

# ATN HOLDINGS, INC.

9F Summit One Tower, 530 Shaw Blvd. Mandaluyong City  
Tel. Nos. 717-0523 and 404-0231

SECURITIES AND EXCHANGE  
COMMISSION

RECEIVED  
AUG 27 2015  
BY: MARKET REGULATION DEPT.  
TIME: 11-15

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

**TO ALL STOCKHOLDERS  
ATN HOLDINGS, INC.**

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of ATN HOLDINGS, Inc. will be held at Multi Media Center, Ground Floor, Summit One Tower Annex Bldg. 530 Shaw Blvd., Mandaluyong City on Thursday, **November 12, 2015** at 1:00P.M. with these agenda:

1. Proof of Notice of the Meeting
2. Proof of Presence of a quorum
3. Approval of the previous annual minutes of meeting
4. Report of the President
5. Approval of the FY March 31, 2015 Audited Financial Statements
6. Election of Directors
7. Appointment of Independent Auditors
8. Approval for the Amendment of the By-laws of the Corporation
  - a. Conversion of Common Shares to Preferred Shares
  - b. Php 1.0 Billion Preferred Share Issue
9. Adjournment

The record date for determination of the stockholders entitled to notice of, and to vote at said meeting is fixed at the close of business hours on **October 15, 2015.**

The enclosed Information Statement is being distributed to stockholders of record as of **October 15, 2015,** in compliance with the requirements of Section 17.1-(b) of the Securities Regulation Code.

Registration starts at 12:30 in the afternoon. Please bring any form of identification to facilitate registration.

**Mandaluyong City, August 27, 2015.**

  
PAUL B. SARIA  
Asst. Corporate Secretary

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

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**ATN HOLDINGS, INC.**

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(Company)

9th Floor Summit One Tower  
530 Shaw Boulevard, Mandaluyong City

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(Address)

**717-0523**

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(Telephone Number)

**MARCH 31**

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(Fiscal Year Ending)  
(month & day)

**SEC Form 20-IS (Preliminary Information Statement)**

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(Form Type)

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Amendment Designation (if applicable)

**Annual Stockholders Meeting**  
**November 12, 2015**

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(Period Ended Date)

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(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20  
of the Securities Regulation Code (SRC)**

1. Check the appropriate box:

**Preliminary Information Statement**  
 **Definitive Information Statement**

2. Name of Registrant as specified in its Charter **ATN HOLDINGS, INC.**

3. Country of Incorporation **Republic of the Philippines**

4. SEC Identification Number **37535**

5. BIR Tax Identification Number **005-056-869**

6. Address of principal office **9th Floor Summit One Tower,  
530 Shaw Blvd. Mandaluyong City**

7. Telephone Number **(632) 717-0523**

8. Date, time and place of meeting of security holders:

Date	:	<b><u>November 12, 2015, Thursday</u></b>
Time	:	<b><u>1:00 o'clock lunch meeting</u></b>
Place	:	<b><u>Multi Media Center GF Summit One Tower Annex Bldg. Mandaluyong City</u></b>

9. Approximate date on which the Information Sheet is first to be sent or given to security holders:

**October 22, 2015**

10. In case of Proxy Solicitation

Name of Person Filing the Statement/Solicitor : n/a

11. Securities registered pursuant to Sections 4 and 8 of the RSA

<b><u>Title of Each Class</u></b>	<b><u>Subscribed and Outstanding (No. of Shares)</u></b>	<b><u>Pesos</u></b>
Common "A"	370,000,000	P3,700,000,000.00
Common "B"	80,000,000	800,000,000.00
	<u>450,000,000</u>	<u>P4,500,000,000.00</u>

12. Are any or all of these securities listed on the Philippine Stock Exchange?

**YES**  **NO**

2,000,000,000 common shares are listed with the Philippine Stock Exchange ("PSE")

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE  
REQUESTED NOT TO SEND US A PROXY.**

**A. GENERAL INFORMATION**

**Item 1. Date, Time and Place of Meeting of Security Holders**

**Date** : **November 12, 2015, Thursday**  
**Time** : **1:00 o'clock, Lunch meeting**  
**Place** : **Multi Media Center**  
**GF Summit One Tower Annex Bldg.**  
**530 Shaw Blvd., Mandaluyong City**  
**Principal office:** **9<sup>th</sup>FloorSummitOneTower**  
**530 Shaw Boulevard, Mandaluyong City**

Approximate date on which the Information Sheet is first to be sent or given to security holders  
**October 22, 2015.**

**Item 2. Dissenter's Right of Appraisal**

There are no matters to be acted upon at the meeting involving instances set forth in the Corporation Code of the Philippines for which a stockholder may exercise the right of appraisal.

**Procedure for Exercise of Dissenter's Appraisal Right**

Pursuant to the Corporation Code, the appraisal right may be exercised by any stockholders who shall have voted against the proposed corporate action, by making a written demand on the Company, within 30 days after the date on which the vote was taken for payment of the fair value of his shares; provided, that failure to make demand within such period shall be deemed a waiver of the appraisal right. After demanding payment of his shares, the dissenting stockholder shall submit the stock certificates representing his shares to the Company, for notation thereon that such shares are dissenting shares.

The price of the shares of the dissenting stockholder shall be the fair value thereof as at the day immediately prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of the proposed corporate action. If within 60 days from the date of the proposed corporate action was approved by the stockholders, the dissenting stockholders and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two thus chosen. The findings of a majority of the appraisers shall be final, and the Company shall pay the award within 30 days after such award is made.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon such payment, the stockholder shall forthwith transfer his shares to the company.

**Item 3. Interest of Certain Persons in or Opposition to Matter to be Acted Upon**

The following persons have no substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office:

1. each person who has been a director or officer of the Corporation at any time since the beginning of the fiscal year;
2. each nominee for election as a director of the Corporation: and
3. each associate of any of the foregoing persons.

No member of the Board of Directors of the Corporation has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the annual meeting of the stockholders.

## **B. CONTROL AND COMPENSATION INFORMATION**

### **Item 4. Voting Securities and Principal Holders Thereof**

Class "A" Shares	3,700,000,000
Class "B" Shares	800,000,000
Total Outstanding Shares Voting/Shares as of record date	<u><u>4,500,000,000</u></u>

The Company's capital stock consists of Class "A" and Class "B" shares which have the same voting rights and privileges and are equal in all respects, except that Class "A" shares are transferable only to Philippine nationals while Class "B" shares are transferable to any person regardless of nationality. Each share is entitled to one vote. All stockholders of record at the close of business on October 15, 2015 shall be entitled to notice and to vote at the Annual Stockholders meeting.

The directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share equal, or by distributing such votes at the same principle among any number of candidates.

#### **(1) Security Ownership of Certain Record and Beneficial Owners**

Owners of more than 5% of voting securities as of July 31, 2015:

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 OneTower 530 Shaw Boulevard, Mand, City Chairman, President and CEO	None	Filipino	2,763,541,260"r"	74.69%
A B B	2. PCD Nominee Corp. (Fil) 37 F Tower 1, The Enterprice Center 6766 Ayala Avenue, Makati City	Various Various Various	Filipino Filipino Non-Fil	732,722,730"r" 760,625,730"r" 33,729,000"r"	19.79% 96.31% 2.95%

The clients of PCD Nominee Corporation are the beneficial owners and have the power to decide how their shares are to be voted. There is no beneficial owner with more than 5%shareholdings under the PCD Nominee Corp.

#### **(2) Security ownership of Management as of July 31, 2015:**

Class	Name of beneficial owner	Amount and nature of beneficial ownership	Citizenship	%
	<b>Directors:</b>			
A	Arsenio T. Ng	P2,763,541,260"d"	Filipino	74.69%
A	Hilario T. Ng	26,794,820"d"	Filipino	00.72%
A&B	Bonifacio Choa	2,000,000"d"	Filipino	00.04%
B	Chee Choong Cheah	1,000"d"	Malaysia	00.00%
A	Santos L. Cejoco	1,000"d"	Filipino	00.00%
A	Hyland Si	1,000,000"d"	Filipino	00.02%
B	Yu Ting Guan	535,020"d"	Filipino	00.06%
B	Manuel Moje	10,000"d"	Filipino	00.00%
B	Arturo Magtibay	10,000"d"	Filipino	00.00%
B	Jose Romero	5,000"d"	Filipino	00.00%
	Renato E. Taquiam	0.00	Filipino	00.00%
	Paul Saria	10,000"d"	Filipino	00.00%
	<b>All directors and executive officers as a group</b>	<b>P2,793,908,100</b>		<b>62.08%</b>

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

**(3) Voting trust Holders of 5% or more**

The Company knows no persons holding more than 5% of common shares under a voting trust or similar agreement.

**(4) Changes in Control**

The company has no arrangements which may result in a change in control of the Corporation. There has been no change in control since the beginning of its last fiscal year.

**Item 5. Directors and Executive Officers:**

- (1) 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 56, Filipino Citizen

Period Served - 1995 to present

Term of office - 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 Broadband 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 Phils. Inc., Palladian Land Development Inc., Advanced Home Concept Development Corp., and Unipage Management Inc.

**HYLAND SI - Independent Director**

Age 57, Filipino

Period Served - 1995 to present

Term of office as director - one year

Engineer Hyland Si is the Executive Vice President of Torque Builders, Inc., a major supplier and contractor of local electrical construction works for dozens of high-rise office buildings and manufacturing plants.

**HILARIO NG – Director**

Age 54, 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, HEO & Associates. 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 and UNIWIDE Groups.

**CHEE CHOONG CHEAH - Independent Director**

Age 63, Malayan

Period Served - 1995 to present

Term of office as director - one year

Mr. Chee Choong Cheah is the director of a Malaysian firm, Philma Industrial PTE Ltd., with business concerns in Singapore, Indonesia and China.

**BONIFACIO CHOA - Independent Director**

Age 72, Filipino Citizen

Period Served - 1995 to present

Term of office as director - one year

Mr. Bonifacio Choa is the President of Bon Mar Realty, and also President of two technology firm, Future Logic and Omron Philippines.

**SANTOS L. CEJOCO – Director**

Age 62, 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 former Project Manager in National Development Company. He finished his Master in Business Management at the Asian Institute of Management and B.S. Chemical Engineering at the University of San Carlos. A qualified CESO executive, he placed third in the board examinations for chemical engineers in 1975. Currently, he is an independent consultant on management services and renewable energy.

**MANUEL R. MOJE**

Age 80, 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., Vice Chairman of Click Communications, Inc. 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.

**ARTURO MAGTIBAY**

Age 66, Filipino Citizen

Period Served – 2010 to present

Term of office as director – one year

Engr. Arturo Magtibay is concurrent President of Omincor Industrial Estate Realty Center, Inc. and President of Abacus Global Technovisions, Inc. He is also Director in Abacus Consolidated Resources & Holdings, Inc. and Philippine Regional Investment Development Corp. Engr. Magtibay served as provincial engineer of Batangas and currently serves as Chairman and Professor in the University of Batangas.

**ATTY. RENATO E. TAGUIAM – Corporate Secretary**

Age 69, Filipino Citizen

Period Served – 2016 Nominee

Term of office as Corp. Sec. – one year

Atty. Taguiam is a graduate of Bachelor of Laws at the University of the Philippines in 1970. He was admitted to the Philippine Bar on March 12, 1971. From 1994 to present, he actively handles litigation cases whether civil, criminal or administrative, before Philippine courts and administrative agencies with areas of specialization including remedial account management, estate and family relations law, land registration law, labor relations law and corporate law under Orbos, Cabusora, Taguiam Law Office. His past positions include the following: From 1988 to 1993, he was an Associate of Linsangan Law Office. He was a Trial Lawyer at Chargekard Corporation in 1984 to 1987. He served as Partner at Montilla Law Office and Gonzales Rivera & Taguiam from 1982 to 1984 and 1975 to 1981, respectively. Atty. Taguiam also worked with Kimberly-Clark Philippines, Inc. from 1981 to 1982 and Utilities Developments Corporation from 1973 to 1974 as legal officer. He served as assistant attorney of Salcedo Del Rosario Bito Misa & Lozada and Agrava & Agrava in 1971.

**PAUL SARIA – Assistant Corporate Secretary**

Age 45, Filipino Citizen  
Period Served - 2002 to present  
Term of office as director – n/a

A graduate of B.S. Architecture at the University of Sto. 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., Palladian Land Development Inc., Advanced Home Concept Development Corp., and comptroller of CBCP World Corporation.

The aforementioned directors and officers have served the fiscal year ended **March 31, 2015**, and shall continue to serve until their successors have been duly elected at the Company's next annual stockholders' meeting.

**EDUARD O. JALANDONI**

Age 45, Filipino Citizen  
Period Served – 2016 Nominee  
Term of office as director – one year

Mr. Eduard Jalandoni holds a degree in Marketing Management at De La Salle University. He served as an Investment Analyst in Astra Securities Inc. (1988-1990), Campos, Lanuza & Co. Inc. (1991-1996), and AGJ Securities Inc. (1997-1998). He also served as consultant to Senator Ralph Recto from 2001-2004. At present, he serves as consultant to S.B. Equities Inc., Gov. Emilio Osmeña, Mr. Mariano Osmeña and Mr. Ramon Atayde. He is Managing Director of Zamboanga Restaurant.

**Nominees for Elections as Directors of the Company**

The following are all part of the final list of candidates presented by the Nomination Committee, to wit:

Arsenio T. Ng (Filipino)	Renato Taguiam (Filipino)	Chee Choong Cheah (Malaysian)
Hilario T. Ng (Filipino)	Manuel Moje (Filipino)	Bonifacio Choa (Filipino)
Santos L. Cejoco (Filipino)	Arturo Magtibay, Jr. (Filipino)	Hyland Si (Filipino)
Paul B. Saria (Filipino)	Eduard O. Jalandoni (Filipino)	

These nominees were formally nominated to the Nomination Committee by a shareholder of the Company, Hyland Si and Bonifacio Choa are the nominees for independent directors. Both do not hold directorship or independent directorship in other publicly-listed companies. In the approval of nomination for independent directors, the Nominations Committee has taken into consideration the guidelines prescribed under SRC Rule 38 (Requirements on Nomination and Election of Independent Directors) and the By-laws of the Company. The independent directors are nominated by Paul B. Saria and Hilario Ng. Mr. Paul Saria and Hilario Ng have no relationship with the nominees for independent directors.



Only nominees whose names appear on the final list of candidates will be eligible for election as directors. No further nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

**Management Committee Members / Key Executive Officers**

Arsenio T. Ng	-Chief Executive Officer & President
Hilario T. Ng	-Chief Operating Officer
Santos Cejoco	-Chief Corporate Planner
Atty. Renato Taguiam	-Corporate Secretary
Paul B. Saria	-Assistant Corporate Secretary
Hyland Si	-Independent Director, Audit & Nominations Committee
Bonifacio Choa	-Independent Director, Remuneration Committee

**(2) Significant Employees**

The company has no significant employees.

**(3) Family Relationship**

Architect Hilario T. Ng is the younger brother of Arsenio T. Ng. Except for the above-mentioned directors there are no family relationships among the officers listed.

**Removal/Resignation of Officer**

There were no resignation, removal of election of Company directors or officers for the past two years.

