construction of our Environmental structures prior to land development operations.</i></p>	<p>b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p> <p><i>Construction and preparedness of the Environmental structures must be completed prior to the rainy seasons</i></p>
	<p>c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios</p>	<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s</p>	

	including a 2°C or lower scenario	overall risk management	
	<i>Participation in renewable energy programs &amp; adoption of energy efficiency measures to lessen GHG emissions. ATN Solar will be creating its solar farm at ATN Holdings project site at Rodriguez, Rizal. The 30MW Solar project will reduce our carbon footprint.</i>	<i>Infrastructure reinforcements are improved and checked on a regular basis to withstand any weather or climate-related risks. To mitigate floods, canals and drainages are continuously being created and fortified.</i>	

## Procurement Practices

### Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	<i>Electricity at Php 6.31M Fuel oil Php 21.363M Labor at Php 5.458 M</i>	Pesos Pesos Pesos

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>The 2<sup>nd</sup> crusher plant and the batching plant are continuously being assembled as ATN Holdings' Rock Supply will be used for Pres. Marcos' Priority Projects. Importation of goods from China have arrived prior to the COVID -19 Pandemic so there is not much delay in progress.</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Government priority infra projects and private supply agreements with construction firms are affected as the lockdown limits the transport routes and delivery of armour rocks and rock aggregates to Build, Build, Build projects.</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Stockpiling of rock aggregates has not stopped. The continuous production will ensure that the raw material supply will be sufficient to meet the heavy demands of priority projects at a limited timeframe once the lockdown is lifted.</i></p> <p><i>Take advantage of the sliding diesel prices to drastically lower OPEX cost on diesel requirements. Savings can be used for maintenance of heavy equipment and crushing plant.</i></p>

<p><i>Our primary business operations including hauling, crushing and heavy equipment operations, to name a few, requires massive diesel consumption.</i></p> <p><i>As for diesel costs, the price of oil has surged due to the Ukraine-Russia war and business interruptions brought about by the global COVID-19 pandemic. This has caused oil to surge from Php43/liter to an exorbitant price of Php78/liter for year January 2022 to December 2022. The cost of diesel has affected the OPEX costs and plant maintenance costs. Stockpiling of raw materials and early land development projects have proven to be very beneficial for ATN when the price of diesel was still low. This translated to plant savings to continuously sustain heavy equipment transport fleet and crushing operations.</i></p>	<p><i>Diesel suppliers will offer more competitive prices to encourage buyers to take advantage of every price rollback available.</i></p>	
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify risk/s related to material topic of the organization</p> <p><i>Due to the lockdown in the previous years, some local suppliers of ATN Holdings are closed and not allowed to operate; thus workforce have been shifted to do other works first concerning maintenance and construction of canals and road developments before rainy season kicks in.</i></p>	<p><i>Employee job rotation based on required output for the day. No employee was fired nor terminated during the COVID to make sure that the livelihood of each employee is sustained.</i></p>	<p><i>ATN Solar Manager applied for a special work permit for a skeletal force of 15pax to be allowed to do continuous works at site for maintenance and safety purposed while the lockdown is enforced. This was fortunately granted and employees were able to have a source of income.</i></p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the opportunity/ies related to material topic of the organization</p>		

<i>The oversupply and massive drop of diesel prices during this pandemic is a big factor in ATN Holdings' OPEX and daily crushing and land developmental activities. Diesel suppliers are eager for big buyers to take off the oil stocks from their supply warehouses; thereby, additional discounts from the bulk sale can happen translating to more savings for the company due to the price volatility and price drops weekly.</i>	<i>Public shareholders and private investors will likely deem the historically low diesel prices as beneficial for ATN Land development &amp; Crushing Operations. Lower OPEX can also equate to higher valuations in the long run.</i>	<i>Take advantage of fuel rollbacks and monitor timetable for road repairs and usage of fuel-intensive equipment so management can shift and reallocate budget for diesel to other expenditures such as crushing and batching plant installations, heavy equipment preventive maintenance schedules, utility bills, employee compensation and personnel protective equipment purchases.</i>
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## Anti-corruption

### Training on Anti-corruption Policies and Procedures

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training	100	%
Percentage of employees that have received anti-corruption training	100	%

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>Primary Business Operations, Loading of Aggregates and crushed rocks to Truckers for dispatch to buyers</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Employees, managers, agents/brokers, suppliers, middlemen between the buyers &amp; raw materials that come from ATN Site, the seller</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>More than 70 CCTVs have been installed in ATN Land development in Montalban Rizal to tighten security and avoid any illegal transactions. For payments of aggregates, the company does not allow cash payment at site. Only debit card transactions or bank wire transactions are allowed to</i></p>

		<p>avoid any connivance between employees and buyers. ATN Holdings also installed a truck scale weighbridge to measure the loaded aggregates and crushed rockers per truck.</p> <p>CCTVs are also installed here to capture the truck plate number, the trucker, the size or type of crushed rock and the loaded capacity.</p> <p>Whistle blower policy of ATN holdings is also publicly posted in its corporate website with link as follows:  <a href="http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf">http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf</a></p>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify risk/s related to material topic of the organization</p> <p><i>Buyer-employee connivance to get extra discounts, extra loading of aggregates, priority handling in exchange from commissions or some tokens from the prospective or actual buyer</i></p>	<p><i>Employees</i></p>	<p><i>More than 70 CCTVs have been installed in ATN Land development in Montalban Rizal to tighten security and avoid any illegal transactions. For payments of aggregates, the company does not allow cash payment at site. Only debit card transactions or bank wire transactions are allowed to avoid any connivance between employees and buyers. ATN Holdings also installed a truck scale weighbridge to accurately measure the loaded aggregates real-time. CCTVs are also installed here to capture the truck plate number, the trucker, the size or type of crushed rock and the loaded capacity.</i></p> <p><i>Whistle blower policy of ATN holdings is also publicly posted in its corporate website with link as follows:  <a href="http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf">http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf</a></i></p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the opportunity/ies related to material topic of the organization</p>	<p><i>Employees and company reputation</i></p>	<p><i>Once caught red-handed or captured in the CCTV footages, suspension and termination of the employee will be in</i></p>

<p>Loyalty of employees will be tested if briberies, kickbacks or commissions will be accepted.</p>		<p>effect depending on the gravity of the corrupt practice.</p> <p>Whistleblower policy of ATN holdings is also publicly posted in its corporate website with link as follows: <a href="http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf">http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf</a></p> <p>Whistleblowers are encouraged to come forward so the company can further fix business operations and selecting/hiring trustworthy employees.</p>
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Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	No.
Number of incidents in which employees were dismissed or disciplined for corruption	0	No.
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	No.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>The supply chain or the raw material stockyard is the place where possible incidents of corruption may happen. This could happen during the loading and unloading of aggregates per truck. Actual truck measurement and loaded materials may vary.</p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Once caught red-handed or captured in the CCTV footages, suspension and termination of the employee will be in effect depending on the gravity of the corrupt practice.</i></p> <p>Whistleblower policy of ATN holdings is also publicly posted in its corporate website with link as follows: <a href="http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf">http://www.atnholdings.com/acgr/WHISTLEBLOWER%20POLICY.pdf</a></p> <p>Whistleblowers are encouraged to come forward so the company can further fix</p>

		business operations and selecting/hiring trustworthy employees.
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify risk/s related to material topic of the organization</p> <p><i>The trip tickets submitted, and the actual delivery of blue rocks should always be reconciled and checked immediately to avoid inaccurate billings. Stockpile of aggregates should be properly segregated to avoid corrupt practices of land development contractors like what was aforementioned above.</i></p>	<p><i>Land development Owner and Project Contractors</i></p>	<p><i>Spotters and more watchmen are hired to double check proper dumping in the correct stockpile. Trip tickets and actual deliveries are reconciled and double checked to ensure actual production is met before billable of the project contractor is certified correct.</i></p>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>Having more than (1) land development contractor is beneficial so we can compare the efficiency and productivity of each group based on their actual deliverables and target production.</i></p>	<p><i>Land development Owner and Project Contractors</i></p>	<p><i>More financial resources and diesel capacity are needed to support the project contractors in their land development activities. Having more than (1) contractor and consistent blasting operations will ensure that ATN Solar will be able to meet its production targets in a shorter timeframe. Stockpiles will be massive which means that the company can supply to more Build, Build, Build infrastructure projects of President Bongbong Marcos which includes improving public transport, power, physical connection and water resources.</i></p>

# ENVIRONMENT

## Resource Management

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	none	GJ
Energy consumption (gasoline)	none	GJ
Energy consumption (LPG)	4.46	GJ
Energy consumption (diesel) Alpha Rock usage 0.7 liter/LCM	399,599.26	Liters
Energy consumption (electricity)	486,214	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>Primary business operations for crushing plant operations initially ran on diesel consumption. But after successfully dealing and negotiating with Meralco contractors for Meralco grid connectivity, we were able to reduce Greenhouse Gas emissions to half. With the installation/ erection of a) 228 concrete 60-ft. posts with ground wire, (b) 100 truss guys and (c) 100 anchor blocks, ATN Holdings project site is already Meralco-energized.</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Montalban Community, Employees</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>With the erection of 228 concrete 60ft-posts, ATN Holdings was able to energize via the Meralco grid. Meralco conducted factory quality process assessments, exact posts location, erection inspection to ensure supply &amp; technical specification conformity with Meralco Distribution Asset Study (DAS). Meralco methodical, strict construction supervision of all ATN Solar connection assets contributes to regulatory ERC/DOE acceptance.</i></p> <p><i>To keep the site energized, we have also installed around 150pcs. of floodlights for our night operations to help reduce our greenhouse gas emissions as well.</i></p>

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p><i>Electrical Concrete Posts can be accidentally bumped by vehicles; thereby, possibly affecting site energization capacity. Illegal tappers of electricity can be a potential issue as well. Electric towers may fall due to unforeseen natural disaster.</i></p>	<p><i>Community, Vulnerable groups, Road Users, Suppliers</i></p>	<p><i>ATN Solar asked Linetech to install bollards to serve as a physical and visual barrier for vehicles to avoid hitting the posts. Don't settle near electrical towers.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>ATN Holdings was able to sustain around 16hours of operations with 2 shifts revolving around crushing and land development activities, with less electric costs by connecting to Meralco grid rather than using and burning diesel to operate.</i></p>	<p><i>Employees, Business operations</i></p>	<p><i>ATN Holdings purchased capacitor bank from Fransman to ensure proper storing and smoothing out of electrical energy. Installation of capacitor banks will enable power factor improvement and correction and voltage regulation; thereby, translating to savings as well. Certificate of Calibration for Insulation Multimeter was issued on Feb 27, 2024 while the Certificate of Calibration for Power Quality Logger was issued on Feb 15, 2024. Standard annual preventive maintenance of capacitor bank was conducted by Fransman Enersystem Power Corp. last April 25, 2024 to ensure power quality.</i></p>

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	No deep well	Cubic meters
Water consumption	17,596.8	Cubic meters
Water recycled and reused	10,558.08	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach

<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>1. <i>Solar project: Land development Operation</i>  <i>Minimize if not control dust pollution within the land development area and vicinity by properly sprinkling water to the haulage and access roads. Maintain and assign water truck to the Safety Section.</i></p> <p>2. <i>Mineral Processing Plant</i>  <i>Dust suppression is managed by installing water jet sprinkler at every drop points of the crushed materials since our Plant operations employs Dry Process Method.</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Employees in the land development site.</i></p> <p><i>Employees assigned in the Crushing Plant</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Numerous settling ponds were constructed and properly maintained to manage the run-off water during rainy days. This settling ponds impounds water for watering of our roads and washing of equipment.</i></p> <p><i>PPE like dust mask is issued to land development and crushing plant employees.</i></p>
<p><b>What are the Risk/s Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>Identify risk/s related to material topic of the organization</p> <p><i>Failure or collapse of settling ponds due to large volume of run-off water caused by heavy rains or prolonged rains.</i></p> <p><i>Over flooding of the haulage road</i></p>	<p><i>Locals residing along the river.</i></p> <p><i>Contract haulers and in-house haulers.</i></p>	<p>Management instructed the installation and maintenance of the main drainage system.</p> <p><i>The main drainage system will install or construct run-off inlet, drain canal, outlet and catch settling basin/ pond equipped with concrete overflow to manage and handle such over surge of water run-off.</i></p> <p><i>Management will maintain a team at the Safety and Envi-Infra Section.</i></p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p>1. <i>Land development Operations</i></p>		

<p>a. <i>Employment for locals and others</i></p> <p>b. <i>Business</i></p>	<p><i>Local residents and others</i></p>	<p><i>Prioritize hiring of qualified locals for the installation and maintenance of main drainage system and canals.</i></p> <p><i>Prioritize local service provider such as Contract Haulers, Equipment provider and industrial suppliers. A misting canon truck will also be purchased.</i></p>
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Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
<ul style="list-style-type: none"> <li>• renewable</li> </ul>	none	kg/liters
<ul style="list-style-type: none"> <li>• non-renewable               <ol style="list-style-type: none"> <li>1. <i>Solar Project: Land development Operations</i> <i>Blasted hard rock materials – basalt and andesite</i></li> <li>2. <i>Crushing Plant Operations</i> <i>Blasted hard rock crusher materials</i></li> </ol> </li> </ul>	No production	<p><i>LCM</i></p> <p><i>WMT</i></p>
Percentage of recycled input materials used to manufacture the organization’s primary products and services	none	%

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <ol style="list-style-type: none"> <li>1. <i>Land development Operations</i> <ol style="list-style-type: none"> <li>a. <i>Displacement of squatters/occupants occupying the area for land development works.</i></li> <li>b. <i>Prone to landslide and flooding upon clearing of vegetation of no less than 24 hectares area for land development works.</i></li> </ol> </li> </ol>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p> <p><i>Local squatters/occupants</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p><i>ATN Management created a PR Team to negotiate with the squatters</i></p> <p><i>Management allocated relocation fee of PhP 35,000.00 per affected occupant /family. Upon acceptance, a waiver was also signed with proper documentation and photos.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<p><i>Identify risk/s related to material topic of the organization</i></p> <p>1. Land development Operations</p> <p>a. Violent resistance from squatters/occupants</p> <p>b. Landslide and flooding</p> <p>c. Dust and noise pollution</p>	<p>Local squatters/occupants</p> <p>Site Management and LGU of Macabud</p> <p>Land development employees</p>	<p>ATN Management created a PR Team to negotiate with the squatters.</p> <p>Management allocated relocation fee of PhP 35,000.00 per affected occupant/family.</p> <p>Design the benches based on the safety standard. Construct belt canal in every bench to handle run-off water down to the settling ponds. Construct sufficient number of settling ponds to handle and manage run-off water even during heavy and prolong rains.</p> <p>Management provided appropriate PPE's for our Land development employees and visitors exposed at the site as safety protocols.</p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>Infrastructure projects supporting the 'Build, Build, Build' priority projects of ex-President Duterte &amp; incumbent President Bongbong Marcos' administration are very much in demand. As ATN Holdings is massive a rock aggregate producer, the company can supply to MRT projects, subway projects, airport projects or even to reclamation projects.</i></p>	<p>Income Generation /Livelihood of employees &amp; local employment</p> <p>Government projects and host communities</p>	<p>Management is currently negotiating with MDC, MPI, SMC, EEI and other Japanese groups, to name a few with regard to the supply commitment of ATN Rocks. Pre-qualification bid docs, term sheets and offer sheets are in process. Sampling tests and lab tests are also being conducted by our potential buyers to ensure that the rock and aggregates are in compliance with the required standards of the company. ATN has already secured projects with Megawide, DMCI, First Balfour/First Agua to name a few.</p>

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
<p><i>Operational site is owned by the Company and it is located in Sitio Laan, Barangay Macabud, Rodriguez, Rizal and outside protected areas.</i></p>	<p>256</p>	<p>ha</p>
<p><i>Habitats protected or restored</i></p>	<p>none</p>	<p>ha</p>

IUCN<sup>4</sup> Red List species and national conservation list species with habitats in areas affected by operations

Table 12. Overall bat/flying mammal species that were captured within the vicinity of ATN Aggregate Quarry Project in Sitio Laan Barangay Macabod, Rodriguez, Rizal Province, Philippines.

FAMILY	SCIENTIFIC NAME	ENDIMICITY	IUCN	AREA 1				S-RA	RA
				S1	S2	S3	S4		
Pteropodidae	<i>Cynopterus brachyotis</i>	R	LC	15	9	5	3	32	32.65
Pteropodidae	<i>Eonycteris robusta</i>	E	NT	7	4	2	1	14	14.28
Pteropodidae	<i>Ptenochirus jagori</i>	E	LC	4	5	9	4	22	22.44
Pteropodidae	<i>Ptenochirus minor</i>	E	LC	11	7	6	5	29	29.59
Rhinolophidae	<i>Hipposideros diadema</i>	R	LC	0	0	0	1	1	1.02
	Total number of individual			98					100

Endemicity and Conservation Status of Bats

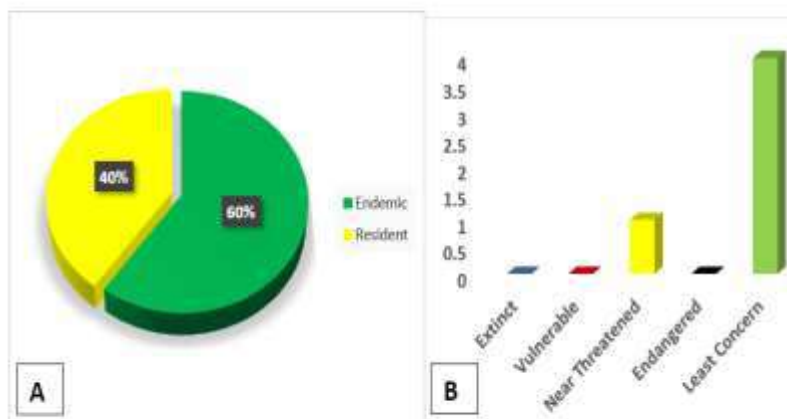


Figure 3. Distribution status and Conservation status of bats within the vicinity of ATN Aggregate Quarry Project in Sitio Laan Barangay Macabod, Rodriguez, Rizal Province, Philippines.

Based on the data given above, 1 species out of 5 flying mammals was listed as near threatened while the rest were considered as least concern. The *Eonycteris robusta* was identified as near threatened. This species was measured as near threatened because the population of this species are declining now a days. Varied reasons of continuous declining of species population was human activities such as disturbance of their habitat, habitat loss and deteriorating forest in the area.

(list)

See Attached reports made by Permata Resources Inc.

1) "Freshwater Biology Assessment of Proposed ATN Integrated Aggregate Land development Project"

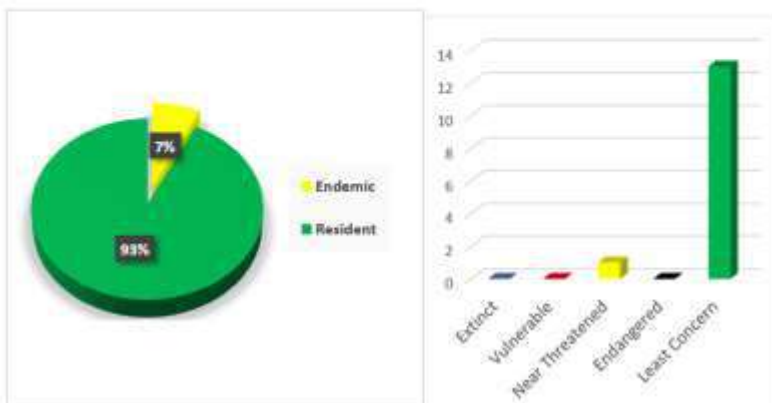
2)"Assessment of Terrestrial Flora and Fauna Assemblages within the ATN Aggregates Land development Project"

<sup>4</sup> International Union for Conservation of Nature

Table 14. Overall avifauna species that were captured within the vicinity of ATN Aggregate Quarry Project in Sitio Laan Barangay Macabod, Rodriguez, Rizal Province, Philippines.

FAMILY	Common Name	SCIENTIFIC NAME	RANGE	IUCN	AREA 1				TOTAL	S-RA
					S1	S2	S3	S4		
Alcedinidae	White collared kingfisher	<i>Todiramphus chloris</i>	R	LC	5	3	2	4	14	6.69
	White-throated kingfisher	<i>Halcyon arymensis</i>	R	LC	4	6	1	2	13	6.22
Artamidae	White-breasted woodswallow	<i>Artamus leucorhynchus</i>	R	LC	10	4	6	2	22	10.52
Columbidae	Zebra Dove	<i>Geopelia striata</i>	R	LC	5	3	1	3	12	5.74
	Domestic Pigeons	<i>Columba livia domestica</i>	R	LC	15	6	8	4	33	15.78
Estrildidae	Chestnut munia	<i>Lonchura atricapilla</i>	R	LC	9	6	17	3	35	16.74
Hirundinidae	Tree swallow	<i>Tachycineta bicolor</i>	R	LC	5	4	10	2	21	10.04
Laniidae	Olive backed sunbird	<i>Chrysita jugularis</i>	R	LC	5	3	4	1	13	6.22
Monarchidae	Black-naped monarch	<i>Hypothymis azurea</i>	R	LC	3	0	1	0	4	1.91
Muscicapidae	Palawan Blue Flycatcher	<i>Cyornis lemprieri</i>	E	NT	1	0	0	0	1	0.47
Nectarinidae	Brown Shrike	<i>Lanius cristatus</i>	R	LC	3	1	4	1	9	4.30
Oriolidae	Black naped oriole	<i>Oriolus chinensis</i>	R	LC	2	3	0	1	6	2.87
Pycnonotidae	Yellow-vented Bulbul	<i>Pycnonotus goiavier</i>	R	LC	5	3	4	1	13	6.22
Rhipiduridae	Sunda Pied Fantail	<i>Rhipidura javanica</i>	R	LC	4	6	1	2	13	6.22
<b>Total</b>					<b>78</b>	<b>48</b>	<b>69</b>	<b>26</b>	<b>209</b>	<b>100</b>

In terms of conservation status, 13 species of birds that was heard, seen and captured by nets are listed as Least Concern while only 1 species was listed as near threatened *Cyornis lemprieri* and also categorizes as endemic species or a certain species which can be found only in the Philippines based on the IUCN Red List Status of Birds. As Figure 7 shows, 7% of the total percentage are endemic while the remaining 93% percent are resident and one species was listed as near threatened and the rest are least concern.