**(4) Involvement in Certain Legal Proceedings**

The Company and its subsidiaries are rarely involved in litigation incidental to the conduct of its business. In 2012, the Company is a party to an intra-corporate dispute involving the Company's certificate of increase in capital and amendment of articles of incorporation filed with at the Company Registration and Monitoring Department of the Securities and Exchange Commission (CRMD-SEC).

On February 24, 2014, both parties (plaintiff and defendants) entered into a Compromise Agreement under Sec Case. No. MC-11-130 with the RTC Mandaluyong the following terms among others:

The Company or its assignee will acquire the shares of stock held by the plaintiff. Payment of the shares acquired will be satisfied via deferred cash payment and real estate properties.

Both parties filed a "Motion for Withdrawal of Complaint" or "Joint Motion to Dismiss" the CRMD-SEC case.

On February 24, 2014, a Motion to Withdraw Complaint was filed by Complainant Blue Stock Development Holdings under SEC-CRMD 12-305.

On March 7, 2014, the RTC Mandaluyong issued a Decision and approved the Compromise Agreement of both parties.

On April 3, 2014, the SEC issued an Order granting the Motion to Withdraw Complaint, having been duly executed and officially filed with the Commission, and it appearing that no third parties will be prejudiced thereto.

**Item 6. Compensation of Directors and Executive Officers**

There is no compensation whatsoever for the Company to disclose, because the CEO, to signify his support and solidarity with the Company's stockholders, has waived his rights to the compensation due a CEO that is normally set by the Board of Directors for the last five completed fiscal years and the ensuing fiscal year, thereby taking on the same risks and rewards as the common shareholders. The CEO and other executive officers received no compensation from the Company whatsoever for the last five completed fiscal years and the ensuing fiscal year. As of this date there is no employee to disclose and the salaries, wages and benefits reflected in the income statement refer to compensation of operating and administrative staff of the subsidiaries. Such compensation does not include the

financial consideration given to the four directors and executive officers by the Chief Executive Officer in his other operating businesses not related to the listed company.

**Directors:**

The members of the Board of Directors shall each be entitled to a director's fee in the amount to be fixed by the stockholders at a regular or special meeting duly called for that purpose. Each director receives a per diem of P5,000.00 per attendance at Board meetings of the Company.

The stockholders have not fixed any fee, and thus there are no other arrangements pursuant to which any of the directors was compensated or is to be compensated, directly or indirectly, by the Company for services rendered during the last fiscal year, and the ensuing fiscal year.

None of the directors, in their personal capacity, has been contracted and compensated by the Company for services other than those provided as a director.

**Officers:**

There are no employment contracts between the Company and its executive officers.

There are no warrants and options granted to Directors and Officers of the Company.

**Item 7. Independent Public Accountant**

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

R. R. TAN & ASSOCIATES, CPAs, the external auditor of the company, audited the fiscal year March 31, 2015, March 31, 2014 and March 31, 2013 financial statements with a contract amount of P252,000 for 2015 and P240,000 for 2014 and 2013 exclusive of VAT and out of pocket expenses, as approved by the Audit Committee after securing alternative proposal. The approval was based on price and completion time considerations.

R. R. Tan & ASSOCIATES, CPAs and partner Mr. Domingo A. Daza audited the FY March 31, 2015, 2014 and 2013 while Ms. Sally Velasco, the Partner In-charge audited the FY March 31, 2012 of the Company's statement of financial positions and the related statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ending and will 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 other fees paid for the last two fiscal years for professional services rendered on tax accounting , compliance, advise, planning and any other form of tax services.

In compliance with the Corporate Governance Manual, the Audit Committee selects and recommends to the Board and stockholders the appointment of the external auditor and the fixing of the audit fees. For fiscal year 2014, the Audit Committee recommended to the Board of Directors, R.R. Tan & Associates, to serve as independent auditor of the Corporation. The Audit committee's recommendation complies with SRC Rule 68, Paragraph 3(b)(iv) on the rotation of external auditors.

**(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

The company had appointed R.R. Tan and Associates, CPAs to audit the financial Statements of the company for the fiscal year March 31, 2015 and same accounting firm is being recommended for re-election at the scheduled annual meeting with the same remuneration as in the previous year. Under SRC Rule 68(3)(b)(iv), the company is not yet entitled to change/rotate its external auditors. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The company has no disagreement with any of these former or present accountants on any matter of accounting principles or practices, financial statements disclosures, audit scope or procedures which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of disagreement in connection with its reports.

**Item 8. Compensation Plans**

There is no cash or non-cash compensation to be distributed with respect to stock options, warrants or rights or any other extra consideration.

**Employment Contracts, Termination of Employment, And Change-In-Control Arrangement**

An employment contract between the Corporation and a named executive officer will normally include a compensation package, duties and responsibilities, and term of employment.

The Corporation has not entered into any compensatory plan or arrangement with any named executive officer which would entitle such named executive officer to receive any amount under such plan or arrangement as a result of or which will result from the resignation, retirement, or any other termination of such executive officer's employment with the Corporation and its subsidiaries, or from a change-in-control of the Corporation, or a change in the executive officer's responsibilities following a change-in-control of the Corporation.

**Item 10. Modification or Exchange of Securities**

No action is to be with respect to the modification of any class of securities of the registrant.

**Item 11. Financial and Other Information**

No action is to be taken with respect to any matter specified in item 10 above.

**Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters**

No action is to be taken with respect to any transaction involving:

1. the merger or consolidation of the Corporation into or with any person, or of any other person into or with the Corporation;
2. the acquisition by the Corporation or any of its security holders of securities of another person;
3. the acquisition by the Corporation of any other going business or of the assets thereof;
4. the sale or other transfer of all or any substantial part of the assets of the Corporation; or
5. the liquidation or dissolution of the Corporation.

**Item 13. Acquisition or Disposition of Property**

No action to be taken with respect to the acquisition or disposition of property.

**Item 14. Restatement of Accounts**

No action is to be taken with respect to the restatement of accounts.

**D. OTHER MATTERS**

**Item 15. Action with Respect to Reports:**

The following reports/minutes shall be submitted to the stockholders for approval/ratification:

1. Minutes of the previous Annual Stockholders' Meeting
  - a. Approval of previous annual minutes of meeting
  - b. Report of the President
  - c. Approval of FY March 31, 2014 audited FS
  - d. Election of Directors
  - e. Appointment of Independent Auditors
2. Annual Report of the President
3. Fiscal Year Ending March 31, 2015 Audited Financial Statements

The president reported the highlights of the audited fiscal year March 31, 2015 financial statements, and the acts of the Board and the executive officers during the above fiscal year. The corporate secretary read to the stockholders the minutes of the previous annual stockholders' meeting.

The stockholders in said meeting approved and ratified (1) the minutes of the previous annual stockholders' meeting, (2) the audited fiscal year March 31, 2015 financial statements and the annual report which was presented by the president, Mr. Arsenio T. Ng, (3) the appointment of RR Tan & Associates, CPAs as External Auditor, and (4) ratified the acts of the Board and the executive officers during the above fiscal year including but not limited to memberships in (a) remuneration committee, (b) audit committee, and (c) nomination committee.

Membership in said committees, which include one independent director in compliance with SEC rules, are as follows:

<u>Compensation Committee:</u>	<u>Audit Committee:</u>	<u>Nomination Committee:</u>
Arsenio T. Ng (Chairman)	Hyland Si (Chairman)	Arsenio T. (Chairman)
Paul B. Saria (Member)	Hilario T. Ng (Member)	Santos Cejoco (Member)
Bonifacio Choa - Independent	Santos Cejoco (Member)	Hyland Si - Independent

**Item 16. Matters not Required to be Submitted**

No action is to be taken with respect to any matter, which is not required to be submitted to a vote of security holders.

**Item 17. Amendments of Charter, Bylaws, and Other Documents**

The Securities and Exchange Commission (SEC) have approved the amendment of the company's Articles of Incorporation and By-laws, to wit:

1. On August 17, 2005, the By-laws of the Corporation were amended in compliance with SRC Rule 38 (Guidelines on Nomination and Elections of Independent Directors).
2. On August 28, 2008, Section 7 of the Articles of Incorporation was amended to increase the Authorized capital stock of the Corporation from Two Hundred Million Pesos (P200,000,000.00) to One Billion Two Hundred Million Pesos (P1,200,000,000.00).

On the December 22, 2010 annual stockholders' meeting of the Corporation, majority of the stockholders of the Corporation has resolved to amend Article 7 of the Articles of Incorporation on the waiver of pre-emptive rights.

On, October 1, 2012, the Board of Directors of the Corporation resolves to amend the annual stockholders meeting date of the Corporation from 2<sup>nd</sup> Thursday of July to 2<sup>nd</sup> Thursday of November.

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 July 8, 2015, the Board of Directors has approved UNICAPITAL INC. as financial advisor, issue manager and lead underwriter for the Company's Php 1 Billion preferred shares offering. Subsequent amendment in the articles of incorporation will be submitted to the board for approval prior to the annual stockholder's meeting.

*Article Seven to read as follows:*

**SEVENTH: That the authorized capital stock of said corporation is Philippine Pesos: One Billion Two Hundred Million (P1,200,000,000.00), consisting of Four Billion Two Hundred Million (4,200,000,000) Common Class "A" Shares with par value of Philippine Pesos: ten centavos (P0.10) per share, Two Billion Eight Hundred Million (2,800,000,000) Common Class "B" Shares with par value of Philippine Pesos: ten centavos (P0.10) per share, and Five Billion (5,000,000,000) Preferred Shares with a par value of Philippine Pesos: ten centavos (P0.10) per share.**

## Preferred Shares

The Preferred Shares shall have the following features, rights, and privileges:

- a. Its issue value shall be determined by the Board of Directors at the time of the issuance of the shares.
- b. The Board of Directors shall declare a dividend rate equivalent to agreed dividend rate formula as determined by the Board of Directors as of issue date, payable quarterly on each anniversary of the issue date. The dividend rate will be repriced every 5, 7 or 10 years based on basis for repricing of each relevant anniversary of the issue date.
- c. Holders of preferred shares have preference over holders of common stock in the distribution of corporate assets in the event of dissolution and liquidation of the Corporation and in the payment of the dividend at the rate specified at the time of issuance.
- d. Preferred Shares shall be cumulative
- e. Preferred Shares shall be non-participating in any other or further dividends beyond that specifically payable on the shares.
- f. Holders of Preferred Shares shall have no voting rights.
- g. Mandatory redemption [5, 7 or 10]<sup>th</sup> year anniversary from issuance.
- h. Supervised Credit.

The Capital structure current and post conversion is as follows:

<b>CURRENT</b>	<b>Common</b>	<b>Preferred</b>	<b>Total</b>
<b>Authorized Capital (PHP)</b>	<b>1,200,000,000</b>	<b>0</b>	<b>1,200,000,000</b>
Class A	7,200,000,000	0	
Par Value	0.10	1.00	
Shares	7,200,000,000	0	
Class B	4,800,000,000	0	
Par Value	0.10	1.00	
Shares	4,800,000,000	0	
<b>Outstanding Shares (PHP)</b>	<b>450,000,000</b>	<b>0</b>	<b>450,000,000</b>
Class A	3,700,000,000	0	
Par Value	0.10	1.00	
Shares	3,700,000,000	0	
Class B	800,000,000	0	
Par Value	0.10	1.00	
Shares	800,000,000	0	
<b>Unissued shares</b>			<b>750,000,000</b>
<b>POST-CONVERSION</b>	<b>Common</b>	<b>Preferred</b>	<b>Total</b>
<b>Authorized Capital (PHP)</b>	<b>450,000,000</b>	<b>750,000,000</b>	<b>1,200,000,000</b>
Class A	3,700,000,000	450,000,000	
Par Value	0.10	1.00	
Shares	3,700,000,000	450,000,000	
Class B	800,000,000	300,000,000	
Par Value	0.10	1.00	
Shares	800,000,000	300,000,000	
<b>Outstanding Shares (PHP)</b>	<b>450,000,000</b>	<b>0</b>	<b>450,000,000</b>
Class A	3,700,000,000	0	
Par Value	0.10	1.00	
Shares	3,700,000,000	0	
Class B	800,000,000	0	
Par Value	0.10	1.00	
Shares	800,000,000	0	
<b>Unissued shares</b>			<b>750,000,000</b>

**Item 19. Voting Procedures**

A majority of the subscribed capital, present in person, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transactions of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater portion.

At each meeting of the stockholders, every stockholder shall be entitled to vote in person, for each share of stock held by him, which has voting power upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to the procedural questions determined by the chairman of the meeting, shall be by vica voce or show of hands.

The directors of the corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share shall equal, or by distributing such votes at the same principle among any number of candidates.

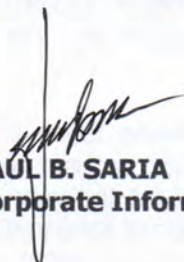
The manner of counting the vote shall be by viva voce unless balloting is demanded by stockholders representing at least 10% of the outstanding capital stock entitled to vote, in the presence of the corporate secretary or the assistant corporate secretary.

**PART III**

**SIGNATURE PAGE**

**After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true and correct. This report is signed in the City of Mandaluyong on August 27, 2015.**

**Issuer : ATN HOLDINGS, INC.  
Date : August 27, 2015**

  
**PAUL B. SARIA  
Corporate Information Officer**

## MANAGEMENT REPORT

### BUSINESS AND GENERAL INFORMATION

#### **BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE REGISTRANT'S BUSINESS AND ITS SUBSIDIARIES**

**ATN Holdings, Inc.** (ATN) On September 13, 1995, SEC approved the increase in authorized capital stock to Two Hundred Million Pesos (P200,000,000) at One centavo (P0.01) per share.

On March 14, 1996, Securities and Exchange Commission (SEC), approved the changes of name from Jabpract Mining and Industrial Corporation to ATN Holdings, Incorporated and corporate purpose from mining to a holding company. A 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.

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. The new capital denomination resulted in the increase of Class "A" and Class "B" into the following:

	Authorized Capital	Subscribed	Paid Up
Class "A" Share	7,200,000,000	3,700,000,000	370,000,000
Class "B" Share	4,800,000,000	800,000,000	80,000,000
Total	12,000,000,000	4,500,000,000	450,000,000

**ATN** invested in real properties and stocks. Its investments in real properties are several units of 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 two basement parking levels. The units are for sale or leased through either direct sales from walk-in clients, or referrals from independent brokers.

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

**Palladian Land Development Inc.** (PLDI) is the 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, subdivided residential land in Pasig City and the owner of 1.3 hectare commercial property located in San Fernando, Pampanga. The 1.3 hectare Pampanga property contains a 3-storey commercial building with usable area of 3,000 square meters. PLDI's main sources of revenues 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 around Ever Gotesco in Pasig City.

**Managed Care Phil. Inc.** (MCPI) is duly registered with Dept. of Health under license to operate No. 13-030-13-AS-2. MCPI is a corporation engaged in the healthcare industry with investments in outpatient clinics. The company established a relatively large ambulatory surgical center at the ground floor of the Annex Building of Summit One under the umbrella of its subsidiary MCPI. The surgical center includes 14 surgery rooms, 20 consultation rooms, 14 recovery rooms and an x-ray room, equipped with X-ray, 3D ultrasound, ECG, tread mill, dental clinic, etc.

In compliance to government DENR regulations on proper waste disposal, MCPI has engaged Integrated Waste Management Inc., a duly DOH/DENR accredited waste disposal company for disposal of medical waste.

**ATN Philippines Solar Energy Group Inc.**, the project implementing entity of ATN Group for energy business, is setting up a 30 MW Solar PV Project. It will be situated in a 254-hectare property of parent company ATN Holdings, Inc. 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 gross generation capacity of 30 MW peak of direct current (DC) at inception. The alternating current (AC) output will 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.

#### **Competitive Position in the Industry**

The Company is competitive in terms of pricing its real estate properties for sale. Its low leverage allows the company to survive even during a slump in the real-estate market. In addition, the company enjoys PEZA incentives in its Summit One Tower Office Building.

The company does not produce any product. It sells real estate property in Summit One Tower and other minor land properties in compliance with real estate laws. Management observes that there is no probable governmental laws that may have significant effect in company operations.

#### **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) Lincoln Plaza in San Fernando, Pampanga and (c) land for energy generation in Montalban, Rizal. The company does not intend to acquire or purchase any real estate or major equipment in the next twelve months.

#### **Legal Proceedings**

The Company and its subsidiaries are not involved in any significant litigation.

#### **Submission of Matters to a Vote of Security Holders**

There was no meeting held since the end of fiscal year March 31, 2015.

#### **Certain Relationship and Related Transactions**

##### **Unipage Management, Inc. (UMI)**

In 2002, the Company executed an investment agreement with UMI to acquire a controlling block in TBGI, a publicly listed company in the Philippine Stock Exchange. The agreement provides that UMI will hold the shares in TBGI where ATN contributed P30 million which is equivalent approximately to 35.9 million shares. During October and December 2014 and February 2015, the Company received a total of P43.2 million as partial return of investment.

##### **Transpacific Broadband Group International, Inc. (TBGI)**

Pursuant to Teaming Agreement between PLDI and TBGI executed in 2013, common expenses of both companies can be advanced by either of the party and are to be reimbursed to other party on a proportionate basis. As of March 31, 2015 and 2014, PLDI has outstanding liabilities due to TBGI amounting to P4.6 million and P5.8 million, respectively as a result of such agreement. Amount due to TBGI are not subject to interest.

##### **Mariestad Mining Corporation (MMC) and Sierra Madre Consolidated Mines (SMCM)**

In prior years, SMCM obtained a working capital from the Company amounting to P5,878,000 primarily intended for its mining activities. However, due to SMCM's inability to commence mining operations and produce operating cash flows, the company provided a full impairment loss related to this advances in 2014.

##### **Stockholders**

During 2013 and 2014, certain stockholders infused to the company a total of P65.475 million primarily intended for payment of subscription to the shares of stock of ATN Solar. After partial payments made, amount due to stockholders are not subject to interest.



On March 17, 2015, the Parent Company sold its 4 million ATN Solar shares of stock for P12 million (see note 13). The Group did not recognize any key management compensation for the fiscal years ended March 31, 2015 and 2014.

The company has no parent company and has no transaction with promoters for the past five years.

## **Management's Discussion and Analysis or Plan of Operation**

### **Plan of Operation**

The real estate sector of holding company plans to continue its focus on 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.

On energy generation, ATN Holdings intends to raise Php 1.0 Billion of preferred shares in 2015. The bulk of proceeds will be used to fund capital expenditures of associate ATN Philippines Solar Energy Group, Inc. Unicapital Inc. has been appointed as financial arranger.

### **FY 2015**

#### **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, 2015 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		Managed Care	
	FY2015	FY2014	CY2014	CY2013	CY2014	CY2013	CY2014	CY2013
Current Ratio	3.84	4.52	6.69	6.37	19.48	13.15	3.27	2.64
Debt to Equity Ratio	0.43	0.37	0.42	0.42	-3.41	-7.81	3.10	3.37
Gross Profit Margin	77%	99%	88.7%	70.8%	N/A	N/A	30%	24%
Net Income to Sales Ratio	18.28%	67.61%	5837.7%	7.4%	N/A	N/A	-0.07%	-12.9%
Net Income (Loss) in Pesos	P5,047,764	P463,651,250	P474,667,126	P559,407	-P2,350,511	-P2,794,135	-P51,680	-P1,143,085

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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into 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 increased from P2.490 to P2.599 billion as of FY March 31, 2015. The significant movements in assets were as follows:

- (1) Increase of P0.489 million in cash from P4.162 million to P4.651 million.
- (2) Decrease in accounts receivable from p1.688 million to P0.921 million due to collection.
- (3) Decrease in other current assets from P2.485 million to P2.267million.
- (4) Decrease in available-for-sale securities from P55.881 million to P51.560 million due to change in fair value.
- (5) Increase in investment in associates from P29.512 million to P177.679 million.
- (6) Decrease in property and equipment from P31.328 million to P27.723 million.
- (7) Decrease in intangible assets from P9.250 million to P8.400 million.
- (8) Decrease in advances to related party from P68.232 million to P46.422 million.

Current liability of accounts payable and accrued expenses increased from P2.838 million in 2014, to P3.206 million in 2015.

Noncurrent liabilities increased from P3667,342 million to P775021 million. The net increase is due to the following:

- (1) Decrease in bank loans from P28.541million to P24.456 million due to foreign exchange rate adjustment.
- (2) Increase in deposits from P21.061 million to P37.372 million.
- (3) Increase in subscription payable to P100.568 due to additional investment in ATN Solar.
- (4) Decrease in payable to related parties from P35.393 million to P29.981 million.

The company's equity increased from P1.820 billion in FY March 31, 2014 to P1.821 billion in FY March 31, 2015 due to:

- (1) Decrease in unrealized gain on available-for-sale financial assets from P49.505 million to P45.205 million.
- (2) Retained earnings increased from P1.299 million to P1.303 billion.

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.

## Expansion Plans

ATN intends to pursue opportunities in renewable power generation, focusing on advanced solar photo-voltaic technology. On May 12, 2011 the Department of Energy issued Service Contract No. 2011-05-002 to ATN Philippines Solar Energy Group, Inc. for a 30 MW solar PV power generation project to be located in the 320-hectare property of Palladian Land, Inc.

## FY 2014

### 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, 2014 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		Managed Care	
	FY2014	FY2013	CY2013	CY2012	CY2013	CY2012	CY2013	CY2012
Current Ratio	4.52	5.00	6.37	6.34	13.15	3.94	2.64	6.83
Debt to Equity Ratio	0.37	0.33	0.42	0.43	(7.81)	50.16	3.37	3.5
Gross Profit Margin	94%	-30.5%	70.8%	29.3%	N/A	N/A	24%	-14.15%
Net Income to Sales Ratio	94%	-30.5%	7.4%	33.4%	N/A	N/A	-12.9%	-43.6%
Net Income (Loss) in Pesos	P463,651,250	-P8,720,199	P592,407	P5,182,449	-P2,794,135	-P525,524	-P1,143,085	-P2,796,284

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.
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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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into 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 increased from P1.804 to P2.490 billion as of FY March 31, 2014. The significant movements in assets were as follows:

- (1) Increase of P3.114 million in cash from P1.048 million to P4.162 million.
- (2) Financial assets at fair value through profit or loss of P417 thousand is reclassified to available-for-sale securities.
- (3) Decrease in accounts receivable from P3.694 million to P1.688 million due to collection.
- (4) Decrease in other current assets from P3.884 million to P2.485million.
- (5) Increase in investment in associates from P15.801 million to P29.512 million.
- (6) Increase in available-for-sale securities from P30.854 million to P55.881 million due to fair value adjustment.
- (7) Increase in investment properties from P1.608 billion to 2.283 billion to due to appraisal increase adjustment.
- (8) Decrease in property and equipment from P35.133 million to P31.328 million.
- (9) Decrease in intangible assets from P10.100 million to P9.250 million.

Current liability of accounts payable and accrues expenses increased from P2.704 million in 2013, to P2.838 million in 2014.

Noncurrent liabilities increased from P449.809 million to P667.342 million. The net increase is due to the following:

- (1) Decrease in bank loans from P33.331 million to P28.541 million due to foreign exchange rate adjustment.
- (2) Increase in deposits from P16.520 million to P21.061 million.
- (3) Subscription payable was paid in full during the year.
- (4) Increase in payable to related parties from P13.684 million to P35.393 million.

The company's equity increased from P1.356 billion in FY March 31, 2013 to P1.820 billion in FY March 31, 2014 due to:

- (1) Increase in unrealized gain on available-for-sale financial assets from P48.7 million to P49.505 million.
- (2) Retained earnings increased from P834 million to P1.298 billion.

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.

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

## Expansion Plans

ATN intends to pursue opportunities in renewable power generation, focusing on advanced solar photo-voltaic technology. On May 12, 2011 the Department of Energy issued Service Contract No. 2011-05-002 to ATN Philippines Solar Energy Group, Inc. for a 30 MW solar PV power generation project to be located in the 320-hectare property of Palladian Land, Inc.

The DOE issued ATN Solar Certificate of Commerciality on June 27, 2013, while Meralco signed the Interconnection Agreement on December 8, 2014. The ERC approved the ATN Solar Point-to-Point Transmission Line construction on June 8, 2015.

The BOI approved the Certificate of Authority to Import and all pre-importation documents in July 2015 after DOE issued the respective certificates of endorsement. BIR issued Importer's Clearance Certificate in July 2015.

## FY 2013

### 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, 2013 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		Managed Care	
	FY2013	FY2012	CY2012	CY2011	CY2012	CY2011	CY2012	CY2011
Current Ratio	4.24	0.43	0.197	0.28	3.94	4	6.83	4.69
Debt to Equity Ratio	0.34	0.34	0.473	0.43	50.16	18.62	3.5	2.88
Gross Profit Margin	18.9%	9.83%	29%	25.3%	N/A	3%	-14.15%	-43%
Net Income to Sales Ratio	-83.31%	-21.89%	33.9%	-4.7%	N/A	-20%	-43.6%	-53.5%
Net Income (Loss) in Pesos	-P18,782,339	-P6,571,641	P5,273,458	-P909,860	N/A	-P902,430	-P2,796,284	-P3,076,835

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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into 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 decreased from P1.844 billion to P1.807 billion as of FY March 31, 2013. The significant movements in assets were as follows:

- (1) Decrease of P491 thousand in cash from P1.539 million to P1.048 million.
- (2) Decrease in financial assets at fair value through profit or loss from P630 thousand to P417 thousand.
- (3) Decrease in accounts receivable from P6.458 million to P3.694 million due to collection.
- (4) Decreased real estate inventories from P8.872 million to P4.485 million due to sales.
- (5) Decrease in other current assets from P4.206 million to P3.785 million.
- (6) Decrease in available-for-sale financial assets from P42 million to P38.5 million due to fair value adjustment.
- (7) Decrease in investment properties from P1.610 million to P1.68 million due to sales.
- (8) Decrease in property and equipment from P38 million to P35 million.
- (9) Decrease in intangible assets from P10.95 million to P10.1 million.

Current liabilities decreased from P50 million in 2012, to P3.1 million in 2013. The net decrease of P46.867 million is due to the following:

- (1) Decrease in accounts payable and accrued expenses from P3.297 million to P3.167 million.
- (2) Decrease in bank loans from P46.737 million to P33.33 million and was reclassified from current liabilities to non-current liabilities.

Noncurrent liabilities increased from P418 million to P451 million. The net increase is due to the following:

- (1) Reclassification of P33 million bank loans from current to non current liabilities.
- (2) Increase in deposits from P6.9 million to P16.5 million.
- (3) Decrease in payable to related parties from P25 million to P12.6 million.

The company's equity decreased from P1.376 billion in FY March 31, 2012 to P1.353 billion in FY March 31, 2013 due to:

- (1) Decrease in unrealized gain on available-for-sale financial assets from P60 million to P48.7 million.
- (2) Retained earnings decreased from P843 million to P832 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.

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.

#### **Expansion Plans**

ATN intends to pursue opportunities in renewable power generation, given the projected 4,000 MW deficit of power supply nationwide in the next three years. ATN is focusing on advanced solar photovoltaic technology. On May 12, 2011 the Department of Energy issued Service Contract No. 2011-05-002 to ATN Philippines Solar Energy Group, Inc. for a 30 MW solar PV power generation project to be located in the 320-hectare property of Palladian Land, Inc.

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

The audited financial statement is 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 AND 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 procedures which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of disagreement in connection with its report.

## Market Price for Registrant's Common Equity and related Stockholder Matters

### (1) Market Information

ATN shares are traded in the Philippine Stock Exchange. ATN High and Low Sales Prices per Quarter for the Last Two Fiscal Years:

Class A	Apr 1, 2013 to Mar. 31, 2014		Apr 1, 2014 to Mar. 31, 2015	
	High	Low	High	Low
Qtr. 1	P1.13	P1.13	1.72	1.66
Qtr. 2	1.10	1.10	2.80	2.66
Qtr. 3	1.29	1.06	2.74	2.63
Qtr. 4	1.68	1.82	2.92	2.78
Class B	Apr 1, 2013 to Mar. 31, 2014		Apr 1, 2014 to Mar. 31, 2015	
	High	Low	High	Low
Qtr. 1	P1.09	P1.06	1.72	1.72
Qtr. 2	1.19	1.15	2.75	2.73
Qtr. 3	1.27	1.07	2.70	2.64
Qtr. 4	1.94	1.78	2.83	2.82

### (2) Holders

As of July 31, 2015, the company had 237 holders of Class "A" shares and 34 for class "B" shares. The high and low market price on August 24, 2015 for Class A is P0.23 and P0.22 respectively and for Class B shares is P0.242 and P0.235 respectively.

### The top 20 stockholders as of July 31, 2015 are as follows:

Class "A" Stockholder	No. of Shares Held	% of Total Shares Outstanding	Class "B" Stockholder	No. of Shares Held	% of Total Shares Outstanding
1. Arsenio T. Ng	2,763,541,260	74.69%	1. PCD Nominee Corp. (Fil)	760,625,730	96.31%
2. PCD Nominee Corp. (Fil)	732,722,730	19.79%	2. PCD Nominee Corp. (Non-Fil)	33,429,000	2.95%
3. Diana L. Ng	79,840,000	2.16%	3.. Limqueco, Abraham	4,000,000	0.50%
4. Susana Ng	28,793,960	0.78%	4. Choa, Bonifacio	1,000,000	0.13%
5. Hilario T. Ng	26,794,820	0.72%	5. Yu Ting Guan	500,000	0.06%
7. Ng Bun Kui	12,792,960	0.38%	6. Crisostomo, Jose Mariano	100,000	0.01%
7. Irene T. Ng	7,802,960	0.35%	7 .Ansaldo, Godinez& Co.	43,950	0.01%
8. Tiu, Vicente	3,999,000	0.21%	8. Ang, Manuel	40,000	0.01%
9.Tiu, Meling	3,999,000	0.11%	9. ATC Securities, Inc.	38,000	0.00%
10. Ng, Eng Ching	3,000,000	0.11%	10. 7K Corporation	35,020	0.00%
11. Mandanas, Hermilando	2,490,000	0.08%	11. Cualoping Sec. Corp	30,000	0.00%
12. Uniwell Securities, Inc.	2,200,000	0.06%	12..Major Lord Clive	22,500	0.00%
13. Ng, Ardy Bradley	2,000,000	0.06%	13. BPI Securities Corp.	20,000	0.00%
14. Ng, Matthew Hilary	1,750,000	0.05%	14. Mina, Mario	20,000	0.00%
15. Ng, Mark Timothy	1,750,000	0.05%	15. IB.Gimenez Sec. Inc.	13,000	0.00%
16. David Go Sec. Corp.	1,510,000	0.05%	16Tansengco& Co., Inc.	10,000	0.00%
17. Ty, Anita	1,500,000	0.04%	17. Villanueva, Jaime	10,000	0.00%
18. Ng, Tiffany Anne	1,500,000	0.04%	18. Ong Giok Kheng	10,000	0.00%
19. Trendline Sec, Inc.	1,040,000	0.04%	19. Barcelon, Roxas Sec.	10,000	0.00%
20,. Merchantile Sec. Corp.	1,020,000	0.02%	20. Villanueva, Patrocinio	10,000	0.00%

### **(3) Dividends**

Management recognizes the SEC comment on dividend policy and has recommend last December 29, 2011, to the Board and Stockholders to approve the following subject to SEC and PSE's rules and regulations:

- a. Two percent (2%) stock dividend
- b. Pre-emptive stock rights of one (1) share for every six (6) shares owned at par value of P1.00 per share

The excess of retained earnings against paid-in capital is mainly due to fair value adjustment on Financial assets at FVTPL and fair value adjustment of Investment Property resulting to a gain in the total amount of Php 716 million.