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>	<i>(e.g. employees, community, suppliers, government, vulnerable groups)</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>



		<p>with only 1 species were identified in this division. Each species has significant value and importance based on their distribution into the ecosystem. The dominance number of species of Bacillariophyta are extremely important for some aquatic species because this type of species are photosynthetic which serves as food source of some freshwater aquatic organisms while Charophyta can be used to detect the presence of fish in a body of water, as well as indicate the overall quality of the water. An abundance of 9 Charophyta means productive water.</p> <p>Based on researcher's observation, low biodiversity of macroinvertebrate organisms vary to the ecosystem of the area. Muddy soil affect the water quality and also affect the diversity of macroinvertebrate species in the area.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p><b>Land Development</b></p> <p>Stripping of topsoil will consequently disturb the seed bank in the area through seed displacement affecting the ecological recovery of vegetation in the project site. Accelerated soil erosion as a result of clearing and earthworks will contribute to soil nutrient loss necessary for plant growth. The removal of photosynthesizing plants will affect CO2 sequestration causing some degree of effect on the microclimate.</p> <p><b>Contaminated or Polluted Water</b></p> <p>Algal blooms are not only harmful for many aquatic species, but also for humans who ingest contaminated fish and shellfish or</p>	<p>Employees</p>	<p>A tree cutting permit shall be secured prior to any cutting and clearing.</p> <p>Canals and culverts are properly installed to prevent flooding and landslides. Misting canons are prepared to lower air pollution. And Montalban property operations is running heavily now on Meralco-generated power rather than diesel.</p> <p>To better understand the biodiversity and ecosystem in ATN property, management has awarded Permata Resources Inc. to make a report. The report submitted is entitled: "Freshwater Biology Assessment of Proposed ATN Integrated Aggregate Land development Project", it was found that Cyanobacteria produces toxins to kill off other local species, giving themselves more room for growth. These toxins arise when environmental conditions are optimal for cyanobacteria to reproduce</p>

swim in or are exposed to contaminated water.	Community	explosively and exponentially, resulting in algal blooms.
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <p>Water quality index (WQI) values based on the study conducted entitled “Freshwater Biology Assessment of Proposed ATN Integrated Aggregate Land development Project” shows that the three sampling stations fall into “Rather Clean-clean” water category. The result of WQI was based on the observation of water quality during the sampling and through the presence of macroinvertebrates bioindicators in the area.</p> <p>Economic and Ecological Significance of Flora Resources</p>	<p>Community Employees</p> <p>Community Employees</p>	<p>Based on management directive, a report was submitted based on “Freshwater Biology Assessment of Proposed ATN Integrated Aggregate Land development Project” It was found that Cyanobacteria has the highest count in the density comparison with 8300 cell/mL. Cyanobacteria are important in many ecosystems, as they produce gaseous oxygen as a product of their photosynthetic process. These bacteria and their descendants are credited with the production of all the oxygen gas on Earth but also capable of producing a variety of toxins.</p> <p>The floral resources identified during the conduct of transect walk and assessment by Permata Resources Inc. within the study area have significant values to the community. Their uses can be classified into two: 1.) Economic and 2.) Ecological. Basically, all these resources have ecological roles not only in the specific habitat where they abound but also in nature. Any of these resources which help alleviate economic conditions have economic use. Economically important species are those used for timber, construction, cottage industry, food, medicine, fiber, feed (forage/pasture), and fuel. Ecologically important species are those ornamentals, landscape plants, hedges, and other plant resources used for soil erosion and weed control. As a whole the flora resources that includes all plant types such as trees, palms, ferns, shrubs, grasses, vines, herbs etc. is very vital to mitigate the worldwide problem on climate change.</p>

## Environmental impact management

### Air Emissions

#### GHG

Disclosure	Quantity	Units
<b>Direct (Scope 1) GHG Emissions</b> <i>Rock quarry operations</i> 1. <i>Land development Operations (Diesel Fuel/Fossil Fuel consumed by our land development equipment and hauler trucks) <u>Diesel factor 2.7 ton/liter</u></i> 2. <i>Crushing Plant Operations (Diesel fuel consumed by our support equipment and hauler trucks)</i>	755.3  323.7	Tonnes CO <sub>2</sub> e
<b>Energy indirect (Scope 2) GHG Emissions</b> <i>Meralco factor 0.0011</i> 1. <i>Crushing Plant Operations (Electricity supplied by MERALCO to run our plant fixed equipment and facilities)</i>	203	Tonnes CO <sub>2</sub> e
<b>Emissions of ozone-depleting substances (ODS)</b> 1. <i>Site Office and Crushing Plant ( 5 units Aircon at 2HP per Unit) <u>No leakage of refrigerant</u></i>	0.0	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>Crushing, blasting, hauling and land development activities contribute to GHG emissions and air pollution.</i>  <i>Diesel is consumed by land development equipment, transport fleet, hauling trucks and back-up diesel genset.</i>	(e.g. employees, community, government, vulnerable groups)  <i>Employees, Community, Humanity</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>Regular replacement and/or maintenance of equipment particularly mufflers of vehicles shall be done. Misting canons will also be purchased to lessen air pollution from crushing and land development operations.</i>  <i>All employees and visitors are given appropriate Personal Protective Equipment (PPE) in the job site. Dust masks and safety goggles are also provided as well.</i>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
Identify risk/s related to material topic of the organization  <i>Respiratory and health concerns due to dust at site</i>	<i>Employees</i>	<i>Strict mandate to wear PPEs and safety gears at all times. Health check-ups and health clearances are secured from employees prior to employment. A small clinic is also established at site to monitor</i>

		<i>blood pressure and other minor health concerns of employees. Misting canons to be purchased for dust suppression.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>Instead of heavily relying on diesel for crushing operations and electricity, ATN Holdings has already connected to Meralco grid to lower operating costs and lessen GHG emissions. Daily inspection and monitoring of trucks will enable it to function efficiently. Preventive maintenance of equipment, trucks and proper calibration of diesel tank are implemented to lessen air pollution</i></p>	<p><i>Employees</i></p>	<p><i>Pollution Control Officer (PCO) is appointed to help manage and mitigate air pollution at site. A Quarterly Self-Monitoring Report (SMR) is submitted to Department of Environment &amp; Natural Resources (DENR) as well by the PCO. A Fleet management officer of ATN equipment and trucks is also assigned to ensure that all trucks are in proper working order. ATN diesel tanks are also inspected and calibrated by our diesel suppliers.</i></p>

Air pollutants

Disclosure	Quantity	Units
NO <sub>x</sub>	Normal diesel engine	kg
SO <sub>x</sub>	Normal diesel engine	kg
Persistent organic pollutants (POPs)	None	kg
Volatile organic compounds (VOCs)	None	kg
Hazardous air pollutants (HAPs)	None	kg
Particulate matter (PM)	None	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>The entire plant is a NON-SMOKING PLANT. Smoking is strictly prohibited. In this way, we are able</i></p>	<p><i>(e.g. employees, community, suppliers, government, vulnerable groups)</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Violators will be penalized or sanctioned.</i></p>

<i>to support a cleaner &amp; greener environment.</i>	<i>Employees</i>	<i>All employees are aware that smoking is not allowed in ATN premises as this may be flammable to plant operations.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization <i>Our fuel burning equipment such as backhoes, bulldozers, dumptrucks, road grader, mixer and standby 165kva genset consumes diesel to operate.</i>	<i>Employees</i>	<i>Reduce unnecessary movement of fuel consuming equipment. The crushing plant is already connected to Meralco grid to lessen diesel consumption. Road watering and dust controls are done 5 hours/day</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization <i>Because Used Oils have to be properly disposed, ATN Solar sold its used oils in drums to RMS Petroleum and Waste Management Corporation, an accredited DENR and EMB Treatment Storage and Disposal Facility (TSD) and Transporter of Wastes</i>	<i>Community</i>	<i>ATN Management contracted RMS Petroleum and Waste Management Corporation to treat and haul ATN Solar's used oils at site. A Certificate of treatment will be issued afterwards.</i>

## Solid and Hazardous Wastes

### Solid Waste

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total solid waste generated	<b>477</b>	kg
Reusable	None	kg
Recyclable	<b>55.5</b>	kg
Composted	None	kg
Incinerated	None	kg
Residuals/Landfilled	<b>477</b>	kg

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	(e.g. employees, community, suppliers,	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects,

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>ATN Holdings practices proper waste disposal by having color-coded trash bins for segregation of wastes</i>	government, vulnerable groups)  <i>Employees</i>	programs, and initiatives do you have to manage the material topic?  <i>Waste segregation and waste reduction programs are implemented regarding sale of recyclable materials to authorized recyclers and scrap buyers.</i>
<b>What are the Risk/s Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization  <i>ATN hauling trucks and equipment use a lot of tires. Tires are highly durable and non-biodegradable. Due to the tire's heavy metal content, leaching of toxins into the groundwater may occur if placed on wet soils.</i>	<i>Community</i>  <i>Employees</i>	<i>ATN Fleet management always prioritizes tire retreading, patching, tire rotation and adjustments to avoid untimely tire waste disposal. If the tire can no longer be utilized at all then ATN management just uses the old tires as landscaping decoration. Recycled tire landscaping offers an eco-friendly gardening approach that incorporates materials that would otherwise go to waste. ATN Management and Pollution Control officer decided to stack old tires and paint these to use as landscaping design.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Which stakeholders are affected?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>The corporation supports recycling and waste segregation for a cleaner and greener environment. ATN holdings aims to use recyclable materials for marketing and utilization of end-user manufacturers.</i>	<i>Community</i>	<i>Ongoing construction of Material Recovery Facility (MRF) or Material Recycling Facility</i>

Hazardous Waste

Disclosure	Quantity	Units
1. Land development Operations and Mineral Processing Plant Operations		
a. Total weight of hazardous waste generated	1,034.5	Liters
b. Total weight of hazardous waste transported	4200	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>Our fuel burning equipment such as backhoes, bulldozers, dumptrucks, road grader, mixer and standby 165kva genset consumes diesel to operate.</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Employees</i></p> <p><i>Community</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Use only the equipment as needed and in phases. The crushing plant is already connected to Meralco grid to lessen diesel consumption. Road watering and dust controls are done 5hours/day</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p><i>Our Road equipment such as excavators and road graders use batteries and are changed based on the battery's shelf life. Because these are lead acid batteries, proper disposal or recycling needs to be done</i></p>	<p><i>Community</i></p>	<p><i>ATN Management cares for the environment so batteries are trade-in to the local supplier for proper recycling and safe battery handling practices. This also gives us discounts for the new batteries we will be purchasing for our equipment as the old battery is applied as a 'trade in' value discount.</i></p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>Because Used Oils have to be properly disposed, ATN Solar sold its used oils in drums to RMS Petroleum and Waste Management Corporation, an accredited DENR and EMB Treatment Storage and Disposal Facility (TSD) and Transporter of Wastes</i></p>	<p><i>Community</i></p>	<p><i>ATN Management contracted RMS Petroleum and Waste Management Corporation to treat and haul ATN Solar's used oils at site. A Certificate of treatment will be issued afterwards.</i></p>

## Effluents

Disclosure	Quantity	Units
<p>1. Land development Operations</p> <p>a. Five units settling ponds with a total holding/impounding volume of 10,000 cubic meters were constructed to handle and impound run-off water from our land development operations and this can be utilize for our own use such as dust suppression, etc. <b><u>(Total of 5 settling ponds were established during 2021)</u></b></p> <p>b. Watering of haulage and access roads within the land development area and vicinity estimated per quarter (utilize impounded run-off water in our settling ponds)</p> <p>c. Maintenance of 5 units comfort rooms for our site employees, estimated per quarter (utilize impounded run-off water in our settling ponds)</p>	<p><b>8,547 (total capacity of 4 SPs)</b></p> <p><b>175</b></p> <p><b>90.00</b></p>	<p>Cubic meters</p> <p>Cubic meters</p> <p>Cubic meters</p>
Percent of wastewater recycled	Rain water 60%	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>1.Land development Operations</p> <p>a. source for dewatering of haulage roads and/or control of dust pollution</p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p>Site employees</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p>Management constructed numerous settling ponds to handle run-off water and impounding substantial volume for own use.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p>Water Pollution</p>	<p>Community</p>	<p>Maintain the integrity and holding capacity of the existing settling ponds by constant de-silting</p>