There is no restriction on the payment of dividends or common shares, provided there is sufficient retained earnings to support declaration or payment of dividends. There was no cash dividend declared for the last three fiscal years. Stock dividend is planned for the shareholders once the solar energy project is up and running in 2016. The available free cash in prior years were used as equity investment for pre-development expenditures of the 30 MW solar project.

In summary, Management action is beneficial to public interest as it complies with SEC governance rules, and results in government collection of taxes.

### **(4) Recent Sales of Unregistered Securities**

The Company has not sold any securities within the past three years that were not registered under the SRC. There was no recent sale of unregistered securities.

### **SEC FORM 17-A**

**A copy of SEC Form 17-A will be provided to any stockholder of ATN Holdings, Inc. without any charge upon written request addressed to:**

**Mr. Paul Saria  
ATN Holdings, Inc.  
9<sup>th</sup>FloorSummit One Tower  
530 Shaw Blvd. Mand. City**

### **SEC FORM 17-Q – Quarter ending September 30, 2015**

A copy of the 2nd qtr. report of the period ended September 30, 2015 will be available to all stockholders during the Annual Stockholders' meeting.

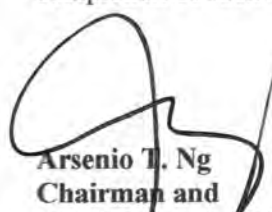
## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

July 13, 2015

The management of **ATN HOLDINGS, INC.** is responsible for the preparation and fair presentation of the consolidated financial statements for the fiscal years **March 31, 2015 and 2014**, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to stockholders.

**R. R. TAN & ASSOCIATES, CPAs**, the independent auditors and appointed by the stockholders has examined 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 examination.

  
**Arsenio T. Ng**  
Chairman and  
Chief Executive Officer

  
**Hilario T. Ng**  
Chief Operating Officer

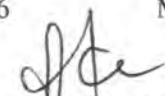
  
**Paul Saria**  
Chief Finance Officer

14 JUL 2015

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of July 2015, 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	03/13/2018	Mandaluyong
Hilario T. Ng	DL# F03-89-049-506	08/23/2015	Manila
Paul B. Saria	DL# N04-93-264-992	12/15/2016	Mandaluyong

Doc. No. : 54  
Page No. : 6  
Book No. : 21  
Series of 2015 : 2015

  
**ATTY. AGUSTIN B. CABREDO**  
Notary Public for Manila  
**NOTARY PUBLIC**  
Notarial Commission No. 2015-030  
Until December 31, 2016  
Rm. 409, First United Bldg. Co.,  
Escotoy, Manila  
Roll No. 23047  
PTR. No. 3837302/1-5-15/ Manila  
IBP Life Member 05097  
MCLE No. V-0003138/ 7-26-14



PRC-BOA Reg. No. 0132, valid until December 31, 2015  
SEC Accreditation No.0220-FR-1, valid until March 25, 2017  
BIR Accreditation No. 07-000125-001-2013, valid until Oct. 3, 2016

***Report of Independent Public Accountants***

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

We have audited the accompanying consolidated financial statements of ATN Holdings, Inc. and Subsidiaries which comprise the consolidated statements of financial position as of March 31, 2015 and 2014 and the related statements of income, comprehensive income, changes in equity and cash flows for each of the three years in the period ended March 31, 2015, and a summary of significant accounting policies and other explanatory information. We did not audit the financial statements of subsidiaries as of and for the three years ended December 31, 2014, 2013 and 2012, which are consolidated in the accompanying financial statements. Total assets and total liabilities of these subsidiaries included in the accompanying consolidated financial statements amounted to P2.3 billion and P675 million respectively, in December 31, 2014, P1.6 billion and P438 million, respectively, in December 31, 2013, and P1.6 billion and P438 million, respectively, as of December 31, 2012. Gross income and total expenses amounted to P9.3 million and P12.3 million, respectively, for the year ended December 31, 2014, P7.8 million and P12.1 million for the year ended December 31, 2013, and P3.6 million and P6.4 million, respectively, for the year ended December 31, 2012. The financial statements of these subsidiaries were audited by other 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.

***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, 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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, based on our audits and the reports of the other auditor, the consolidated financial statements present fairly, in all material respects, the financial position of ATN Holdings, Inc. and Subsidiaries as of March 31, 2015 and 2014 and its financial performance and its cash flows for each of the three years in the period ended March 31, 2015 in accordance with Philippine Financial Reporting Standards.

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

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

Partner

CPA Certificate No. 0109993

Tax Identification No. 203-917-449

PTR No. 0409887, January 17, 2015, Pasig City

SEC Accreditation No. 1088-AR-1,

Valid until March 25, 2017

BIR Accreditation No. 07-000124-001-2013,

Valid until October 3, 2016

July 13, 2015  
Pasig City

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2015 AND 2014**

	Notes	2015	2014
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	4,651,518	4,162,441
Accounts receivable	10	921,607	1,688,548
Real estate inventories	11	4,485,000	4,485,000
Other current assets	12	2,266,706	2,485,652
		<b>12,324,831</b>	<b>12,821,641</b>
<b>Non-current Assets</b>			
Investments in:			
Available-for-sale investments	14	51,560,258	55,881,033
Associates	13	177,679,815	29,512,050
Investment properties	15	2,275,270,962	2,283,560,812
Property and equipment - net	16	27,723,518	31,328,342
Intangible asset	17	8,400,000	9,250,000
Advances to related parties	25	46,422,652	68,232,802
		<b>2,587,057,205</b>	<b>2,477,765,039</b>
<b>TOTAL ASSETS</b>		<b>2,599,382,036</b>	<b>2,490,586,680</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	18	3,206,601	2,838,720
<b>Non-current Liabilities</b>			
Bank loans	19	24,456,807	28,541,230
Deposits	20	37,372,130	21,061,514
Subscription payable		100,568,750	-
Payable to related parties	25	29,981,923	35,392,732
Pension liability	26	590,051	138,118
Deferred tax liabilities - net	27	582,052,206	582,209,391
		<b>775,021,867</b>	<b>667,342,985</b>
<b>TOTAL LIABILITIES</b>		<b>778,228,468</b>	<b>670,181,705</b>
<b>EQUITY</b>			
Share capital	21	450,000,000	450,000,000
Additional paid-in capital		22,373,956	22,373,956
Unrealized gain on available-for-sale financial assets - net of tax	21	45,206,122	49,505,293
Retained earnings - March 31		1,303,573,490	1,298,525,726
<b>TOTAL EQUITY</b>		<b>1,821,153,568</b>	<b>1,820,404,975</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P 2,599,382,036 P</b>	<b>2,490,586,680</b>

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2015, 2014 and 2013**

	Notes	2015	2014	2013
<b>REVENUES</b>				
Lease of properties	15	<b>8,381,143</b>	8,704,274	8,220,384
Health care services	P	<b>7,135,533</b>	8,872,342	P 6,406,737
Real estate sales		-	-	7,916,250
Other income:				
Gain on sale of investment in associate		<b>8,000,000</b>	-	-
Unrealized foreign exchange gain		<b>4,084,423</b>	2,162,708	6,044,444
Fair value gain on investment properties		-	676,057,674	-
Reversal of retirement liability		-	250,915	-
Unrealized gain on financial assets at FVPL		-	54,600	-
Interest income		<b>4,974</b>	4,896	2,197
		<b>27,606,073</b>	696,107,409	28,590,012
<b>COSTS AND EXPENSES</b>				
Cost of sales and services	22	<b>6,283,701</b>	9,076,182	18,291,532
Administrative expenses	23	<b>10,941,503</b>	9,609,388	8,136,187
Equity in net loss of an associate	13	<b>3,457,235</b>	289,055	198,895
Finance costs	19	<b>879,540</b>	882,472	1,294,471
Impairment losses	24	-	9,378,000	9,378,000
		<b>21,561,979</b>	29,235,097	37,299,085
<b>INCOME (LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>6,044,094</b>	666,872,312	(8,709,073)
<b>INCOME TAX EXPENSE</b>	27	<b>996,330</b>	203,221,062	11,126
<b>INCOME (LOSS) FOR THE PERIOD</b>	P	<b>5,047,764</b>	P 463,651,250	P (8,720,199)
<b>EARNINGS (LOSS) PER SHARE</b>	28	<b>0.00112</b>	P 0.10303	P (0.00194)

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2015, 2014 and 2013**

	Notes	2015	2014	2013
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>P 5,047,764</b>	P 463,651,250	P (8,720,199)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Fair value changes in Available-for-sale investments - net of deferred tax	21	<b>(4,299,171)</b>	751,205	(11,215,703)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>P 748,593</b>	P 464,402,455	P (19,935,902)

*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, 2015, 2014 and 2013**

Notes	Share Capital	Additional Paid-in Capital	Unrealized gain on Available-for-sale financial assets - net of deferred income tax	Retained Earnings	Total
Balance at March 31, 2012	P 450,000,000	P 22,373,956	P 59,969,791	P 843,594,675	P 1,375,938,422
Changes in fair value of Available-for-sale financial assets	-	-	(11,215,703)	-	(11,215,703)
Loss for the period	-	-	-	(8,720,199)	(8,720,199)
Balance at March 31, 2013	P 450,000,000	P 22,373,956	P 48,754,088	P 834,874,476	P 1,356,002,520
Changes in fair value of Available-for-sale financial assets	21 -	-	751,205	-	751,205
Income for the period	-	-	-	463,651,250	463,651,250
Balance at March 31, 2014	P 450,000,000	P 22,373,956	P 49,505,293	P 1,298,525,726	P 1,820,404,975
Changes in fair value of Available-for-sale financial assets	21 -	-	(4,299,171)	-	(4,299,171)
Loss for the period	-	-	-	5,047,764	5,047,764
<b>Balance at March 31, 2015</b>	<b>P 450,000,000</b>	<b>P 22,373,956</b>	<b>P 45,206,122</b>	<b>P 1,303,573,490</b>	<b>P 1,821,153,568</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, 2015, 2014 and 2013**

	Notes	2015	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax expense	P	6,044,094	666,872,312	P (8,709,073)
Adjustments for:				
Depreciation and amortization	16, 17	4,454,824	4,654,824	4,782,719
Unrealized foreign exchange gain		(4,084,423)	(2,162,708)	(6,044,444)
Gain on sale of investment in associate		(8,000,000)	-	-
Equity in net loss of an associate	13	3,457,235	289,055	198,895
Interest expense	19	879,540	882,472	1,294,471
Interest income		(4,974)	(4,896)	(2,197)
Provision for impairment loss		-	9,378,000	9,378,000
Mark-to-market (gain) loss on FVPL		-	(54,600)	212,100
Fair value gains on investment properties		-	(676,692,786)	-
Operating Income Before Working Capital Changes		2,746,296	3,161,673	1,110,471
Decrease in Operating Assets:				
Accounts receivable		766,941	2,005,117	2,764,813
Real estate inventories		-	-	4,387,500
Other current assets		218,946	1,834,453	318,656
Increase (Decrease) in Operating Liabilities:				
Accounts payable and accrued expenses		367,881	134,221	(110,693)
Deposits		8,127,146	1,772,717	6,366,448
Retirement liability		316,352	(324,352)	(19,215)
Cash provided by operations		12,543,562	8,583,829	14,817,980
Income tax paid	27	(996,330)	(2,752)	(12,187)
Interest received		4,974	4,896	2,197
<b>Net Cash Provided by Operating Activities</b>		<b>11,552,206</b>	<b>8,585,973</b>	<b>14,807,990</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of:				
Property and equipment		-	-	(622,928)
Investment properties		-	-	(838,377)
Disposal of:				
Investment properties	15	8,289,850	-	4,185,899
Net decrease (increase) in receivable from related parties		33,810,150	(17,500,000)	115,000
Increase in deposits		2,183,470	2,768,101	3,242,961
Payment of subscription		(55,056,250)	(9,375,000)	-
<b>Net Cash Provided by (Used in) by Investing Activities</b>		<b>(10,772,780)</b>	<b>(24,106,899)</b>	<b>6,082,555</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Debt servicing:				
Principal		-	(2,626,938)	(7,361,634)
Interest	19	(879,540)	(882,472)	(1,294,471)
Net increase (decrease) in payable to related parties		589,191	22,144,736	(12,726,102)
<b>Net Cash Provided by (Used in) Financing Activities</b>		<b>(290,349)</b>	<b>18,635,326</b>	<b>(21,382,207)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>489,077</b>	<b>3,114,400</b>	<b>(491,662)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>4,162,441</b>	<b>1,048,041</b>	<b>1,539,703</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	P	<b>4,651,518</b>	<b>4,162,441</b>	P <b>1,048,041</b>

See accompanying Notes to Consolidated Financial Statements

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2015, 2014, AND 2013**

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**1. Corporate Information**

ATN Holdings, Inc. (*ATN or the Parent*) was formerly registered 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.

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

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on July 13, 2015.

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**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

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

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

*Statement of Compliance*

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

*Principle for Consolidation*

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

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

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



As of March 31, 2015, 2014 and 2013, the consolidated subsidiaries are as follows:

<b>Name of Subsidiary</b>	<b>Principal Activity</b>	<b>% of Ownership</b>
Palladian Land Development, Inc. (PLDI)	Real Property Developer	99.98%
Advanced Home Concept Development Corporation (AHCDC)	Real Property Developer	99.98%
Managed Care Philippines, Inc. (MCPI)	Health Care Provider	99.80%

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 as 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.

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.

### **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.

#### *Cash and Cash Equivalents*

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

#### *Financial Instruments*

##### *Date of Recognition*

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

##### *Initial Recognition*

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

##### *Determination of Fair Value*

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

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

##### *Classification of Financial Instruments*

The Group classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Group classifies its financial liabilities into financial liabilities at FVPL and other financial

liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

As of March 31, 2015 and 2014, the Group's financial instruments are of the nature of AFS, loans and receivables, and other financial liabilities.

#### *AFS financial assets*

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 statements of financial position. Changes in the fair value are recognized directly in equity account as "Unrealized gain on AFS securities". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in statement of comprehensive income.