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p>a. <i>Excess run-off water impounded in our settling ponds will be utilized for dust suppression and other environmental use.</i></p> <p>b. <i>Source of our water requirements for our current Batching Plant</i></p>	<p><i>all</i></p>	<p><i>Management to ensure proper utilization and water conservation.</i></p> <p><i>Construct 3 units of settling ponds to manage the waste water in the batching plant and recycle the clean water.</i></p>

## Environmental compliance

### Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p><i>ATN Holdings &amp; ATN Philippines Solar have secured Environment Compliance Certificates (ECC) for both the Solar Energy Project and the Land Development Project after proper conduct of Environmental Impact Study (EIS)</i></p>	<p>(e.g. employees, community, suppliers, government, vulnerable groups)</p> <p><i>Community</i></p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p> <p><i>Management has commissioned PERMATA Resources Inc. to prepare the Integrated Environmental Protection and Enhancement Program (EPEP) &amp; Final Mine Rehabilitation &amp;/or Decommissioning Plan (FMRDP) for submission to DENR &amp; MGB.</i></p>
What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach

<p>Identify risk/s related to material topic of the organization</p> <p><i>Strict compliance, disclosure and timely reporting are required by Department of Environment and Natural Resources (DENR) &amp; the Mines &amp; Geosciences Bureau (MGB). Penalties and violations or revocation of permits may be imposed for non-submission or non-completion of committed Environmental Programs. Submission of Quarterly Self-Monitoring Reports (SMR) are required. Surprise inspections are also conducted to ensure that there is no illegal activity done &amp; what is actually reported is being practiced at site.</i></p>	<p>Community</p>	<p><i>Management has awarded to PERMATA Resources Inc. to make the Environmental Impact Assessment (EIA) report to serve as a planning and management tool that will can help government, decision makers and the affected community address the negative consequences or risks on the environment. This will assist Management to come up with measures and programs short-term &amp; long-term to safeguard the environment as well.</i></p>
<p><b>What are the Opportunity/ies Identified?</b></p>	<p><b>Which stakeholders are affected?</b></p>	<p><b>Management Approach</b></p>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p><i>The corporation supports recycling and waste segregation for a cleaner and greener environment. ATN Holdings aims to use recyclable materials for marketing and utilization of end-user manufacturers.</i></p>	<p>Community</p>	<p><i>On-going construction of Material Recovery Facility (MRF) or Material Recycling Facility. ATN Holdings Inc. Vertically Integrated projects such as Concrete Batching Plant &amp; Precast Applications will also be utilized to lessen wastage of raw materials. Proper filters and dust suppression mechanisms are being installed to lessen dust and air pollution.</i></p>

## SOCIAL

### Employee Management

#### Employee Hiring and Benefits

##### Employee data

Disclosure	Quantity	Units
Total number of employees <sup>5</sup>		

<sup>5</sup> Employees are individuals who are in an employment relationship with the organization, according to national law or its application ([GRI Standards 2016 Glossary](#))

a. Number of female employees	3	#
b. Number of male employees	33	#
Attrition rate <sup>6</sup> <i>Note: Zero terminated employee for the covered period.</i>	N/A	Rate
Ratio of lowest paid employee against minimum wage <i>Note: Minimum wage is the rate paid to the Lowest Employee</i>	N/A	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year		% of male employees who availed for the year	
SSS	Y	voluntary		voluntary	
PhilHealth	Y	voluntary		voluntary	
Pag-ibig	Y	voluntary		voluntary	
Parental leaves	N	0%	0%	0%	0%
Vacation leaves	N	0%	0%	0%	0%
Sick leaves	Y	0%	0%	0%	0%
Medical benefits (aside from PhilHealth))(Annual Medical Examination)	Y	100%	100%	100%	100%
Housing assistance (aside from Pag-ibig)	Y	33.33%	33.33%	20%	20%
Retirement fund (aside from SSS)	N	0%	0%	0%	0%
Further education support	N	0%	0%	0%	0%
Company stock options	N	0%	0%	0%	0%
Telecommuting	N	0%	0%	0%	0%
Flexible-working Hours	N	0%	0%	0%	0%
(Others)					

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p> <p><i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i></p> <p>a. Each employee paid for his/her SSS premium and Philhealth premium and without counterpart contribution from the Employer</p> <p>b. Not entitled to Sick Leave with pay, vacation leave with pay and related benefits from the Employer</p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p> <p><i>Employment Contract offered is Contract Services on a Project Base.</i></p> <p><i>ATN Management (Employer) paid a higher gross monthly wage for each employee and the employee is advised to pay for their SSS and PhilHealth premium.</i></p>

<sup>6</sup> Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

c. <i>Non-regularization of employment.</i>	<i>ATN Management give a group accident insurance coverage for the employees.</i>  <i>ATN Conducts Annual Medical Examination for its employees through a tie up accredited clinic who issues medical certifications as well.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>  <i>a. No security of tenure</i> <i>b. No retirement benefits from the Employer</i>	<i>Gratuity Pay is given yearly even if the consultants, operators are project based. This serves as an additional incentive.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i>  <i>Higher income generated for ATN workers.</i>	<i>Lodging, food allowance, transportation expenses, Protective gears and equipment are subsidized by the corporation.</i>

#### Employee Training and Development

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Total training hours provided to employees		
a. PCO Training	40	hours
b. Safety Training	8	hours
c. First-Aider Training	5	hours
Average training hours provided to employees		
a. Mandatory 8 HOURS Safety Training	8	hours
b. Basic- First Aid Training	5	hours
c. Fire fighting	8	hours

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i>  <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i>  <i>In land development operations, ATN Holdings Inc. prioritizes hiring operators who have background and long-time experience from other quarries. This will ensure us that these operators are qualified and are aware of safety protocols while working in a land development site. We target Multi-skilled operators</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i>  <i>Transport Fleet Management head assesses &amp; checks their actual skills by letting them drive the heavy equipment and Howo trucks. Personal Protective Equipment (PPE) are provided to our drivers and operators to ensure that they follow all safety protocols. From hard hats to reflectorized vests to safety shoes, all staff are always</i>

<i>to operate our heavy equipment and to drive our HOWO trucks fleet.</i>	<i>mandated to wear these. Daily site briefings and spot checking are done by Safety Officer</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization  <i>Accidents like slipping or falling from heavy equipment or the land development site may happen due to different road and weather conditions.</i>	<i>If the weather condition is bad, no hauling or loading work is allowed to ensure safety of workers. This will also prevent trucks from hitting something or from unforeseen landslides.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>Company sponsored training and development of staff and workers.</i>	<i>ATN Management sponsors continuous employee training and development by letting Safety Officers and Mining Engineers join the Annual National Mine Safety and Environment Conference Other training such as for Pollution Control Officer, Safety Officer and Fire Safety trainings are also done.</i>

Labor-Management Relations

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
% of employees covered with Collective Bargaining Agreements Note: The employees has no existing Labor Union and therefore no Collective Bargaining Agreement (CAB).	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>Salary or rate per employee is based on the agreed rate between the employee and the company (ATN Holding Inc.)</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>Management policy in hiring. Target in hiring is hiring those operators with experience in land development activities. This will ensure management that these qualified workers are aware of safety protocols while working in a land development.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>

Identify risk/s related to material topic of the organization  <i>Each operator, staff, consultant has a different pay grade based on experience, skill and place of origin. Salary comparisons may be an issue.</i>	<i>Allowances are given to those who flew in from the province. Flights are sponsored by the company as added incentive. Multi-skilled workers will have a higher base pay compared to a single skilled worker.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>The infrastructure projects of President Bongbong Marcos have started to mobilize construction again after the disruption period of Covid lockdowns. With this big ticket item projects, more supply contracts and purchase orders will be awarded to ATN. Working for a land development, crusher &amp; batching plant owner is a big plus to anyone's resume. This will be an important credential to include working for a publicly listed corporation.</i>	<i>Safety of our employees is our priority, we ensure that our staff is properly compensated and that they have company sponsored lodging as well. All Personal Protective Equipment (PPE) are also provided to our employees</i>

#### Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	8	%
% of male workers in the workforce	91	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

\*Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>The construction business especially in the land development operations would entail more male workers to dominate the workplace. Driving heavy equipment, hauling and loading aggregates are not female-oriented work activities.</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>ATN Holdings is open to accepting both male &amp; female drivers, staffs and engineers. However, no female applied as heavy equipment operators. Accepted one female applicant in marketing and sales team and another as Pollution Control Officer and Safety Officer.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>

Identify risk/s related to material topic of the organization  <i>Construction is a male-dominated industry. Female employees in the construction industry are positioned more in construction management and quality control</i>	<i>All staff are treated equally. There is no preferential treatment. They have their own roles to fulfill so there is no competition or issues in the workplace.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>Any vacant position is open to both males and females. Experience will always be the basis of hiring in the construction business and hauling activities to ensure safety and work professionalism.</i>	<i>ATN Holdings Inc. entertains both men and female applicants. More women are interested to join the sales &amp; marketing team. However, very limited number are applying because only few women are interested with the construction industry.</i>

## Workplace Conditions, Labor Standards, and Human Rights

### Occupational Health and Safety

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
Safe Man-Hours	<b>120,372</b>	Man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	3	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <ul style="list-style-type: none"> <li>a. Dust pollution on the haulage road.</li> <li>b. Zero visibility due to excessive dust in the haulage road</li> <li>c. Extreme weather condition(hot weather)</li> </ul>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <ul style="list-style-type: none"> <li>a. Management hires a Safety Officer and Pollution Control Officer duly recognized and accredited by the DOLE and DENR-EMB</li> <li>b. The management will use water sprays for uniform wetting the roadways. Speed limit is also observed to limit the movement of dusts.</li> <li>c. Adequate supply of drinking water is provided. Aircon of equipment and offices constantly maintained and repaired. The management also provided raincoat and rain boots to wear during the rainy season.</li> </ul>

What are the Risk/s Identified?	Management Approach
<p>Identify risk/s related to material topic of the organization</p> <p>a. Lung cancer or related sickness due to dust pollution</p> <p>b. Accident such as collision of hauler trucks due to excessive dust.</p>	<p>a. Management provides dust mask to all employees</p> <p>b. Management will purchase a water truck for the watering of the haulage roads and vicinity to suppress excessive dust.</p> <p>c. Limiting the Speed/movement of Equipments</p> <p>d. Management see to it that all lights of equipment are working to avoid untoward incidents</p>
What are the Opportunity/ies Identified?	Management Approach
<p>Identify the opportunity/ies related to material topic of the organization</p> <p>a. Safe and healthy working place for all.</p> <p>b. Job opportunities for local and others.</p>	<p>a. Management thru the Safety Officer and Pollution Control Officer formulate a Safety and Health Policy as basis and guide in the land development operations and in the whole ATN projects.</p> <p>b. The pandemic has displaced so many workers, but ATN has not removed nor fired a single person. ATN believes that at a time like this, job security is very important so ATN provides and creates as much jobs as possible to sustain employee livelihood &amp; welfare.</p>

#### Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	None	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Y	ATN Company Policy Handbook
Child labor	Y	ATN Company Policy Handbook
Human Rights	Y	ATN Company Policy Handbook

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach

Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>Work hours of operators may extend for a few hours as needed</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>Request of additional working hours are always for approval. This is voluntarily asked for by operators and drivers at the land development site. Of course, they are properly compensated for additional work hours done.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization  <i>High blood pressure &amp; asthma may be probable if heat or dust inhalation is intense. This can affect older employees when they don't observe wearing proper Personal Protective equipment nor proper hydration.</i>	<i>Small clinic is available at site with complete basic medicine and first aid kits. Monitoring of blood pressure at site is available too to ensure that all workers are in good working condition.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>No one is forced to work. Higher income is generated for those operators who request or sign up to work for additional number of hours a day.</i>	<i>Request of additional working hours are always for approval. This is voluntarily asked for by operators and drivers at the land development site. Of course, they are properly compensated for additional work hours done.</i>

### Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	<i>No accreditation policy in place. Tie up with Union Bank Financial Supplier Chain Team for them to pre-screen suppliers &amp; truckers before granting them a supplier's credit line for them to purchase ATN Aggregates. Others are referrals from reputable companies already.</i>
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?

Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) <i>Suppliers are selected based on their track record, product quality, price competitiveness &amp; reliability</i>	<i>Purchases above Ten Thousand Pesos are properly canvassed from at least 3 reputable suppliers. Offers are compared by the procurement team. Final decision is based on ATN Holdings executive committee approval.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization <i>Bribery &amp; corruption may happen in any organization. Supplier may be secretly giving gifts or kickbacks to ATN procurement team &amp; any other departments for preferential treatment. Truckers may also connive with staff for extra loading of aggregates with no charge.</i>	<i>Weighbridge truck scale is installed to make sure that the load per truck is accurately measured to avoid any loss in sales. Payments of aggregates will be done via online deposit or credit/debit card to avoid cash transactions.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization <i>Suppliers &amp; truckers will be pre-screened and accredited by Unionbank Dealer Financing Group before Unionbank grants them a special Supplier Credit Line to be able to purchase ATN Aggregates on credit.</i>	<i>Once Unionbank has approved the suppliers credit line, ATN Holdings group will also do an internal background check to monitor the track record of suppliers.</i>

## Relationship with Community

### Significant Impacts on Local Communities

<b>Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)</b>	<b>Location</b>	<b>Vulnerable groups (if applicable)*</b>	<b>Does the particular operation have impacts on indigenous people (Y/N)?</b>	<b>Collective or individual rights that have been identified that or particular concern for the community</b>	<b>Mitigating measures (if negative) or enhancement measures (if positive)</b>
<i>1. Mineral Processing plant operations</i>	<i>Sitio Laan, Macabud, Rodriguez</i>	<i>N/A</i>	<i>N</i>	<i>N/A</i>	<i>Maintain dry process and add dust suppression at the vibrating screen</i>
<i>2. Solar Project: Land development Operations</i>	<i>Sitio Laan, Macabud, Rodriguez</i>	<i>N/A</i>	<i>N</i>	<i>Illegal occupants or squatters</i>	<i>Relocation fees of 35k paid per family.</i>

*\*Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: N/A

Certificates	Quantity	Units
<i>FPIC process is still undergoing</i>	N/A	#
<i>CP secured</i>	N/A	#

What are the Risk/s Identified?	Management Approach
<p><i>Identify risk/s related to material topic of the organization</i></p> <p><i>Non-cooperative individuals can cause disruption to operations</i></p>	<p><i>Corporation maintains a community relations officer to mediate all issues with the community as embodied in the SDMP.</i></p>
What are the Opportunity/ies Identified?	Management Approach
<p><i>Identify the opportunity/ies related to material topic of the organization</i></p> <p><i>Create long-lasting relationship with the community, since projects are planned for 25 years</i></p>	<p><i>Approach for community Relationship Development are included in the following:</i></p> <ol style="list-style-type: none"> <li><i>1. ER1-92 MOA with Department of Energy</i></li> <li><i>2. Community Development Plan with Barangay Macabud.</i></li> <li><i>3. Social Development and Management Program and MOA with the Municipality of Rodriguez Rizal</i></li> </ol> <p><a href="http://www.atnholdings.com/shareholding%20structure/ATNH%205-yr%20SDMP%20for%20MPP(signed).pdf">http://www.atnholdings.com/shareholding%20structure/ATNH%205-yr%20SDMP%20for%20MPP(signed).pdf</a></p>

## Customer Management

### Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	N/A	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
<p><i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i></p>	<p><i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i></p>

<p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p> <p>Aggregates are delivered to the buyer based on the type &amp; size they need. Price and quantity is pre-agreed on based on volume requirement. Lab test results on rocks &amp; aggregates are shown. The buyer can conduct its own lab tests and sampling to assure that the quality of rocks and aggregates are at par with their specifications.</p>	<p>Sampling of rocks and aggregates are allowed. Potential buyers can have the rock samples tested in their chosen laboratories to make sure that they are satisfied with ATN rock supply before delivery is made. ATN raw materials are all legal sources with DENR-issued permits &amp; certificates.</p>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<p>Identify risk/s related to material topic of the organization</p> <p>If selected truckers are not trustworthy, they can steal or withdraw the aggregates loaded per truck and sell it to other buyers without the sellers' knowledge. This may cause a change in the actual net delivery of the trucker to ATN's buyer which may cause conflict and misunderstanding if third party trucker delivers.</p>	<p>Truckers are to be selected by the buyers themselves. All rocks and aggregates will be picked up at ATN site to avoid conflict with truckers and buyer's agreement.</p>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<p>Identify the opportunity/ies related to material topic of the organization</p> <p>Feedbacks are always welcome. Constructive criticism can help a business grow and improve.</p>	<p>The more companies and contractors that use ATN Aggregates as their source of raw materials would mean that they are satisfied with ATN quality and price point.</p>

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	0
No. of complaints addressed	0	0

\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<p>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</p> <p>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</p>	<p>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</p>

<i>There are no health and safety concerns with the purchase of rocks &amp; aggregates except for the loading and unloading of supply in the trucks where accidents may occur.</i>	<i>Please refer to the Safety and Health Program (SHP) Manual.</i> <a href="http://www.atnholdings.com/shareholding%20structure/ATN%20Safety%20and%20Health%20Program7-9-19.pdf">http://www.atnholdings.com/shareholding%20structure/ATN%20Safety%20and%20Health%20Program7-9-19.pdf</a>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i> <i>It can be dusty in the area of loading and unloading of rock &amp; aggregates</i>	<i>Dust masks can be worn. Water cannons will also be purchased</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
<i>Identify the opportunity/ies related to material topic of the organization</i> <i>Wearing of Personal Protective Equipment is always a requirement inside the land development premises.</i>	<i>Visitors are provided with safety helmets, reflective vests and safety shoes if not properly geared.</i>

Marketing and labelling

<b>Disclosure</b>	<b>Quantity</b>	<b>Units</b>
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
<i>Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)</i> <i>Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)</i> <i>ATN Holdings is into selling rocks &amp; aggregates so the shape, size, quality, density and test results are the actual marketing tool itself.</i>	<i>What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?</i> <i>For ATN Holdings to be better known in the construction industry, the company has been joining mining and construction exhibits. ATN has also become a member of the Philippine Tunneling Society Inc. for market penetration.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
<i>Identify risk/s related to material topic of the organization</i>	<i>Potential buyers are allowed to do sampling first before making an order. This will allow the</i>

<i>As rocks and aggregates are easily available as a sample, anyone can claim that it came from ATN holdings. So proper verification should always be done through lab test results and proper site sampling</i>	<i>prospective buyers to conduct their own lab tests on the rocks &amp; aggregates.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>Since ATN Infra Rocks is vertically integrated from owning a land development to operating a crusher plant and a batching plant, raw materials are easily processed in the site with no wastage.</i>	<i>ATN Holdings newest venture ATN Infra Rocks will be well known in the construction industry having the most modern and newest crusher and batching plant. As other quarries are already depleted, ATN Infra Rocks can serve a lot of Build, Build, Build projects especially the subway and railway projects.</i>

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

*\*Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>Customers are mostly large infra &amp; construction companies who have big projects with DPWH. ATN also supplies to big companies such as DMCI, Megawide, GMC Readymix and First Balfour. Accreditation to these companies is tough so ATN aggregates have proven to be of high quality materials &amp; of high value stockpile.</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>All customer data will be kept confidential as needed. The final deal or negotiated price will also be disclosed if required by government projects.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization  <i>Marketing team or procurement team may leak information without management knowing.</i>	<i>All customer data are kept confidential. Non-Disclosure agreements are signed. Any breach or violation from contracts and deals will have a negative effect. Any employee caught in violation</i>

	<i>will be terminated or suspended depending on gravity.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>Building long term trust is important for ATN Holdings as the construction business is a long term &amp; continuous activity.</i>	<i>All customer data should be kept confidential. Non-Disclosure agreements may be signed. Any breach or violation from contracts and deals will have a negative effect. Any employee caught in violation will be terminated or suspended depending on gravity.</i>

### Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

<b>What is the impact and where does it occur? What is the organization's involvement in the impact?</b>	<b>Management Approach</b>
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain)  Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)  <i>Customers will be basically large infra &amp; construction companies who have big projects with DPWH.</i>	What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?  <i>All customer data will be kept confidential as needed. The final deal or negotiated price will also be disclosed if required by government projects.</i>
<b>What are the Risk/s Identified?</b>	<b>Management Approach</b>
Identify risk/s related to material topic of the organization  <i>Marketing team or procurement team may leak information without management knowing.</i>	<i>All customer information are kept confidential. Non-Disclosure agreements may be signed. Any breach or violation from contracts and deals will have a negative effect. Any employee caught in violation will be terminated or suspended depending on gravity.</i>
<b>What are the Opportunity/ies Identified?</b>	<b>Management Approach</b>
Identify the opportunity/ies related to material topic of the organization  <i>Building long term trust is important for ATN Holdings as the construction business is a long term &amp; continuous activity.</i>	<i>All customer data are kept confidential. Non-Disclosure agreements may be signed. Any breach or violation from contracts and deals will have a negative effect. Any employee caught in violation will be terminated or suspended depending on gravity.</i>

## UN SUSTAINABLE DEVELOPMENT GOALS

### Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
<p><i>Solar Project</i></p> <p><i>and</i></p> <p><i>Mineral Processing Plant</i></p>	<ol style="list-style-type: none"> <li>1. <i>No poverty. Helps improves lives of community via employment</i></li> <li>2. <i>Zero hunger. Helps improves lives of community via employment</i></li> <li>3. <i>Good Health. Provision of health facilities</i></li> <li>4. <i>Quality Education. Provision of Internet connectivity</i></li> <li>5. <i>Clean energy. Provision of metered electricity</i></li> <li>6. <i>Sustainable communities. Provision of local livelihood projects</i></li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Over-development- resulted from more inflow of money in the community</i></li> <li>2. <i>Over-population - resulted from more work opportunity</i></li> <li>3. <i>Inequalities- job opportunities are skill-based. Skilled individuals receives more compensation compared to non-skilled workers</i></li> </ol>	<ol style="list-style-type: none"> <li>1. <i>Milestone based release of SDMP and CDP funds.</i></li> <li>2. <i>Equal distribution of work opportunities</i></li> </ol>

*\* None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

## **ATN INFRA ROCKS CORPORATE ENVIRONMENTAL SUSTAINABILITY POLICY**

ATN Holdings adopts its corporate environmental sustainability policy and executed various ATN 5-year innovative work plan, with several environmental experts, in support of sustainable reporting as part of corporate disclosures of listed companies, as required by regulatory bodies SEC and PSE. The policy addresses the areas of energy efficiency, climate change adaptability, green carbon footprint, corporate size to support socio-economic development, and support of the government's Build, Build Build, Program.

### **1) ENERGY EFFICIENCY AND CONSERVATION**

In support of energy efficiency, ATN land development, ATN rock crusher and ATN ready-mix concrete plant and ATN pre-cast concrete products operate to maximize night time operation when the electric power grid is on off-peak load or has excess supply against demand (30% price discount on off-peak load usage). ATN conserves 1,150,000 kWh per year of energy that could not have been used during night time.

By using a large 500 TPH electric-powered crusher plant, ATN saves energy with better economies of scale compared to other smaller typical capacity of 200 TPH diesel-powered crushers near the land development site.

### **2) CLIMATE CHANGE ADAPTABILITY AND RESILIENCY**

In support of climate change adaptability and resiliency for Metro Manila, exploration and development activities in five years of rock reserves initially at 176 million tons of high impervious quality (2.8 specific gravity) to support infrastructure projects of Build, Build, Build Program, and land reclamation projects in Manila Bay that adapt to continuing rise of sea level caused by climate change.

### **3) GREEN PROJECTS WITH LOW-CARBON FOOTPRINT**

In support of green low-carbon footprint complementing energy efficiency in rock processing plant operation, ATN attains inherent advantage in the 25 km proximity of its rock reserves to main user market Metro Manila, which results in very low carbon footprint in the consumption of diesel fuel for logistics.

ROCK SOURCE	HAUL DISTANCE	ANNUAL DIESEL USED	10-YEAR IMPACT
ATN Infra Rocks	25 km	2 million liters	20 million liters
Batangas Quarries	120 km	10 million liters	100 million liters
Zambales Quarries	150 km	12 million liters	120 million liters

Moreover, ATN group has a 30 MW solar energy project that can produce renewable energy to supplement power supply from the electric grid. By investing in a 9 km transmission line to connect to Meralco, ATN saves the use of 2 million liters of diesel that is consumed in comparable size of diesel-powered rock crushers. Unit consumption of diesel fuel of 1.4 liters per cum in the land development, and the equivalent diesel replaced by electricity in the crusher plant of 0.3 liter per cum results in a very low carbon footprint of the ATN rock processing plant.

The low carbon footprint of ATN rock processing and logistics operations conserves an estimated 10 million liters of diesel fuel, which translates to annual foreign exchange savings of \$10 million.

### **4) LARGE OPERATION TO SUPPORT ENVIRONMENTAL COMPLIANCE ACTIVITIES**

In support of energy regulatory compliance, sustainable funding of corporate social responsibility involving environmental protection (EPEP), social development programs (SDMP), safety and

health program (SHP) and funds for community socio-economic development is facilitated by large corporate size with financial capability to execute economies of scale of rock processing operation.

**5) VERTICALLY INTEGRATED OPERATION FROM LAND DEVELOPMENT TO PRE-CAST CONCRETE**

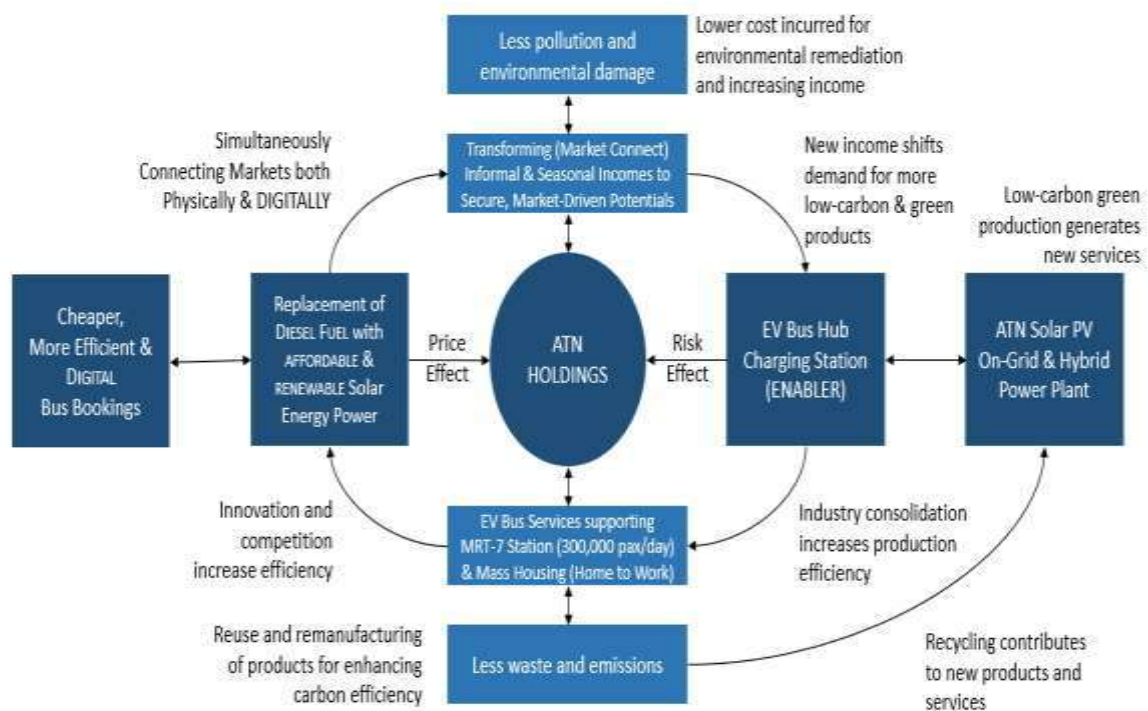
In support of ATN economic sustainability and to enhance market presence, ATN undertakes vertical integration into pre-mix concrete batching plant and 10 pre-cast concrete forming plants to reduce carbon emission footprint.

**6) BUILD, BUILD, BUILD FOR SUSTAINABLE SOCIO-ECONOMIC GROWTH**

In support of sustainable socio-economic growth for 110 million Filipinos, ATN Infra Rocks supplies the necessary rocks for efficient and economical cost of construction of Build, Build, Build infrastructure projects that will not only spur socio-economic development but also provide clean environmentally friendly and efficient transport system for people and cargo.

**FORWARD LOOKING PLAN:**

**ATN Holdings Alignment with the Low-Carbon Economy Transformation Blueprint**



## **ATN ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY**

ATN Holdings Inc. (ATN) acknowledges that the Company and its stakeholders have a key role in the economy, environment, and good social development. As part of nation building, it is our responsibility to contribute to national development via available resources and expertise that the company can provide. Integrating ESG Principles in our ATN operations is a work in progress yet it is a necessary step in creating a more sustainable environment.

ATN is involved in non-metallic mining, real estate development, and energy. Given its multi-industry context, the company contributes to economic and social development via providing resource supply for construction, employment, social development, and environmental protection. Proximity of ATN quarry and crusher operations to several Build-Build-Build infrastructure projects including but not limited to Manila Subway Project, North-South Commuter Railway Project, NLEX expansion, makes ATN competitive and energy efficient and resulting in lower carbon footprint on diesel fuel used for product deliveries.

ATN Holdings Inc (ATN) is committed to maintaining investment and operating policy that considers environmental, social, and corporate governance (ESG) risks and opportunities. ATN aspires to satisfy and protect the interests of its stakeholders and to reduce or eliminate any negative impacts on society and the environment. The company is also committed to an ongoing process of improving its approach to integrating ESG into its investment processes. As such, the current approach reflected in this policy will likely evolve over time to reflect changes in business practices, business structures, technology, regulation and the law.

The ATN ESG policy aims to attain the following objectives:

- Compliance of environment, public health, safety, governance and social issues
- Compliance with all applicable laws and regulations in the Philippines
- Human rights of those impacted by ATN's investment and operations are respected and labor policies are followed as provided by law.
- Value creation through investments and production operations, human capital development, mitigation of adverse impacts of ATN's operations, and exploring opportunities in ESG practice.
- Timely disclosure of ATN's financial and non-financial reports in ESG.

### **Roles, Responsibilities, and Monitoring**

ATN's Board of Directors is responsible for ensuring compliance of the ESG policy on issues of investment and operating decisions. The Compliance Officer is responsible for disclosing material reports on compliance of ESG. External resources providing expertise on relevant issues will be tapped when necessary. Monitoring and compliance of ESG Policy is the responsibility of top management.

### **Investment Decision**

ATN's ESG objective is integrated in its investment decision, to create value with the improvement of ESG performance and to mitigate adverse impacts of its quarrying operations on the environment and people in the vicinity of quarry site.

An assessment of ESG risks and value creation opportunities for potential investments will be considered through the Investment Committee evaluation and research process. When necessary, engagement of external advisors is made to provide advice with due consideration of the ESG policy.

- Red flags– ESG due diligence will focus on identifying and assessing potential ESG-related red flag issues in accordance with this policy.

- ESG role in investment decision—due diligence is conducted to quantify the effect of new investments on the current business of the holding company. ATN will give investment preference to sectors, companies, and businesses that are ESG compliant or have acceptable ESG standards at the time of the investment decision
- Tracking performance – ATN will appoint a person responsible for ESG issues and reporting to the Compliance Officer. A value creation action plan will be developed for each of the ESG areas.
- Oversight – ESG review will be part of regular board meetings and where management of, or performance on, a material issue is considered to need improvement, ATN management will develop an action plan.
- ESG reporting – The Compliance Officer will report progress of ATN ESG initiatives implemented in the current reporting period, and the planned ESG initiatives to its stakeholders.

### **Performance Standards**

ATN will apply prudence in assessing risks and opportunities related to material ESG issues. In support of this effort, ATN considers the applicability of existing voluntary performance standards as a framework to achieve the ESG objectives during evaluation of investments.

ATN reporting both at the local, regional, and national level, in compliance with regulatory requirements and to meet the information needs of various stakeholders. Sustainability disclosure of measures at the mine-site level shall be made available for the communities affected by the quarry operations, and stakeholders including the government and investors.

ATN will continue using modern technology for real-time monitoring of environmental and health and safety data and adapt their communication to stakeholders, to report the environmental and social impacts at the quarry site level, taking into account the needs of the affected communities. When necessary or as required by regulatory bodies, independent third-party verification of the reported data shall be obtained.

Performance standards are set out in the reports on commitments contained in the ATN submissions to the Environmental Management Bureau and the Mine and Geoscience Bureau:

- Environmental Protection and Enhancement Program
- Social Development and Management Program
- Final Mine Rehabilitation Program
- Safety and Health Program for Quarry and Rock Crusher

## **PART 1: ENVIRONMENTAL**

Environmental criteria consider ATN's performance as a steward of nature. Environmental criteria include a company's energy use, waste, pollution, natural resource conservation, and biodiversity of animals. The criteria are used in evaluating ATN environmental risks and how the company manages the risks. The biggest environmental performance is the economic value in the conversion of land into a source of high value and contributor to economic development via production of rock aggregates, while government environmental regulations are complied with.

In its Environmental Protection and Enhancement Program (EPEP), ATN identifies the potential impacts of its quarry and rock crusher operation to the environment, and formulates mitigating measures to minimize and control the effects of these impacts.