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

#### *Loans and receivables*

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

Included under this category are the Group's cash and receivables.

#### *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.

#### *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 comprehensive income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

## *Impairment*

### *Financial Assets*

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

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

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

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

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

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

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

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

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

## *Derecognition of Financial Instruments*

### *Financial Assets*

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

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

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

#### *Financial Liabilities*

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

#### *Non-Financial Assets*

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

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

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

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

#### *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 March 31, 2015 and 2014, real estate inventories are carried at cost.

#### *Other Current Assets*

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

#### *Investment Properties*

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

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

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

#### Investment in Associates

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

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

#### Property and Equipment

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

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

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

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

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

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

#### Intangible Asset

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

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

#### 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.

#### Bank Loans

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

#### Deposits

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

#### Payable to Related Parties

Payable to related parties are non-interest bearing borrowings. These are measured at their original amounts and have no fixed repayment period.

#### 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 investments 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.

#### Revenue and Cost Recognition

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

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

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

Service charges, fees and penalties are recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred

(together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan.

#### 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 Statement of Financial Position.

Because of the undue cost or effort in measuring retirement benefit cost under defined benefit plan using the projected unit credit method, the Group elected to measure its retirement benefit obligation with respect to current employees with the following simplifications:

- (a) Ignored estimated future salary increases;
- (b) Ignored future service of current employees; and,
- (c) Ignored possible in-service mortality of current employees between March 31, 2015 and the date employees are expected to begin receiving post-employment benefits.

#### 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.

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 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.

#### Foreign Currency Transactions and Translations

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

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

#### Provisions

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

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

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

#### Contingencies

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

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

#### Earnings (Loss) Per Share

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

#### Related Party Transactions and Relationships

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

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

#### Segment Reporting

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

#### Events after the Reporting Period

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



#### 4. Changes in Accounting Standards

##### New Accounting Standards and Amendments to Existing Standards Effective as of April 1, 2014

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning April 1, 2014. The adoption however did not result to any material changes in the financial statements.

##### Amendments to PAS 32, Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment does not have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendment does not have any material impact on the Company’s financial position and performance.

##### Amendments to PAS 36, Impairment of Assets

The amendment requires the following disclosure if the recoverable amount is fair value less costs of disposal:

- the level of the fair value hierarchy (from PFRS 13 *Fair Value Measurement*) within which the fair value measurement is categorized;
- the valuation techniques used to measure fair value less costs of disposal; and
- the key assumptions used in the measurement of fair value measurements categorized within 'Level 2' and 'Level 3' of the fair value hierarchy if recoverable amount is fair value less costs of disposal.

The amendments to PAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of the standard affects disclosures only and does not affect the financial position and performance of the Company.

##### Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities* (effective for annual periods beginning on or after January 1, 2014)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments do not have material financial impact in the financial statements.

##### Philippine Interpretation IFRIC 21, *Levies* (effective for annual periods beginning on or after January 1, 2014)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that trigger payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation does not have material financial impact in the Company’s financial statements.

##### New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to March 31, 2015

Standards issued but not yet effective up to date of issuance of the Company’s financial statements are listed below. The listing consists of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

*Effective 2016*

**PAS 19, "Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19 Employee Benefits*)**

The amendment clarifies that the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after 1 July 2014. The amendment will not have any significant impact on the Company's financial position or performance.

**Annual Improvements to PFRS**

The Annual Improvements to PFRS (2010 to 2012 cycle and 2011 to 2013) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. Earlier application is permitted.

**Annual Improvements to PFRS (2010 to 2012 cycle)**

**PFRS 2, "Share-based Payments"**

The amendment clarifies the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment does not apply to the Company.

**PFRS 3, "Business Combinations"**

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment does not apply to the Company.

**PFRS 8, "Operating Segments"**

The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. It also clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The adoption of the standard will affect disclosures only and will not affect the financial position and performance of the Company.

**PFRS 13, "Fair Value Measurement"**

The amendment clarifies that issuing PFRS 13 and amending PFRS 9 and PAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendment will not have any significant impact on the Company's financial position or performance.

**PAS 16, "Property, Plant and Equipment"**

The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The Company is currently assessing impact of the amendments to PAS 16.

**PAS 24, "Related Party Disclosures"**

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment will not have any significant impact on the Company's financial position or performance.

**PAS 38, "Intangible Assets"**

The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment will not have any significant impact on the Company's financial position or performance.

#### Annual Improvements to PFRS (2011 to 2013 cycle)

##### PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards"

The amendment clarifies that an entity, in its first PFRS financial statements, has the choice between applying an existing and currently effective PFRS or applying early a new or revised PFRS that is not yet mandatorily effective, provided that the new or revised PFRS permits early application. An entity is required to apply the same version of the PFRS throughout the periods covered by those first PFRS financial statements. The amendment does not apply to the Company as it is not a first time adopter of PFRS.

##### PFRS 3, "Business Combinations"

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment will not have any significant impact on the Company's financial position or performance.

##### PFRS 13, "Fair Value Measurement"

The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 includes all contracts accounted for within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* or PFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32 *Financial Instruments: Presentation*. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

##### PAS 40, "Investment Property"

The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in PFRS 3 *Business Combinations* and investment property as defined in PAS 40 *Investment Property* requires the separate application of both standards independently of each other. The amendment will not have any significant impact on the Company's financial position or performance.

#### *Effective 2017*

##### PAS 1, "Presentation of Financial Statements" – Disclosure Initiative

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

##### PAS 16, "Property, Plant and Equipment" and PAS 38, "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization

The amendments provide additional guidance on how the depreciation and amortization of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

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

The amendments address a conflict between the requirements of PAS 28 and PFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

##### PAS 27, "Separate Financial Statements" – Equity Method in Separate Financial Statements

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier

application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

#### PAS 41, "Agriculture" – Agriculture: Bearer Plants

The amendments bring bearer plants, which are used solely to grow produce, into the scope of PAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any impact on the Company's financial position or performance.

#### PFRS 10, "Consolidated Financial Statements"; PFRS 12, "Disclosure of Interest in Other Entities" and PAS 28, "Investment in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

#### PFRS 11, "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

#### PFRS 14, "Regulatory Deferral Accounts"

This Standard is intended to allow entities that are first-time adopters of PFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to PFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB. The IASB has stated that by publishing this Standard, they are not anticipating the outcome of the comprehensive rate-regulated activities project which is in its early stages. The Standard is effective for annual periods beginning on or after January 1, 2016. The Standard will not have any significant impact on the Company's financial position or performance.

#### Annual Improvements to PFRS

The Annual Improvements to PFRS (2012 to 2014 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

#### PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

The amendment adds specific guidance in PFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The Company does not expect the amendments will have any significant impact on its financial position or performance.

#### PFRS 7, "Financial Instruments: Disclosures" (with consequential amendments to PFRS 1)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies the applicability of the amendments to PFRS 7 on off-setting disclosures to condensed interim financial statements. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

#### PAS 19, "Employee Benefits"

The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendment will not have any significant impact on the Company's financial position or performance.

#### PAS 34, "Interim Financial Reporting"

The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

#### *Effective 2018*

##### PFRS 15, "Revenue Recognition"

PFRS 15 specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes PAS 18 'Revenue', PAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This Standard is effective for financial statements for periods beginning on or after January 1, 2017. The Standard will not have any significant impact on the Company's financial position or performance.

#### *Effective 2019*

##### PFRS 9, "Financial Instruments"

This version of PFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This version also adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company will assess the impact of this standard to its financial position and performance.

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## 5. Summary of Significant Accounting Judgments and Estimates

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

### *(i) Judgments*

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

#### *Determination of functional currency*

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

#### *Classification of financial assets*

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

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

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

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

The Group determines whether a property qualifies as investment property. If an insignificant portion is leased out under the operating lease, the property is treated as property and

equipment. If the property is not occupied and is held to earn, it is treated as investment property.

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

*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 P8,381,143 in 2015 P8,704,274 in 2014, and P8,220,384 in 2013.

*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:

*Determination of fair value of available-for-sale financial assets*

The Company measures fair value of financial instruments using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements. Fair value determination is discussed in Note 6.

*Estimation of allowance for impairment losses on receivables*

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

*Determination of fair value of assets and liabilities*

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

*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 P27.72 million and P31.33 million as of March 31, 2015 and 2014, respectively.

*Estimating fair value of investment properties*

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

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) appraisal of independent qualified appraisers.

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

Investment properties amounted to P2.275 billion and P2.283 billion as of March 31, 2015 and 2014, respectively

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

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

The net carrying value of Investment in and Advances to Associates as of March 31, 2015 and 2014 is as follows:

	2015			2014		
	Gross carrying amount	Allowance for impairment	Net carrying value	Gross carrying amount	Allowance for impairment	Net carrying value
Investments in associates:						
ATN Phils Solar Energy Group, Inc.	P 177,679,815	P -	P 177,679,815	P 29,512,050	P -	P 29,512,050
Mariestad Mining Corporation (MMC)	7,000,000	7,000,000	-	7,000,000	7,000,000	-
Advances to related parties:						
Unipage Management Inc. (UMI)	45,322,652	-	45,322,652	68,232,802	-	68,232,802
Sierra Madre Consolidated Mines (SMCM)	11,756,000	11,756,000	-	11,756,000	11,756,000	-
	<b>P 241,758,467</b>	<b>P 18,756,000</b>	<b>P 223,002,467</b>	<b>P 116,500,852</b>	<b>P 18,756,000</b>	<b>P 97,744,852</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 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.

The Group 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. 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 table below analyzes assets and liabilities at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

<b>2015</b>	<b>Level 1</b>		<b>Level 2</b>		<b>Level 3</b>		<b>Total</b>
Cash and cash equivalents	P	4,651,518	P	-	P	-	P 4,651,518
Available-for-sale financial assets		21,262,758		30,297,500		-	51,560,258
Accounts receivable		-		921,607		-	921,607
Other current assets		2,266,706		-		-	2,266,706
Advances to related parties		46,422,652		-		-	46,422,652
Investment properties		-		2,275,270,962		-	2,275,270,962
Accounts payable and accrued expenses		-		(3,206,601)		-	(3,206,601)
Bank loans		(24,456,807)		-		-	(24,456,807)
Deposits		(37,372,130)		-		-	(37,372,130)
Payable to related parties		(29,981,923)		-		-	(29,981,923)
<b>2014</b>		<b>Level 1</b>		<b>Level 2</b>		<b>Level 3</b>	<b>Total</b>
Cash and cash equivalents	P	4,162,441	P	-	P	-	P 4,162,441
Available-for-sale financial assets		25,583,533		30,297,500		-	55,881,033
Accounts receivable		-		1,688,548		-	1,688,548
Other current assets		2,485,652		-		-	2,485,652
Advances to related parties		68,232,802		-		-	68,232,802
Investment properties		-		2,283,560,812		-	2,283,560,812
Accounts payable and accrued expenses		-		(2,838,720)		-	(2,838,720)
Bank loans		(28,541,230)		-		-	(28,541,230)
Deposits		(21,061,514)		-		-	(21,061,514)
Payable to related parties		(35,392,732)		-		-	(35,392,732)

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.
- *Quoted AFS financial asset (equity securities)* – the fair values were determined from the published references from Philippine Stock Exchange.



- *Non-quoted AFS investment* – valuation technique using significant observable inputs. Where valuation technique is not representative of fair values, the acquisition cost is used as fair value.
- *Investment properties* – fair value was based on appraiser's report. It is estimated using Sales Comparison Approach, which is based on sales and listings of comparable property registered within the vicinity that considered factors such as location, size and shape of the properties.

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

The main risks arising from the Company's financial instruments are liquidity risk, credit risk, fair value risk, price risk, market risk, and interest rate risk. The Company has no formal risk management program.

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

### *Liquidity Risk*

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities at March 31, 2015 and 2014 based on contractual undiscounted payments:

	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	Later than 1 year & not later than 5 years	Total
<b>2015</b>					
Accounts payable and accrued expenses	719,980	P 2,486,621	P -	P -	P 3,206,601
Bank loans	-	-	-	24,456,807	24,456,807
Deposits	-	-	-	37,372,130	37,372,130
Payables to related parties	-	-	-	29,981,923	29,981,923
	P 719,980	P 2,486,621	P -	P 91,810,860	P 95,017,461
<b>2014</b>					
Accounts payable and accrued expenses	P 403,229	P 2,435,491	P -	P -	P 2,838,720
Bank loans	-	-	-	28,541,230	28,541,230
Deposits	-	-	-	21,061,514	21,061,514
Payables to related parties	-	-	-	35,392,732	35,392,732
	P 403,229	P 2,435,491	P -	P 84,995,476	P 87,834,196

**Credit Risk**

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

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

The table below shows the gross maximum exposure to credit risk of the Group as of March 31, 2015 and 2014. Net maximum exposure is the effect after considering the collaterals and other credit enhancements.

	Gross maximum exposure	
	2015	2014
Cash and cash equivalents*	P 4,641,518	P 4,157,441
Available-for-sale financial assets	51,560,258	55,881,033
Accounts receivable	921,607	1,688,548
Advances to related parties	58,178,652	79,988,802
<i>* excludes cash on hand</i>	P 115,302,035	P 141,715,824

Credit quality of the Group's assets as of March 31, 2015 and 2014 is as follows:

2015	Neither past due nor impaired		Past due <i>but not</i> impaired	Past due <i>and</i> impaired	Total
	High grade	Standard grade			
Cash and cash equivalents*	P 4,641,518	P -	P -	P -	P 4,641,518
Available for sale financial assets	-	51,560,258	-	-	51,560,258
Accounts receivable	-	-	921,607	-	921,607
Advances to related parties	-	-	46,422,652	11,756,000	58,178,652
	P 4,641,518	P 51,560,258	P 47,344,259	P 11,756,000	P 115,302,035

2014	Neither past due nor impaired		Past due <i>but not</i> impaired	Past due <i>and</i> impaired	Total
	High grade	Standard grade			
Cash and cash equivalents*	P 4,157,441	P -	P -	P -	P 4,157,441
Available for sale financial assets	-	55,881,033	-	-	55,881,033
Accounts receivable	-	-	1,688,548	-	1,688,548
Advances to related parties	-	-	68,232,802	11,756,000	79,988,802
	P 4,157,441	P 55,881,033	P 69,921,350	P 11,756,000	P 141,715,824

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

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

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.

The aging analysis of past due accounts which are unimpaired is as follows:

		Accounts Receivable		Receivable from related parties		Total
<b>2015</b>						
Past due 31-60 days	P	921,607	P	-	P	921,607
Over 120 days		-		46,422,652		46,422,652
	P	921,607	P	46,422,652	P	47,344,259

		Accounts Receivable		Receivable from related parties		Total
<b>2014</b>						
Past due 31-60 days	P	1,688,548	P	-	P	1,688,548
Over 120 days		-		68,232,802		68,232,802
	P	1,688,548	P	68,232,802	P	69,921,350

#### Foreign Exchange Risk

The Group is exposed to foreign exchange risk arising from currency exposures primarily with respect to the Yen and Dollar loans. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Group's functional currency. Significant fluctuation in the exchange rates could significantly affect the Group's financial position.

The carrying amount of the Group's foreign currency denominated monetary liabilities at the reporting date is as follows:

	2015				2014			
		Peso Equivalent	Foreign Currency Equivalent		Peso Equivalent	Foreign Currency Equivalent		
Japanese Yen Loan	P	21,333,617	JPY	57,565,074	P	25,432,250	JPY	57,565,074
US Dollar Loan		3,123,190	US\$	70,000		3,108,980	US\$	70,000
	P	24,456,807			P	28,541,230		

The table below details the Group's sensitivity to a 5% increase and decrease in the functional currency of the Group against the relevant foreign currencies. The sensitivity rate used in reporting foreign currency risk is 5% and it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period and in foreign currency rates. The sensitivity analysis includes all of the Group's foreign currency denominated liabilities. A positive number below indicates an increase in net income when the functional currency of the Group strengthens at 5% against the relevant currency, there would be an equal and opposite impact on the net income when the balances would be negative.

	<b>Effect on income before taxes</b>
<b>2015</b>	
<hr/>	
Increase/Decrease in Peso to US Dollar Rate	
+5%	156,160
- 5%	(156,160)
Increase/Decrease in Peso to Japanese Yen Rate	
+5%	1,066,681
- 5%	(1,066,681)
	Effect on income before taxes
<b>2014</b>	
<hr/>	
Increase/Decrease in Peso to US Dollar Rate	
+5%	155,449
- 5%	(155,449)
Increase/Decrease in Peso to Japanese Yen Rate	
+5%	1,220,092
- 5%	(1,220,092)

#### *Interest Rate Risk*

The primary source of the Group's interest rates risk relates to debt instruments. The interest rates on this liability are disclosed in Note 19.

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

The effect on profit for the year is increase or decrease by P244,568.

#### *Price Risk*

The Group is exposed to property price and property rentals risk and to market price changes of financial assets through profit or loss.

#### Capital Management

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

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

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

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

	<b>2015</b>	<b>2014</b>
Equity	<b>P 1,821,153,568</b>	P 1,820,404,975
Total assets	<b>2,599,382,036</b>	2,490,586,680
Ratio	<b>0.70</b>	0.73

## 8. Segment information

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

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

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

The segment information in the consolidated financial statements as of March 31, 2015, and 2014 follows:

	As of March 31, 2015						
	Real estate		Health care		Corporate and others		Adjustment
Revenues	P 8,381,143	P 7,135,533	P -	P -	P -	P -	
Direct costs	922,388	5,361,313	-	-	-	-	6,283,701
Gross profit	7,458,755	1,774,220	-	-	-	-	9,232,975
Other income	4,086,881	2,168	8,000,348	-	-	-	12,089,397
	11,545,636	1,776,388	8,000,348	-	-	-	21,322,372
Administrative expenses	8,053,473	1,785,831	1,102,199	-	-	-	10,941,503
Equity in net loss of associate	-	-	3,457,235	-	-	-	3,457,235
Finance cost	879,540	-	-	-	-	-	879,540
	8,933,013	1,785,831	4,559,434	-	-	-	15,278,278
Income before income tax expense	2,612,623	(9,443)	3,440,914	-	-	-	6,044,094
Income tax expense	-	-	-	996,330	-	-	996,330
Income (Loss)	P 2,612,623	P (9,443)	P 3,440,914	P (996,330)	P -	P -	P 5,047,764
Segment assets	2,234,088,370	37,759,468	327,534,199	-	-	-	2,599,382,037
Segment liabilities	80,347,943	1,035,458	114,201,360	582,643,707	-	-	778,228,468
Segment cash flows:							
Operating	8,975,805	3,709,342	(1,132,941)	-	-	-	11,552,206
Investing	10,473,320	(1,100,000)	(20,146,100)	-	-	-	(10,772,780)
Financing	18,709,651	-	(19,000,000)	-	-	-	(290,349)
Other information:							
Depreciation and amortization	2,299,061	2,155,763	-	-	-	-	4,454,824
Non-cash expenses other than depreciation	-	-	3,457,235	-	-	-	3,457,235

As of March 31, 2014						
	Real estate	Health care	Corporate and others	Adjustment	Total	
Revenues	P 8,704,274	P 8,872,342	P -	P -	P 17,576,616	
Direct costs	2,337,206	6,738,976	-	-	9,076,182	
Gross profit	6,367,068	2,133,366	-	-	8,500,434	
Other income	678,223,691	52,910	254,192	-	678,530,793	
	684,590,759	2,186,276	254,192	-	687,031,227	
Administrative expenses	6,886,443	1,757,628	965,316	-	9,609,387	
Impairment losses	2,153,000	-	7,225,000	-	9,378,000	
Equity in net loss of associate	-	-	289,055	-	289,055	
Finance cost	882,472	-	-	-	882,472	
	9,921,915	1,757,628	8,479,371	-	20,158,914	
Income before income tax expense	674,668,844	428,648	(8,225,179)	-	666,872,313	
Income tax expense	-	-	-	203,221,062	203,221,062	
Income (Loss)	P 674,668,844	P 428,648	P (8,225,179)	P (203,221,062)	P 463,651,250	
Segment assets	2,244,749,621	39,332,594	206,545,900	-	2,490,586,680	
Segment liabilities	54,832,353	1,091,009	31,908,082	582,350,261	670,181,705	
Segment cash flows:						
Operating	3,736,595	3,084,735	1,764,643	-	8,585,973	
Investing	5,746,476	3,834,913	(33,688,288)	-	(24,106,899)	
Financing	(7,432,475)	(5,850,562)	31,918,363	-	18,635,326	
Other information:						
Depreciation and amortization	1,314,517	3,340,307	-	-	4,654,824	
Non-cash expenses other than depreciation	2,153,000	-	7,225,000	-	9,378,000	
As of March 31, 2013						
	Real estate	Health care	Corporate and others	Adjustment	Total	
Revenues	P 16,136,634	P 6,406,737	P -	-	P 22,543,371	
Direct costs	10,976,832	7,314,700	-	-	18,291,532	
Gross profit	5,159,802	(907,963)	-	-	4,251,839	
Other income (expenses)	6,045,605	987	49	-	6,046,641	
	11,205,407	(906,976)	49	-	10,298,480	
Administrative expenses	4,605,544	1,837,408	1,693,235	-	8,136,187	
Impairment losses	2,153,000	-	7,225,000	-	9,378,000	
Equity in net loss of associate	-	-	198,895	-	198,895	
Finance cost	1,242,571	51,900	-	-	1,294,471	
	8,001,115	1,889,308	9,117,130	-	19,007,553	
Income before income tax expense	3,204,292	(2,796,284)	(9,117,081)	-	(8,709,073)	
Income tax expense	-	-	-	11,126	11,126	
Income (Loss)	P 3,204,292	P (2,796,284)	P (9,117,081)	P (11,126)	P (8,720,199)	
Segment assets	1,574,065,821	42,493,311	191,957,331	-	1,808,516,463	
Segment liabilities	58,061,005	94,148	17,447,746	376,911,044	452,513,943	
Segment cash flows:						
Operating	15,638,526	634,764	(1,465,300)	-	14,807,990	
Investing	81,568	809,617	5,191,370	-	6,082,555	
Financing	(15,698,453)	(1,739,727)	(3,944,027)	-	(21,382,207)	
Other information:						
Depreciation and amortization	1,314,517	3,356,901	111,301	-	4,782,719	
Non-cash expenses other than depreciation	2,153,000	-	7,437,100	-	9,590,100	
Capital expenditures	838,377	-	-	-	838,377	

Segment liabilities for each segment do not include the following:

	2015		2014		2013
Deferred tax liabilities	P 582,052,206	P	582,209,391	P	376,436,387
Retirement liability	590,051		138,118		462,470
Income tax payable	1,450		2,752		12,187
	<b>P 582,643,707</b>	P	<b>582,350,261</b>	P	<b>376,911,044</b>

## 9. Cash and Cash Equivalents

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

	2015		2014
Cash in banks	P 4,641,518	P	4,157,441
Cash on hand	10,000		5,000
	<b>P 4,651,518</b>	P	<b>4,162,441</b>

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

## 10. Accounts Receivable

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

	2015		2014
Receivable from:			
Real estate owners	P 414,839	P	1,097,033
Medical and health related services	506,768		591,515
	<b>P 921,607</b>	P	<b>1,688,548</b>

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

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

As of March 31, management believes that amounts are fully collectible and no provision for probable loss is necessary.

## 11. Real Estate Inventories

This represents residential lots in various locations, carried at cost, amounting to P4,485,000. No sales transaction occurred during the fiscal years ended March 31, 2015 and 2014.

## 12. Other Current Assets

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

	2015	2014
Prepaid taxes	P 1,602,557	P 1,369,380
Input taxes	565,349	1,017,472
Others	98,800	98,800
	<b>P 2,266,706</b>	<b>P 2,485,652</b>

Prepaid taxes represent 5% withholding tax on rental income. The same may be applied against future income tax liabilities.

Input taxes represent the 12% tax on domestic purchases of goods and services. Input tax is applied against output taxes on a monthly basis.

Others are rental deposit of the Group and will be used to pay the last rental or any expenses related to the lease to be paid upon termination of the lease contract.

## 13. Investments in Associates

This account consists of the following:

	2015	2014
Cost		
Beginning of the year		
ATN Phils. Solar Energy Group, Inc. (ATN Solar)	P 30,000,000	P 12,500,000
Mariestad Mining Corporation (MMC)	7,000,000	7,000,000
	<b>37,000,000</b>	19,500,000
Additions during the year (ATN Solar)	155,625,000	17,500,000
Disposal during the year (ATN Solar)	(4,000,000)	-
	<b>188,625,000</b>	37,000,000
Equity in net losses		
Beginning of the year	(487,950)	(198,895)
Current year	(3,457,235)	(289,055)
	<b>(3,945,185)</b>	(487,950)
Total	<b>184,679,815</b>	36,512,050
Allowance for impairment losses	(7,000,000)	(7,000,000)
	<b>P 177,679,815</b>	<b>P 29,512,050</b>

The movement of impairment losses is as follows:

	2015	2014
Balance at beginning of year	P 7,000,000	P 3,500,000
Provision during the year	-	3,500,000
	<b>P 7,000,000</b>	<b>P 7,000,000</b>

### ATN Solar

ATN Solar is a grantee of a 25-year Renewal Energy Contract (*service contract*) with the Department of Energy (DOE) under Republic Act 9513 (*the RA*). The service contract grants ATN Solar the exclusive right to explore develop and utilize the solar energy source within Rodriguez, Rizal, its contract area. More specifically, the contract includes setting up a 30 MW Solar PV Project (*the Project*). The project is expected to generate a gross capacity of 33 MW



peak of direct current and 30 MW of alternating current to be distributed within Metro Manila with projected revenue of P540 Million per year for the next 25 years.

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

In a letter submitted to the DOE, ATN Solar is 86% complete on its pre-development stage by acquiring approval and authority to import and construct and/or install solar photovoltaic equipment and by the signing of agreements with different government agencies, and 7% complete on its development of interconnection facilities. As of June 30, 2015, commercial operation of ATN Solar has not yet started.

Energy Regulation Commission has rendered a favorable decision to ATN Solar, dated June 8, 2015, allowing ATN Solar to construct, operate and own connection assets from the solar farm to MERALCO's 34.5KV distribution network.

To be able to completely finance the Project, the ATN Solar intends to list its shares of stock in the stock market. In relation thereto, a third party valuator was engaged to determine ATN Solar's fair market valuation. In its report dated June 11, 2014, its 30MW project including the land is valued between P3.02 billion to P3.99 billion, determined under Discounted Cash Flow valuation.

On December 5, 2013, additional subscription amounting to P17.5 million which is equivalent to 17.5 million shares was made. The additional subscription however diluted its equity interest to 30%.

On October 31, 2014, the Group subscribed for additional 155,625,000 shares with par value of P1 when ATN Solar increased its common shares, bringing the Group's equity interest to 49.5%. The Group paid P46,156,250 upon subscription and the amount of P8,600,000 on February 11, 2015.

On March 17, 2015, the Parent Company sold 4 million shares of ATN Solar to Unipage Management Inc.(UMI) with a carrying value of P4 million, subject to the following conditions:

- the Project should complete all governmental and grid approvals;
- the Company should deliver the shares of ATN Solar within 12 months from execution of the Investment Agreement;
- the Company should cause the registration in the stock and transfer book of ATN Solar the sale of 4 million shares to UMI.

The Company recognized a gain from the sale of its investment in ATN Solar amounting to P8 million.

The latest financial information of ATN Solar is as follows:

	<b>2015</b>	2014
Total assets	<b>P 317,684,650</b>	P 101,900,831
Total liabilities	<b>90,639,268</b>	78,439,232
Net expenses	<b>6,984,314</b>	578,111

ATN Solar's financial year ends every December 31.

#### *MMC*

In 2007, the Group entered into an agreement with MMC to participate in the extraction of mining of manganese ores in the latter's mining site. The Group's participation is in the form of providing financial resources to undertake the mining operations. To date, the Group has financed a total of P7 million that is equivalent to 25% equity interest in MMC.

MMC has become a dormant corporation and has not filed its audited financial statements since 2009.

During 2014, the Company provided impairment amounting to P3.5 million for the remaining investment balance to MMC, thereby impairing the whole investment.

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

Investment in AFS securities consist of a block of listed shares and a block of unlisted shares in Transpacific Broadband Group International, Inc. (TBGI), a publicly listed company in the Philippine Stock Exchange, and unlisted equity security of Ambulatory Health Care Institute, Inc. Fair value was determined as discussed in Note 6.

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

	2015	2014
Balance at the beginning of fiscal year	P 55,881,033	P 30,854,354
Acquisition through:		-
Exchange	-	21,684,000
Reclassification	-	472,500
Changes in fair value	<b>(4,320,775)</b>	2,870,179
	<b>P 51,560,258</b>	<b>P 55,881,033</b>

In 2013, TBGI issued 13 million shares to the Group in exchange for the ownership of certain condominium units co-owned by the Group and TBGI. The 13 million shares amounted to P21.7 million at the time the shares were received.

AFS investment consists of listed and unlisted shares of TBGI and unlisted shares of Ambulatory Health Care Institute, Inc..

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

#### 15. Investment Properties

Investment properties consist of land, raw land, condominium units and townhouses. The movements thereat are broken down as follows:

	2015	2014
Balance at the beginning of the year	P 2,283,560,812	P 1,606,868,026
Adjustment resulting from appraisal	-	676,692,786
Disposal during the year	<b>(8,289,850)</b>	-
	<b>P 2,275,270,962</b>	<b>P 2,283,560,812</b>

Pursuant to the compromise agreement discussed in Note 29, certain investment property with carrying value of P8.3 million owned by PLDI was transferred to the plaintiff in exchange for the Company's shares of stock which the plaintiff held. The shares of stock was transferred to Unipage Management, Inc. (UMI), an affiliated company. Settlement between the Company, PLDI and UMI are taken up as inter-company advances (see Note 25)

On March 27, 2014, certain investment properties were re-appraised to reflect its current fair market value. The appraisal resulted to an increase in value of investment property amounting to P676.7 million as of the appraisal date. Fair market value is determined in a manner described in Note 6. Management believes that fair values as of March 31, 2015 has not significantly changed since its last appraisal.

If cost model were used in valuing investment properties, its carrying value would have been P343,909,596 in 2015 and P352,199,446 in 2014.