- Changes in the natural topography in the project area. At the end of the project life, the site topography changes from a hilly terrain to a benched or terraced depression with a general wall slope not exceeding 45 degrees.
- The project may have adverse impacts on water resources by way of siltation of a stream. Mitigation involves collection and channeling of water run offs through drainage canals passing through silt traps and ponds for retention or removal of water borne sediments before discharge.
- Noise generation from heavy equipment operation and blasting is expected. Remote location of operation from the residential areas results in zero effect to health and well-being
- Operators and the personnel involved with blasting activities shall be required to wear Personal Protective Equipment (PPE).
- Air quality may be affected by excessive dust especially during summer months, or excessive fumes from exhaust gases of heavy equipment may contribute to air pollution. Mitigation by water spray shall be done, complemented by preventive maintenance of heavy equipment.
- The project site is within the outskirts of Metro Manila, there are no unique cultural traditions and practices that will be affected by the project operations.
- Progressive rehabilitation shall be done to minimize the impact to natural environment.
- Mined out and other disturbed areas shall be rehabilitated as soon as these sites are no longer need in the project operations.
- Revegetation of indigenous plant species are preserved in the affected sites.
- The quarry site is planned to be used as a Special Economic Zone after it is mined out.
- Environmental Protection and Enhancement Program (EPEP) cost for 14 years of quarry operation is provisioned at P 68 million.

## 1. Climate Change

- **Carbon Emission**

ATN operating efficiency in the quarry and crusher in the same location ensures minimizes use of diesel fuel. Rock extraction in the quarry is done using new equipment operating at high efficiencies, while the crusher uses electric motors properly maintained by operating personnel.

- **Product Carbon Footprint**

All ATN products, components or substances as well as all production processes must meet the requirements of all applicable law, including any rules, regulations or policies on environmental matters, pollution prevention and resource reduction, hazardous substances, wastewater and solid waste, air emissions, materials restrictions, storm water management, and/or energy consumption and greenhouse gas emissions.

The carbon footprint of product rock aggregates consists of diesel fuel used in the removal of soil overburden in construction of benches, and hauling of rock boulders to crusher plant. Additional diesel is consumed in the delivery of rock aggregates to customers in Metro Manila, particularly the infrastructure projects of the government under the Build, build, Build Program. The ATN quarry is strategically located with respect to large infrastructure projects that are located within 20 km from quarry site.

- **Financing Environmental Impact**

Financing the environmental impact of ATN operations is embedded in the design of operating scheme and proper selection of equipment complement, sustained by internally generated

funds from operations which is expected to be financially viable from operating margins generated by sales of rock and pre-mixed concrete products.

The ATN quarry environmental impact of solid and liquid waste generation is mitigated by investments in settling ponds of sufficient capacity to eliminate particulates in the liquid effluent. Water recycling facility is installed to maximize recirculation and reuse of water for washing rock aggregate products.

ATN complies with its commitment to government regulatory on Environmental Protection and Enhancement Program (EPEP) by allocating 2.0% funds on top of quarry production operating costs. The EPEP cost amounts to P 5.1 million per year.

- **Climate Change Vulnerability**

Flooding in the quarry at elevation of 200 meters above sea level is not possible. Downstream flooding due to excessive rains is mitigated by a drainage system, with runoff water from quarry and crusher operations conveyed by box culverts going to the settling pond, constructed in compliance with environmental regulator to remove solids, and control overflow thru the natural waterways.

The quarry bench system of extraction of rock boulders minimize landslides that otherwise during occurrence of abnormal level of rainfall.

## 2. Natural Resources

- **Water Stress**

Water resource in ATN quarry site comes from natural spring and rain water that flow in creeks passing thru the crusher plant and solids sedimentation ponds. While utilization of water is minimal, ATN practices recirculation of water used in the washing of rock aggregate products. Natural water from a spring upstream is augmented by rain accumulated in the settling pond. There is no extraction of underground water.

- **Biodiversity and Land Use**

The extraction of rocks contained in 254 hectares of quarry area is intended to (1) add value to natural resource and make it useful in the construction of infrastructure projects under the Build, Build, Build Program of the government, and (2) flatten the terrain for land use in housing subdivision and solar projects. Availability of the rock aggregates for the infrastructure projects gives ATN the big opportunity of serving society and earn significant income from the undertaking to reward its shareholders and share the profits with the local community.

Disturbance of biodiversity is mitigated by planting of trees in accordance with the rules of the regulatory agency, the Environmental Management Bureau. The Final Mine Rehabilitation Decommissioning cost is budgeted at P5 million to:

- Remove all unnecessary facilities and equipment used in operations and rehabilitate the areas prior to the takeover of the next land use.
- Rehabilitate and re-vegetate all the disturbed areas affected by the project operations.
- Introduce self-sustaining vegetation

- **Raw Material Sourcing**

ATN raw material is provided by nature in its quarry site. The rock boulders raw material comes from its quarry containing 200 million tons of proven reserves, which is projected to

last for 14 years of extraction under its mining plan. As such, there is no supplier problem since the quarry site is a private property owned by the company.

Cement and gypsum to use in ATN concrete batching plant for making pre-mixed concrete is purchased in bulk from nearby local cement manufacturers to conserve foreign exchange and to achieve fast deliveries of pre-mix concrete to customers.

### **3. Pollution and Waste**

- **Toxic Emission and Waste**

ATN quarry and crusher operations do not generate toxic waste or emissions. Blasting materials used by the blasting contractor are properly documented with government permits, and kept in a safe magazine located in a safe spot inside the quarry. ATN monitors the operations of blasting contractor to comply with government regulations.

- **Packaging Materials and Waste**

Deliveries of bulk cement input to the batching plant in transport trucks obviates the use of cement bags and generation of paper waste materials. In case bulk cement is not available at certain times, paper packaging of cement in bags shall be burned in the quarry site. Plastic packaging is not used in the quarry and rock crusher operations; ATN rock aggregate products and rock boulders do not need any packaging

- **Electronic Waste**

ATN quarry and crusher operations do not generate toxic waste or emissions. However, any electronic waste generated from electrical and electronic components of machine control systems shall be disposed of properly thru EMB-accredited transporters /treaters of said waste.

### **4. Environmental Opportunities**

- **Opportunity in Clean Technology**

On the input side, ATN has a solar project, a clean technology, to augment or replace electric power supply to the crusher during the daylight (8-hour shift) operation of the rock crusher.

On processing side, the production of rock aggregates is inherently a clean technology since it involves simple size reduction without the generation of toxic waste.

- **Opportunity in Green Building**

ATN will build green buildings to be developed in the conversion of the same area of quarry and crusher project into a PEZA zone, with daylight energy to be supplied from the ATN solar power generating plant.

- **Opportunity in Renewable Energy**

The opportunity on renewable energy lies in the substitution of imported electricity with own use power generation. The ATN 10 MW solar project will augment power supply from the distribution company Meralco. The cost of solar energy at P3.00/kwh compares favorably with the cost of power from distribution utility at P 4.00 to P 11.00/kwh. Some major components of the solar project have been procured.

## **PART 2: SOCIAL**

Through its Social Development and Management Program (SDMP), ATN aims to institutionalize the primary mechanism in sharing the benefits of a non-metallic mining operation to the host and neighboring communities through a concrete and meaningful socially oriented program. In general, the primary objective of ATN is to improve the overall condition (social, economic, environmental, and cultural) of the host communities, as well as the neighboring communities through the SDMP, that would eventually lead to a self-sustaining community.

ATN provides for 1.5% additional cost budget on top of its mining, milling, marketing and overhead to the local community under its Social Development and Management Program (SDMP), as required by the Mining and Geoscience Bureau (MGB). ATN promotes healthy and conducive working conditions while giving high regard for its employees' health and safety. Qualified local residents are given priority in hiring of employees. Social criteria also consider the company's business relationships, to work with suppliers that hold the same values as the company holds.

The 5-Year SDMP will be implemented in Barangay Macabud, Rodriguez, Rizal, the lone community that will be affected by the project. The 75% of the 1.5% projected Operating Cost would be allocated for development projects for the host barangays. The remaining 15% and 10% of the 1.5% of Operating costs will be apportioned for Information, Education, and Communication Activities and Program for the Development of Mining Technology and Geosciences, respectively.

The SDMP aims to achieve the following for the next five years:

- Assist in the organization and strengthening of social structures that will lead to the enhancement of existing and development of knowledge, values, and skills in support of sustainable community development.
- Establish/improve people-oriented sustainable livelihood activities for host community.
- Build and improve infrastructure relevant to the community needs to boost socio-economic activities.
- Provide educational support programs for better access to education of local residents.
- Facilitate and enhance the delivery of health and nutrition services and improve sanitation.
- Empower communities, strengthen cultural structures, and provide venues to promote cultural enrichment and socio-cultural undertakings.

ATN conducted an SDMP consultation meetings and Social Impact Assessment (SIA). SIA is an applied social science research aimed at identifying and analyzing intended and unintended social consequences of the project, both positive and negative, of planned interventions and social change processes such as policies, programs, and projects.

The projected 5-Year Operating Cost of ATN Aggregates Project based on the Feasibility Study is PhP1,632,480,000. Based on the 1.5% of the five-year operating cost, the projected budget is equivalent to PhP24,487,000 of which 75% of it shall be allotted for the Development of Host and Neighboring Communities (DHNC), 15% for the Information Education and Communication (IEC) Program and 10% shall be utilized for the program of Development of Mine Technology and Geosciences (DMTG).

### Allocation of 5-Year SDMP Budget

Year	Operating Cost	1.5% of Operating Cost	75% of the 1.5%	15% of the 1.5%	10% of the 1.5%
1	178,787,000	2,682,000	2,011,000	402,300	268,200
2	363,423,000	5,451,000	4,088,000	817,700	545,100
3	363,423,000	5,451,000	4,088,000	817,700	545,100
4	363,423,000	5,451,000	4,088,000	817,700	545,100
5	363,423,000	5,451,000	4,088,000	817,700	545,100
<b>Total</b>	<b>1,632,480,000</b>	<b>24,487,000</b>	<b>18,365,000</b>	<b>3,673,000</b>	<b>2,449,000</b>

#### 1. Human Capital

ATNH develops a culture of excellence in addressing the requirements of safety and health management in all its business activities. The company gives priority to safety and health of its employees, contractors and the stakeholders. All accidents are preventable and that each and every individual is responsible that all safety and health hazards are reported and addressed in the most appropriate manner. ATN follows the following policies in relation to human capital:

- No business objective shall come before health and safety;
- All accidents are preventable;
- All hazards can be identified and their risks managed;
- All individuals are responsible for his/her safety and health and is a condition for employment;
- Safety and health performance can always be improved;
- Compliance to all legal obligations and other requirements to which ATNH subscribes;
- The Management Team is accountable for safety performance of the operations.

Social aspects on ATN human capital development cover the following aspects:

- **Labor Management**

ATN adopts as corporate policy that human rights are to be respected and that all forms of discrimination and harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are to be prevented or eliminated in all corporate activities.

ATN aims to create a safe and healthy workplace that allows employees to feel secure while they work. The Company will provide equipment, systems, and working conditions that creates a workplace environment that is easy to work in. The company will not discriminate based on gender in hiring, promotions, or pay increases, and instead focus on actively employing human resources with highly specialized capabilities and morals.

ATN will conduct female leadership training, managerial training, lectures by role models, and networking activities to help foster female leaders and/or highly skilled professionals. Efforts are made to promote local employment in the company and in top management of subsidiaries, and provide equal opportunities to large numbers of high-quality human resources going forward.

**ATN practice respect for individuals by preventing sexual harassment and power harassment.** Diversity values, individuality, and privacy of individuals are respected, and offensive language, acts of violence, sexual harassment, and power harassment in connection to race, nationality, gender, religion, belief, birthplace, age, or disabilities are prohibited.