Certain condominium units situated in Summit One Tower in Mandaluyong City are subject to contract to sell executed with a third party. Payments of P10.5 million in 2014 and P8.3 million in 2013 were received. The amounts are lodged under "Deposits" in the Statement of Financial Position (see Note 20).

Rental income on investment properties amounted to P8,381,143 in 2015, P8,704,274 in 2014, and P8,220,384 in 2013. Direct operating cost on these properties amounted to P922,388 in 2015, P2,337,206 in 2014 and P10,976,832 in 2013.

Certain investment property was mortgaged to the bank to secure the Group's financing requirements (see Note 19).

## 16. Property and Equipment

Property and equipment consists of:

2015	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Costs</b>					
At April 1, 2014	P 34,194,095	P 6,138,644	P 19,969,173	P 995,536	P 61,297,448
At March 31, 2015	34,194,095	6,138,644	19,969,173	995,536	61,297,448
<b>Accumulated depreciation</b>					
At April 1, 2014	14,673,179	4,004,306	10,296,085	995,536	29,969,106
Provisions	1,805,763	449,266	1,349,795	-	3,604,824
At March 31, 2015	16,478,942	4,453,572	11,645,880	995,536	33,573,930
<b>Net Book Value</b>					
At March 31, 2015	P 17,715,153	P 1,685,072	P 8,323,293	P -	P 27,723,518
<b>2014</b>					
	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Costs</b>					
At April 1, 2013	P 34,194,095	P 8,605,281	P 19,969,173	P 995,536	P 63,764,085
Disposal	-	(2,466,637)	-	-	(2,466,637)
At March 31, 2014	34,194,095	6,138,644	19,969,173	995,536	61,297,448
<b>Accumulated depreciation</b>					
At April 1, 2013	12,867,416	6,021,677	8,746,290	995,536	28,630,919
Provisions	1,805,763	449,266	1,549,795	-	3,804,824
Disposal	-	(2,466,637)	-	-	(2,466,637)
At March 31, 2014	14,673,179	4,004,306	10,296,085	995,536	29,969,106
<b>Net Book Value</b>					
At March 31, 2014	P 19,520,916	P 2,134,338	P 9,673,088	P -	P 31,328,342

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

	2015	2014
Direct costs	P 1,805,763	P 1,805,763
Administrative expenses	1,799,061	1,999,061
	<b>P 3,604,824</b>	<b>P 3,804,824</b>

## 17. Intangible Asset

Intangible asset represents the cost of web-based portal development of a subsidiary for the marketing of its medical services to local and international clients.

The movement in intangible asset is as follows:

	2015	2014
Cost	P 15,000,000	P 15,000,000
Accumulated amortization		
Balance, April 1	5,750,000	4,900,000
Provisions	850,000	850,000
Balance, March 31	6,600,000	5,750,000
Net Book Value at March 31	P 8,400,000	P 9,250,000

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

	2015	2014
Direct costs	P 350,000	P 350,000
Administrative expenses	500,000	500,000
	P 850,000	P 850,000

## 18. Accounts payable and accrued expenses

This account consists of the following:

	2015	2014
Trade	P 1,643,037	P 2,068,394
Accrued expenses	767,114	675,451
Others	796,450	94,875
	P 3,206,601	P 2,838,720

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 non-interest bearing and have a maximum term of six (6) months.

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

Capital gains tax on sale of unlisted shares (see Note 13) was lodged under "Others" amounting to P795,000.

## 19. Bank loans

Bank loans pertain to the outstanding balance of dollar and yen loans with Rizal Commercial Banking Corporation and China Banking Corporation which are covered by promissory notes. These loans are secured by a mortgage on certain investment property with a fair value of P100,404,363.

In 2013, the group renewed these bank loans for another 3 years payable in 2016. Interest is payable monthly. Interest on these loans at the end of reporting period are 2.5%+1-month LIBOR per month for dollar loan and 3% for yen loan per annum.

The outstanding balances of this account as of March 31 are as follows:

<b>Long-term loans</b>	<b>2015</b>		<b>2014</b>	
Yen loan	<b>P 21,333,617</b>	P	25,432,250	
USD loan	<b>3,123,190</b>		3,108,980	
	<b>P 24,456,807</b>		P 28,541,230	

Financing charges related to foreign currency loans amounted to P879,540 in 2015, P882,472 in 2014, and P1,294,471 in 2013.

## 20. Deposits

This account consists of the following:

	<b>2015</b>		<b>2014</b>	
Deposit on operating leases	<b>P 4,996,611</b>	P	4,905,793	
Deposit on contract to sell	<b>32,375,519</b>		16,155,721	
	<b>P 37,372,130</b>		P 21,061,514	

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

Deposit on contract-to-sell are advance payments made by third parties for the purchase of the Group's investment property as discussed in Note 15. Revenue on such sale will be recognized when the title to the property is transferred or the collection of the unpaid balance is reasonably assured.

## 21. Equity

### Share Capital

On October 8, 2014 by a majority vote of the BOD and on November 13, 2014 by the vote of the stockholders owning and representing at least two-thirds of the outstanding capital stock, the amendment of Articles III and VII of the Parent Company's Articles of Incorporation was approved.

Article 3 was amended in compliance with SEC Memorandum Circular 6 Series of 2014 specifying the Company's exact registered business address.

Article 7 was amended to effect the change in par value from P1.00 per share to P0.10 per share. The effect of this change in par value in authorized, subscribed and paid shares is presented below.

Class	Before amendment			After amendment		
	No. of shares		Amount subscribed and paid	No. of shares		Amount subscribed and paid
	Authorized	Subscribed		Authorized	Subscribed	
A	720,000,000	370,000,000	P 370,000,000	7,200,000,000	3,700,000,000	P 370,000,000
B	480,000,000	80,000,000	80,000,000	4,800,000,000	800,000,000	80,000,000
	1,200,000,000	450,000,000	P 450,000,000	12,000,000,000	4,500,000,000	P 450,000,000

The amendment in articles of incorporation was approved by the SEC on March 27, 2015.

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.

*Unrealized gain on available-for-sale investments*

The movement of this account is as follows:

	2015	2014
Balance at beginning of year	P 49,505,293	P 48,754,088
Changes in fair value - net of deferred tax	(4,299,171)	751,205
	<b>P 45,206,122</b>	<b>P 49,505,293</b>

**22. Cost of sales and services**

The breakdown of this account is as follows:

	2015	2014	2013
Depreciation and amortization (see Notes 16 and 17)	P 2,155,763	P 2,155,763	P 2,155,763
Taxes and licenses	922,388	2,039,211	949,636
Salaries, wages and employee benefits	897,606	1,769,898	2,066,622
Professional fees	757,817	779,377	822,909
Utilities	612,538	1,132,234	2,455,085
Rent	479,924	552,853	313,400
Medical supplies	457,665	646,846	954,718
Cost of sales	-	-	8,573,399
	<b>P 6,283,701</b>	<b>P 9,076,182</b>	<b>P 18,291,532</b>

### 23. Administrative expenses

The breakdown of this account is as follows:

	2015	2014	2013
Depreciation and amortization (see Notes 16 and 17)	P 2,299,061	P 2,499,061	P 2,626,956
Communication and association dues	1,859,917	1,429,971	234,813
Salaries, wages and benefits	1,490,149	228,200	340,335
Rent	1,205,760	745,010	-
Transportation and travel	936,033	1,306,055	1,248,347
Professional fees	661,955	644,846	897,238
Security and janitorial services	595,274	810,003	310,765
Office supplies and printing	589,557	265,364	375,633
Taxes and licenses	567,582	810,224	745,594
Retirement expense (Note 26)	316,353	-	-
Representation and entertainment	79,485	141,050	150,138
Repairs and maintenance	3,125	265,466	307,744
Mark-to-market loss on FVPL	-	-	212,100
Miscellaneous	337,253	464,138	686,524
	<b>P 10,941,503</b>	<b>P 9,609,388</b>	<b>P 8,136,187</b>

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

### 24. Impairment losses

No impairment was recognized during the fiscal year.

For the fiscal year 2014 and 2013, ATN Holdings and Palladian Land Development Inc. recognized impairment loss broken down as follows:

	2014	2013
Investment in associates (see Note 13)	P 3,500,000	P 3,500,000
Advances to associates (see Note 25)	5,878,000	5,878,000
	<b>P 9,378,000</b>	<b>P 9,378,000</b>

### 25. Related Party Transactions

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

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

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

Related party	Transaction	Amount of Transaction		Year-end Balances		Terms and condition
		2015	2014	2015	2014	
Advances to related parties						
UMI	Intercompany advances/payments	<b>P (43,200,000)</b>	(436,020)	<b>P 45,322,652</b>	P 68,232,802	no payment terms, unsecured
	Assignment of investment property (see Notes 15 and 29)	<b>8,289,850</b>	-			
	Sale of share of ATN Solar	<b>12,000,000</b>				
SMCM	Intercompany advances	-	-	<b>11,756,000</b>	11,756,000	no payment terms, unsecured & fully impaired
Shareholder	Advances/payments	<b>1,100,000</b>		<b>1,100,000</b>	-	
				<b>58,178,652</b>	<b>79,988,802</b>	
Less: Allowance for probable losses				<b>11,756,000</b>	11,756,000	
Total				<b>46,422,652</b>	68,232,802	
Advances from related parties						
TBGI	Intercompany advances/payments	<b>1,238,428</b>	(2,732,381)	<b>(4,600,110)</b>	(5,835,538)	no payment terms, unsecured
Shareholders	Advances/payments	<b>(724,619)</b>	(18,976,336)	<b>(25,381,813)</b>	(29,557,194)	no payment terms, unsecured
Total				<b>(29,981,923)</b>	<b>(35,392,732)</b>	

Details of significant related party transactions follows:

- In 2002, the Company executed an investment agreement with UMI to acquire a controlling block in TBGI, a publicly listed company in the Philippine Stock Exchange. The agreement provides that UMI will hold the shares in TBGI where ATN contributed P30 million which is equivalent approximately to 35.9 million shares. Further transactions ensued until the agreement was terminated in 2010 after UMI sold 16 million TBGI shares amounting to P50 million. During October and December 2014 and February 2015, the Company received a total of P43.2 million as partial return of investment. Amount due from UMI are not subject to interest.
- Pursuant to Teaming Agreement between PLDI and TBGI executed in 2013, common expenses of both companies can be advanced by either of the party and are to be reimbursed to other party on a proportionate basis. As of March 31, 2015 and 2014, PLDI has outstanding liabilities due to TBGI amounting to P4.6 million and P5.8 million, respectively as a result of such agreement. Amount due to TBGI are not subject to interest.
- In prior years, SMCM obtained working capital from the Company amounting to P5,878,000 primarily intended for its mining activities. However, due to SMCM's inability to commence mining operations and produce operating cash flows, the company provided a full impairment loss related to this advances in 2014.



- During 2013 and 2014, certain stockholder infused to the company a total of P65.475 million primarily intended for payment of subscription to the shares of stock of ATN Solar. After partial payments made, amount due to stockholders amounted to P24.3 million in 2015 and P29.6 million in 2014. Amount due to stockholders are not subject to interest.
- On March 17, 2015, the Parent Company sold its 4 million ATN Solar shares of stock for P12 million (see Note 13)

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

	2015	2014
Advances to (from) subsidiaries		
PLDI	P (8,281,592)	P 27,994,662
MCPI	26,422,328	28,022,328
AHCDC	10,768,677	10,768,677
	P 28,909,413	P 66,785,667

The Group did not recognize any key management compensation for the fiscal years ended March 31, 2015 and 2014.

## 26. Retirement Benefits

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

The balance of retirement liability account as of March 31 is as follows:

	2015	2014	2013
Balance at the beginning of the year	P 138,118	P 462,470	P 462,470
Provisions (Reversals) during the year	451,933	(250,915)	-
Benefits paid during the year	-	(73,437)	-
	P 590,051	P 138,118	P 462,470

## 27. Income Taxes

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

	2015	2014	2013
Current	P 996,330	P 282,832	P 12,187
Deferred	-	202,938,230	(1,061)
	P 996,330	P 203,221,062	P 11,126

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

	2015	2014	2013
Statutory income tax	P 1,813,228	P 200,061,694	P (2,612,722)
Tax effect of:			
Non- taxable income	(1,225,327)	(678,910,094)	(1,813,333)
Non- deductible expenses	1,037,171	2,900,723	2,231,130
Unrecognized temporary difference	977,750	679,170,208	2,206,710
Income subject to capital gains tax	795,000	-	-
Income subject to final tax	(2,401,492)	(1,469)	(659)
Actual provision for income tax	P 996,330	P 203,221,062	P 11,126

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

	2015	2014
Unrealized gain on fair value adjustment of investment properties	P 579,959,508	P 579,959,508
Unrealized gain on AFS financial assets	2,269,714	2,291,318
Retirement liability	(177,015)	(41,435)
	P 582,052,206	P 582,209,391

Except for the related deferred tax liability on available-for-sale and fair value through profit or loss investment listed on Philippine Stock Exchange, financial assets which are stated at ½ or 1% stock transaction, all other deferred tax liabilities are stated at 30% income tax rate.

The Group did not recognize any deferred tax assets as at March 31, 2015 and 2014 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.

## 28. Earnings (Loss) Per Share

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

	2015	2014	2013
Earnings (Loss) (A)	P 5,047,764	P 463,651,250	P (8,720,199)
Divided by:			
Weighted Average Shares (B)	4,500,000,000	4,500,000,000*	4,500,000,000*
Earnings (Loss per share) (A/B)	P 0.00112	P 0.10303	P (0.00194)

\*Adjusted for the effect of changes in par value -- see Note 21

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

## 29. Commitments and contingencies

### Operating Lease Commitments

Certain investment properties of the Group 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.

#### *Contingencies*

In 2012, the Parent Company is a party to an intra-corporate dispute involving its certificate of increase in capital and amendment of articles of incorporation filed with at the Company Registration and Monitoring Department of the Securities and Exchange Commission (CRMD-SEC).

On February 24, 2014, both parties (plaintiff and defendants) entered into a compromise agreement under Sec Case. No. MC-11-130 with the RTC Mandaluyong under the following terms, among others:

- The Parent Company or its assignee will acquire the shares of stock held by the plaintiff. Payment of the shares acquired will be satisfied via deferred cash payment and real estate properties.
- Both parties shall file a "Motion for Withdrawal of Complaint" or "Joint Motion to Dismiss" with the CRMD-SEC case.

On February 24, 2014, a Motion to Withdraw Complaint was filed by the complainant under SEC-CRMD 12-305.

On March 7, 2014, the RTC Mandaluyong issued a decision approving the Compromise Agreement of both parties.

On April 3, 2014, the SEC issued an Order granting the Motion to Withdraw Complaint, having been duly executed and officially filed with the Commission, and it appearing that no third parties will be prejudiced thereto.

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### **30. Non cash investing and financing activities**

Non-cash investing and financing activities that were excluded in the preparation of the Statements of Cash Flows are as follows:

- During fiscal year 2014, an appraisal of the Company's investment property resulted to an increase in the carrying value amounting to P676,057,674.
- During the year, the Parent Company subscribed to additional 155,625,000 shares of ATN Philippines Solar Energy Group, Inc. amounting to P155,625,000 of which P55,056,250 was paid during the year through cash and expense sharing.
- Decline in fair value of the Group's investment in available-for-sale resulted in a decrease in the fair value amounting to P4.3 million net of deferred tax.
- As discussed in Note 14, the Company received a total of 13 million shares of TBGI equivalent to P2.1 million in settlement of the investment agreement with the latter.

PRC-BOA Reg. No. 0132, valid until December 31, 2015  
SEC Accreditation No.0220-FR-1, valid until March 25, 2017  
BIR Accreditation No. 07-000125-001-2013, valid until Oct. 3, 2016

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

The Board of Directors and Stockholders  
**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
9<sup>TH</sup> Floor, Summit Tower 1 Bldg.,  
530 Shaw Blvd., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **ATN HOLDINGS, INC. AND SUBSIDIARIES** (the Group) as at March 31, 2015 and 2014 and for each of the three years in the period ended March 31, 2015, included in this Form 17-A, and have issued our report thereon dated July 13, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic 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 financial statements taken as a whole.

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

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

Partner

CPA Certificate No. 0109993

Tax Identification No. 203-917-449

PTR No. 0409887, January 7, 2015, Pasig City

SEC Accreditation No. 1088-AR-1,

Valid until March 25, 2017

BIR Accreditation No. 07-000124-1-2013,

Valid until October 3, 2016

July 13, 2015  
Pasig City

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Index to Supplementary Schedules**  
**Under SEC Rule 68, As Amended (2011)**  
**March 31, 2015**

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**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule I - Tabular Schedule of All Effective Standards and**  
**Interpretations Pursuant to SRC Rule 68, as Amended**  
**March 31, 2015**

<b>PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2014</b>				
<b>Framework for the Preparation and Presentation of Financial Statements</b>				
	Conceptual Framework Phase A: Objectives and qualitative characteristics	x		
	PFRS's Practice Statement Management Commentary	x		
<b>Philippine Financial Reporting Standards</b>				
PFRS 1 (Revised)	First time adoption of Philippine Financial Reporting Standards			x
	Amendments to PFRS 1 and PAS 27: Cost of an investment in a Subsidiary; Jointly Controlled entity or Associate	x		
	Amendments to PFRS 1: Additional exemptions for First Time Adopters			x
	Amendments to PFRS 1: Limited exemptions from Comparative PFRS 7 Disclosures for First Time Adopters			x
	Amendments to PFRS 1: Severe Hyperinflation and removal of Fixed Date for First Time Adopters			x
	Amendments to PFRS 1: Government Loans			x
PFRS 2	Share - Based Payment			x
	Amendments to PFRS 2: Vesting Conditions and Cancellations			x
	Amendments to PFRS 2: Group Cash - settled Share - Based payment Transactions			x
PFRS 3 (Revised)	Business Combinations			x
PFRS 4	Insurance Contracts			x
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
PFRS 5	Non-current assets held for sale and discontinued operations			x
PFRS 6	Exploration for and Evaluation of Mineral Resources			x
PFRS 7	Financial Instruments: Disclosures	x		
	Amendments to PFRS 7: Transition			x
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			x
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			x
	Amendments to PFRS 7: Improving Disclosures about financial instruments	x		
	Amendments to PFRS 7: Disclosures - Transfers of Financial assets	x		
	Amendments to PFRS 7: Disclosures - Offsetting financial assets and financial liabilities	x		
	Amendments to PFRS 7: mandatory effective date of PFRS 9 and transition disclosures		Not early adopted	
PFRS 8	Operating segments	x		
PFRS 9	Financial Instruments		x	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		Not early adopted	
PFRS 10	Consolidated Financial statements	x		
PFRS 11	Joint Arrangements		x	
PFRS 12	Disclosure of Interest in Other Entities	x		
PFRS 13	Fair Value Measurement	x		

<b>PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2014</b>				

<b>Philippine Accounting Standards</b>				
PAS 1 (Revised)	Presentation of Financial Statements	x		
	Amendment to PAS 1: Capital Disclosures	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation		x	
	Amendments to PAS 32 and PAS 1: Presentation of items of Other Comprehensive Income	x		
PAS 2	Inventories	x		
PAS 7	Statement of Cash flows	x		
PAS 8	Accounting Policies, Changes in Accounting estimates and errors	x		
PAS 10	Events after the Balance Sheet Date	x		
PAS 11	Construction Contracts			x
PAS 12	Income Taxes	x		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	x		
PAS 16	Property, Plant and Equipment	x		
PAS 17	Leases	x		
PAS 18	Revenue	x		
PAS 19	Employee benefits			x
	Amendments to PAS 19: Actuarial Gains and Losses; Group plans and disclosures			x
PAS 19 (Amended )	Employee benefits	x		
	Employee benefits: Employee Contributions	x		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			x
PAS 21	The effects of changes in Foreign Exchange rates	x		
	Amendment: Net investment in a Foreign Operation			x
PAS 23 (Revised)	Borrowing Costs	x		
PAS 24 (Revised)	Related Party disclosures	x		
PAS 26	Accounting and Reporting by Retirement benefit plans			x
PAS 27 (Revised)	Separate Financial Statements			x
PAS 28	Investment in Associates			x
PAS 28 (Amended )	Investment in Associates and Joint Ventures	x		
PAS 29	Financial Reporting in Hyperinflationary Economies			x
PAS 31	Interest in Joint Ventures			x
PAS 32	Financial Instruments: Disclosure and Presentation	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendment to PAS 32: Classification of Rights issues			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	x		
PAS 33	Earnings per share	x		
PAS 34	Interim Financial Reporting			x
PAS 36	Impairment of Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		

<b>PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2014</b>				
PAS 39	Financial Instruments: Recognition and Measurement	x		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	x		
	Amendments To PAS as 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			x
	Amendments to PAS 39: The Fair Value Option	x		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			x
	Amendment to PAS 39: Eligible Hedged Items			x
PAS 40	Investment Property	x		
PAS 41	Agriculture			x

<b>Philippine Interpretations</b>			
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IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			x
IFRIC 2	Member's share in Co-operative entities and Similar Instruments			x
IFRIC 4	Determining whether an Arrangement contains a Lease			x
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			x
IFRIC 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Component			x
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting under Hyperinflationary Economies			x
IFRIC 8	Scope of PFRS 2			x
IFRIC 9	Reassessment of Embedded Derivatives			x
	Amendments to Philippine Interpretations IFRIC-9 and PAS 39: Embedded Derivatives			x
IFRIC 10	Interim Financial Reporting and Impairment			x
IFRIC 11	PFRS 2-Group and Treasury share transactions			x
IFRIC 12	Service Concession Arrangements			x
IFRIC 13	Customer Loyalty Programmes			x
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction			x
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			x
IFRIC 16	Hedges of a Net Investment in Foreign Operation			x
IFRIC 17	Distribution of Non Cash Assets to Owners			x
IFRIC 18	Transfers of Assets from Customers			x
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			x
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			x
IFRIC 21	Levies	Not early adopted		
SIC - 7	Introduction of the Euro			x
SIC - 10	Government Assistance - No specific relation to Operating Activities			x
SIC - 12	Consolidation - Special purpose entities			x
	Amendment to SIC - 12: Scope of SIC - 12			x
SIC - 13	Jointly Controlled Entities - Non Monetary Contributions by Venturers			x



<b>PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2014</b>				
SIC - 15	Operating Leases - Incentives			x
SIC - 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets			x
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			x
SIC - 27	Evaluating the Substance of Transactions Involving the Legal form of a Lease			x
SIC - 29	Service Concession Arrangements - Disclosures			x
SIC - 31	Revenue - Barter Transactions Involving Advertising Services			x
SIC - 32	Intangible Assets - Web Site Costs	x		

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule II - Financial Soundness**  
**Pursuant to SRC Rule 68, As Amended**

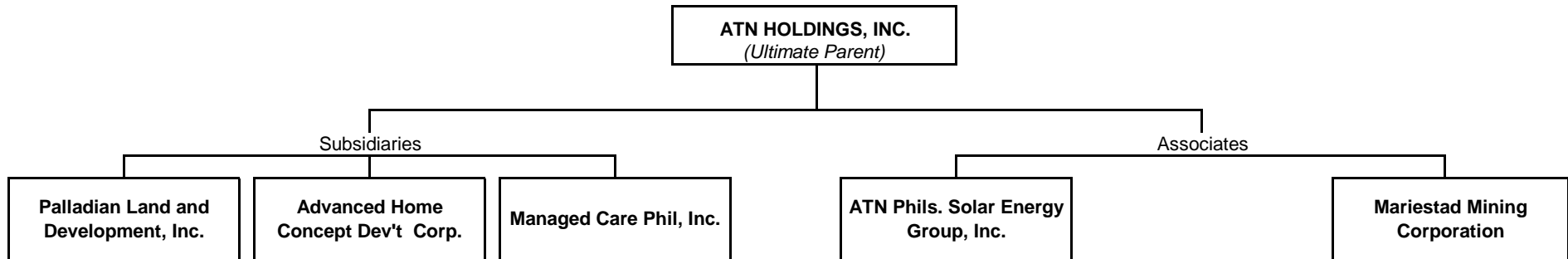
	<b>2015</b>	2014
A. Current/liquidity ratios		
Current ratio	<b>3.844</b>	4.517
Quick ratio	<b>1.738</b>	2.937
Cash ratio	<b>1.451</b>	1.466
B. Solvency ratio/Debt-to-equity ratio		
Solvency ratio	<b>0.052</b>	5.299
C. Asset-to-Equity ratios	<b>1.427</b>	1.368
D. Interest rate coverage ratio	<b>7.872</b>	755.687
E. Profitability ratios		
Net profit margin analysis	<b>18.285%</b>	66.667%
Return on assets	<b>0.198%</b>	21.570%
Return on equity	<b>0.277%</b>	29.193%
Return on capital employed	<b>0.267%</b>	27.760%

**ATN HOLDINGS, INC.**  
**Schedule III - Parent Company Retained Earnings Available for Dividend Declaration**  
**March 31, 2015**

Balance at beginning of year		P	(28,568,802)
Income during the period closed to Retained Earnings			6,348,196
Less:			
Non-actual/unrealized income net of tax	-		
Equity in net income of associate/joint venture	-		
Unrealized foreign exchange gain - net (except those attributable to Cash and Cash Equivalents)	-		
Unrealized actuarial gain	-		
Fair value adjustment on financial assets at FVTPL	-		
Fair Value adjustment of Investment Property	-		
Adjustment due to deviation from PFRS/GAAP-gain	-		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	-		-
			-
Sub-total:			(22,220,606)
Add:			
Non-actual losses			
Depreciation on revaluation increment (after tax)	-		
Adjustment due to deviation from PFRS/GAAP - loss	-		
Loss on fair value adjustment of investment property (after tax)	-		-
			-
Net income actually earned during the period			(22,220,606)
Add (Less): Dividend declarations during the period	-		
Appropriations of Retained Earnings during the period	-		
Reversals of appropriations	-		
Effects of prior period adjustments	-		
Treasury shares	-		-
			-
Balance at end of year		P	(22,220,606)

**ATN HOLDINGS, INC. AND SUBSIDIARIES**

Schedule IV - A map showing the relationship between and among the Company and its Ultimate Parent Company, Subsidiaries and Associates Pursuant to Rule 68, as Amended March 31, 2015



**ATN HOLDINGS, INC. AND SUBSIDIARIES**

**Schedule A - Non-Current Marketable Equity Securities, Other Long Term Investment in Stocks and Other Investments**

**March 31, 2015**

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 7,000,000 P	-	-
ATN Philippines Solar Energy Group, Inc.	-	177,679,815	(3,457,235)	-
Less: Allowance for impairment loss	-	(7,000,000)	-	-
	-	P 177,679,815 P	(3,457,235)	-
<b>AVAILABLE FOR SALE INVESTMENTS</b>				
Transpacific Broadband Group International, Inc.	24,370,459	42,946,758	-	-
Ambulatory Health Care Institute, Inc.	102,042	8,613,500	-	-
<b>Total</b>	24,472,501	P 51,560,258	-	-

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule B - Amount Receivable from Directors, Officers, Employees, Related parties and Principal Stockholders (Other than Related Parties)**  
**March 31, 2015**

Name and Designation of Debtor	Balance at beginning of period	Additions	Amounts collected	Allowance for impairment	Current	Non Current	Balance at end of period
Sierra Madre Consolidated Mines	P 5,878,000	P -	P -	P 5,878,000	P -	P -	P -
Unipage Management, Inc.	68,232,802	39,689,850.00	62,600,000	-	-	45,322,652	45,322,652
Shareholder	-	1,100,000.00	-	-	-	1,100,000	1,100,000
	P 74,110,802	P 40,789,850	P 62,600,000	P 5,878,000	P -	P 46,422,652	P 46,422,652

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule C - Amounts Receivable from Related Parties**  
**which are Eliminated during the Consolidation of Financial Statements**  
**March 31, 2015**

Related Party		Balance at beginning of period	Net transactions	Balance at end of period
Palladian Land Development, Inc.	P	27,994,662	(36,276,253)	(8,281,591)
Advanced Home Concept Development Corporation		10,768,677	-	10,768,677
Managed Care Philippines, Inc.		28,022,328	(1,600,000)	26,422,328
<b>Total</b>	P	<b>66,785,667</b>	<b>(37,876,253) P</b>	<b>28,909,414</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule D - Intangible Assets (Other assets)**  
**March 31, 2015**

Portal and enterprise system		Balance at beginning of period		Additions/ Revisions		Disposal		Balance at end of period
Cost	P	15,000,000		-		-	P	15,000,000
Accumulated amortization		5,750,000	P	850,000		-		6,600,000
<b>Net Book Value</b>	P	<b>9,250,000</b>	P	<b>850,000</b>			P	<b>8,400,000</b>



**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule E - Long-Term Debt**  
**March 31, 2015**

Creditor	Original Currency	Balance at beginning of period (in peso)	Payment (in peso)	Addition (in peso)	Unrealized foreign exchange gain	Balance at end of period (in peso)
China Banking Corporation	\$ 70,000	P 3,108,980	-	-	P (14,210)	P 3,123,190
Rizal Commercial Banking Corporation	¥ 57,565,075	P 25,432,250	-	-	4,098,633	P 21,333,617
<b>Total</b>		P 28,541,230	-	-	P 4,084,423	P 24,456,807

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule F - Indebtedness to Related Parties (Long-term loans from related parties)**  
**March 31, 2015**

Related Party	Balance at beginning of period	Payment	Addition	Balance at end of period
Transpacific Broadband Group International, Inc.	₱ 5,835,538	₱ 1,235,428	-	₱ 4,600,110
Stockholder	29,557,194	19,000,000	14,824,619	25,381,813
<b>Total</b>	<b>₱ 35,392,732</b>	<b>₱ 20,235,428</b>	<b>₱ 14,824,619</b>	<b>₱ 29,981,923</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule G - Guarantees of Securities of Other Issuers**  
**March 31, 2015**

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
None		₱ -	₱ -	

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule H - Share Capital**  
**March 31, 2015**

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 - P0.10 par value						
Class A	7,200,000,000	3,700,000,000	-	-	2,792,372,080	907,627,920
Class B	4,800,000,000	800,000,000	-	-	1,536,020	798,463,980
	<u>12,000,000,000</u>	<u>4,500,000,000</u>			<u>2,793,908,100</u>	<u>1,706,091,900</u>