In particular, ATN will adopt the following standards on labor management:

- Labor standards apply to all workers, including temporary, migrant, student, contract, direct employees, and any other type of worker.
- Workers freely choose employment. Involuntary labor, and child labor are not allowed in the ATN Group.
- ATN will not conduct business with supply chains that engage in any form of child labor, forced labor, or human trafficking
- Training shall be conducted to ensure safe and efficient performance of work, and safety during night shifts and overtime.
- Compensation paid to all contractual and regular employees shall comply with the minimum rates set by applicable labor laws, including legally mandated benefits on overtime and paid vacation leaves.
- The company shall not tolerate any kind of harassment, including but not limited to sexual harassment, or unlawful discrimination.
- While the company prefers to maintain a peaceful non-union labor force, it shall conform with and respect all laws which confer to workers the right to form and join trade unions of their own choosing, to bargain collectively as well as to refrain from joining associations.

- **Health and Safety**

A formal system of identification of hazards, assessing and evaluating associated risks for each identified hazard and determining risk control strategies and measures shall be implemented and done on a periodic basis. The company formulated appropriate hazards and risks identification and rating matrix that are used as a basis in evaluation of hazards and risks at all the working areas. Strategies and risk control programs reflect the principle of the hierarchy of control measures by elimination of hazards where practicable, followed in turn by risk reduction, either by reducing the likelihood of occurrence or potential severity of injury or property damage. The identified hazards and risks associated with the different phases and activities form as basis for developing a comprehensive safety and health management system.

The Safety and Health Section headed by a full time Safety Engineer shall be reporting directly to the Resident Manager who oversees and assume over-all responsibility of ensuring that the safety and health management system is formulated, implemented, maintained and continually improved. The accountabilities and responsibilities of everyone in the organization shall clearly include the safety and health.

Managers shall demonstrate pro-active and visible commitment to safety and health through active involvement in safety and health activities, including attending/initiating safety meetings, leading/participating in scheduled and planned inspections and participates in accident investigations where appropriate.

Employees in all levels are involved in incident investigations where their knowledge and skills in the operations and maintenance are critical to a complete investigation, including the development of appropriate corrective and preventive actions. Reports and recommendations shall be displayed within the area in which the incident occurred. Results of the investigation shall also be presented in meetings. Corrective actions and measures are taken to eliminate the root causes of non-conformances, accidents, or incidents in order to prevent recurrence.

Positive interventions in the form of non-monetary rewards and awards shall form part of the incentive program for noteworthy safety and health performance achievements. Standards and benchmarks are developed to serve as basis for this program. Commendations are given to deserving employees and units who have shown exemplary and consistent commitment to the observance of safety and health policies.

Occupational safety hazards are to be controlled through proper design and processes, and workers shall be provided with appropriate personal protective equipment. Production and other machinery shall be evaluated for safety hazards. Procedures are to be in place to manage occupational injury and illness, including corrective action to minimize their causes. Worker exposure to chemical, physical and biological agents is to be identified, evaluated and controlled by engineering or administrative controls.

Potential emergency situations and events are to be identified and assessed, and their impact minimized by implementing emergency plans and response procedures, including appropriate fire detection and suppression equipment, evacuation procedures and exit facilities.

- **Human Capital Development**

Training of employees is done by external experts in each aspect of quarry and rock crusher operations. Training courses and materials are developed with inputs from the intended recipients of the training programs themselves and designed for their requirements, based on result of training needs analysis. Training involves identified safety and health hazards including emphasis on emergency situations and response. All inhouse employees and contractors' employees must be physically and mentally capable to safely undertake assigned work responsibilities.

Orderly and organized workplaces reduce the likelihood of accidents. Housekeeping standards are formulated to ensure that at all times workplaces are conducive to having a safe and healthy condition. The practice of 5S: 'Sort', 'Set in Order', 'Shine', 'Standardize', and 'Sustain' shall be used for an effective housekeeping program.

- **Supply Chain Labor Standards**

ATN seeks to apply a high level of legal compliance and ethical practices of suppliers, consistent with its legal and social responsibilities and duty to protect the basic human and worker rights of everyone in the organization. As such, ATN established its Supplier Code of Conduct that applies to all suppliers providing products and services. The Code requires suppliers to adopt the same level of legal compliance and ethical practices as ATN, and all our suppliers are asked to accept and comply with it before conducting business with ATN. All providers of goods and services, including but not limited to suppliers, vendors, contractors, consultants and agents who do business with ATN comply with this Supplier Code of Conduct. Suppliers are expected to require their next tier suppliers to acknowledge and implement this Code. Supplier shall also abide by all applicable rules regarding fair competition.

## **2. Product Liability**

- **Product Safety and Quality**

ATN Group complies with the legal, product quality, technical, and other standards related to product quality and safety, as required of products in for various construction applications.

ATN Group collects information from customers and other sources related to product incidents and/or off-specifications. ATN shall provide legally mandated reports to regulatory

agencies and appropriate information to customers, and take actions regarding product-related issues. ATN strives to improve product safety and quality by conducting education and training activities of production employees.

- **Chemical Safety**

The present ATN quarry and rock crusher plant does not use or produce products that contain hazardous or toxic chemicals. The same situation will hold in the future since any vertical or horizontal investments of ATN Group will involve leveraging its raw material source which is the natural rock in its quarry.

Additives used in the production of pre-mixed concrete are likewise non-toxic and comes in natural form of processed material such as cement, gypsum, and natural curing retarders or accelerators.

- **Responsible Investment**

ATN Group approach to responsible investment relates to product liability as it involves ESG practices in assessing risks, and how such risks affect its investment and operating decisions. Simultaneously, ATN takes actions to

- reduce or eliminate any negative impacts from its products and operations
- delineate responsibilities for monitoring compliance with this policy.
- consider material ESG issues in the course of its due diligence
- improve ESG performance of product portfolio of its subsidiary companies
- identify companies with strong, transparent governance policies and practices.

- **Health and Demographic Risk**

The present ATN product portfolio of rock aggregates and pre-mixed concrete do not pose any health and demographic risk, unlike food, therapeutic drugs, soaps, shampoos, or the like that people of various ages use in their daily intake or personal hygiene applications.

ATN internal organization will have to contend with the impact of Covid 19 pandemic on business operations. Fortunately, the large 80 hectares of geographic area in which rock quarrying and crushing operation inherently imposes social distancing of 40 workers or less in the field at any point in time.

### 3. Stakeholder Opposition

- **Controversial Sourcing**

Rock supply from ATN private property in Rodriguez, Rizal does not involve controversial sourcing of conflict minerals or merchandise banned for the manufacture of products such as cocaine.

Stakeholder opposition, if at all considered as such, may come from illegal settlers who have left the quarry site, ATN's private property, in consideration of relocation allowance granted by the company and accepted voluntarily by the recipients.

### 4. Social Opportunities

- **Access to Communications**

As a listed company in the Philippine Stock Exchange, ATN has a formal channel to access communications towards the investing public. The disclosure requirement of the PSE ensures that relevant issues are published for investors' information, in particular the health of the company, its prospect for growth, and practice of ESG. Disclosures will provide following key information to the investors:

- Low leverage strategy, complemented by issuance of green bond or sustainability bonds if found necessary
- Disclosure of company's CSR or Social Development Report
- Disclosure of corporate decisions in accordance with ESG investment criteria
- Transparency on important issues from the investors' viewpoint, accompanied by audited financial reports compliant with accounting rules as specified by PSE

- **Access to Finance**

The listing in PSE gives ATN access primarily but not limited to the equity market. Bonds may likewise be listed as part of the corporate finance package. The availability of audited financial statements that pass the scrutiny of regulators SEC and PSE gives creditor banks confidence in their evaluation of ATN corporate creditworthiness.

- **Opportunities in Health Care and Nutrition**

The focus of ATN CSR includes its contribution to health care and nutrition of communities in its area of operation.

## **PART 3: GOVERNANCE**

### **Corporate Governance**

#### **1. Board**

The Board is responsible for oversight and influence for management in the implementation of corporate strategy to enhance the long-term value of the corporation. Board influence on Management actions include ethical practices with positive business performance and organizational impact.

Core responsibilities of the Board:

- Steer organizational direction and ensure compliance of governance policies
- Set manageable risks and material tolerance
- Approve policies to operationalize strategies and corporate direction
- Ensure accountability in the implementation and execution of strategies
- Uphold performance and corporate transparency thru proper and timely disclosures

Guideline on Board membership

- Board members should possess the right qualifications and reputation
- Better representation of women on corporate boards and in executive ranks

#### **2. Work Compensation**

ATN practice on compensation of employees:

- Compliance to minimum wage law set by the government
- Curb excessively high executive salaries in holding company and subsidiaries
- Set compensation structures for long-term interest of shareholders
- Equal compensation and career promotion access for women

#### **3. Ownership**

ATN policy on corporate ownership:

- Listing in PSE results in diversity of shareholders that benefit from exploitation of natural resources
- Protection of minority shareholders to attract investors
- Employment policies to benefit both the business and the families
- Clear family shareholding, succession
- Share options to motivate key employees

#### **4. Accounting**

ATN corporate entity is regulated by PSE to:

- Disclose compliant, audited, accurate accounting reports to investors
- Provide non-financial reports on ethical business practices compliant to ESG

#### **Corporate Behavior**

ATN practices business ethics and comply with all applicable laws, and to uphold high standards of ethics. ATN corporate behavior covers the following aspects:

##### **1. Business Ethics**

- **Business Integrity**

ATN shall not engage nor tolerate any form of extortion and embezzlement. Likewise, ATN suppliers shall abide by all applicable rules on fair competition. All business dealings shall be transparently performed and accurately reflected in ATN's books.

- **Anti-Corruption, Gifts and Entertainment**

ATN requires employees and suppliers are made aware to comply fully and in all transactions with all business partners with the applicable laws and regulations of anti-corruption and anti-bribery, or other means of obtaining undue or improper advantage. This prohibition covers promising, offering, authorizing, giving or accepting anything of value, either directly or indirectly through a third party to obtain or otherwise gain an improper advantage.

- **Employee Whistle Blowing**

**Employee whistleblowing and consultation system is encouraged as** part of internal control. Whistleblowers are protected when they volunteer information that there have been violations of laws, regulations.

##### **2. Anti-competitive practices**

ATN is committed to applicable privacy and data protection laws, and exercise the responsibility on Confidentiality and Intellectual Property. Any information ATN collects will be treated with care, protected, and used lawfully and properly.

##### **3. Tax Transparency**

As a listed company in the Philippine Stock Exchange, ATN regularly disclose tax compliance with rules and legislation, for information of the relevant tax authorities and the investing public in general. Notwithstanding the rules and laws that listed companies have to comply with, the company follows principles in the computation, disclosure and payment of taxes:

- Payment of proper amount of taxes is a social responsibility of the company
- Legal avoidance of taxes shall be monitored and the level of tax avoidance is controlled to the extent that the company shall ultimately share with the government a fair economic return for government public service such as keeping peace and order, maintenance of public facilities, service of public servants, maintenance of environment, etc.
- As much as possible, computation of tax shall be on cash basis
- Company shall not engage in unfair transfer pricing for tax avoidance

##### **4. Corruption and Instability**

ATN shall not have any relationship with anti-social forces that show the involvement or any kind of cooperation with or funding of Anti-Social-Forces like the NPA or ISIS, or organizations

that are socially condemnable. ATN shall terminate any agreement with suppliers who do not operate in accordance with anti-social forces and organized crime principles.

#### **5. Financial System Instability**

ATN shall be vigilant of its corporate actions to minimize the impression or the entanglement in financial system instability by adopting the following guidelines:

- Financial reports shall be consistent and comparable for each reporting period to minimize the impression of financial system instability and occurrence of fraudulent transactions
- Use positive screens for making investment in selected companies or projects. Likewise, negative screens are considered to eliminate undesirable ones.
- Avoidance of excessive debt to maintain financial stability and liquidity