

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 (Definitive Information Statement)**

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(Form Type)

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Amendment Designation (if applicable)

**Annual Stockholders Meeting**  
**November 14, 2019**

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(Period Ended Date)

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(Secondary License Type and File Number)

# ATN HOLDINGS, INC.

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

## NOTICE OF ANNUAL STOCKHOLDERS' MEETING

SECURITIES AND EXCHANGE  
COMMISSION

RECEIVED  
OCT 14 2019

MARKET REGULATION DEPT.  
BY: *[Signature]* TIME: *8:27*

**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 14, 2019** 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, 2019 Audited Financial Statements
6. Election of Directors
7. Appointment of Independent Auditors
8. 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 16, 2019.**

The enclosed Information Statement is being distributed to stockholders of record as of October 16, 2019, in compliance with the requirements of Section 17.1-(b) of the Securities Regulation Code.

Registration starts at **11: 00 AM**. Please bring any form of identification to facilitate registration.

**Mandaluyong City, October 11, 2019.**

*[Signature]*  
**PAUL B. SARIA**  
Asst. Corporate Secretary

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

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

SECURITIES AND EXCHANGE  
COMMISSION  
**RECEIVED**  
OCT 14 2019  
MARKET REGULATION DEPT.  
TIME: 8:32

1. Check the appropriate box:

\_\_\_\_\_ Preliminary Information Statement  
 X  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 : **November 14, 2019, Thursday**  
Time : **1:00 PM**  
Place : **Multi Media Center  
GF Summit One Tower Annex Bldg.  
Mandaluyong City**

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

**October 23, 2019**

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

<u>Title of Each Class</u>	<u>Subscribed and Outstanding (No. of Shares)</u>	<u>Pesos</u>
Common "A"	3,700,000,000	P370,000,000.00
Common "B"	800,000,000	80,000,000.00
	<u>4,500,000,000</u>	<u>P450,000,000.00</u>

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

**YES**  X  **NO** \_\_\_\_\_

4,500,000,000 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 14, 2019, Thursday**  
**Time** : **1:00 PM**  
**Place** : **Multi Media Center**  
**GF Summit One Tower Annex Bldg.**  
**Mandaluyong City**  
**Principal office:** **9<sup>th</sup> Floor Summit One Tower**  
**530 Shaw Boulevard, Mandaluyong City**

Approximate date on which the Information Sheet is first to be sent or given to security holders  
**October 23, 2019.**

**Item 2. Dissenters' Right of Appraisal**

*Sections 80, Title X: Appraisal Right of the Revised Corporation Code of the Philippines,* provide for a shareholder's exercise of the right of appraisal (defined as the right of any stockholder to dissent and demand payment of the fair value of his shares). The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;
2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;
3. In case of merger or consolidation; and
4. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose.

There are no new items in the agenda that may give rise to a dissenting shareholder's exercise of the right of appraisal

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

Section 81 of the Corporation Code provides for the appropriate procedure for the exercise of the right of appraisal, *viz:*

The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken: Provided, that the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the Corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

**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	<u>800,000,000</u>
Total Outstanding voting shares as of October 4, 2018	<u>4,500,000,000</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 16, 2019** 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 September 30, 2019:

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 9 <sup>th</sup> Floor Summit One Tower 530 Shaw Boulevard, Mandaluyong City Chairman, President and CEO	None	Filipino	2,763,541,260"r"	61.41%
A	2. PCD Nominee Corp. (Fil) 37 <sup>th</sup> Floor Tower 1, The Enterprise Center, 6766 Ayala Avenue, Makati City	Various	Filipino	880,084,430"r"	19.56%
B		Various	Filipino	611,625,229"r"	13.59%
B		Various	Non-Fil	182,429,501"r"	4.05%

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 September 30, 2019:**

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	61.41%
A	Hilario T. Ng	3,501,000"d"	Filipino	00.08%
A&B	Bonifacio Choa	2,000,000"d"	Filipino	00.04%
B	Cheah Chee Choong	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%
A	Sophie Miles Ng	2,972,774"d"	Filipino	00.07%
B	Manuel Moje	10,000"d"	Filipino	00.00%
B	Arturo Magtibay	10,000"d"	Filipino	00.00%
A	Renato E. Taguiam	10,000"d"	Filipino	00.00%
A	Paul Saria	3,010,000"d"	Filipino	00.07%
	<b>All directors and executive officers as a group</b>	<b>P2,776,057,034</b>		<b>61.69%</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:**

**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 60, 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).

**HYLAND SI - Independent Director**

Age 61, 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 59, 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. Currently, he is an ASEAN Licensed architect.

**CHEAH CHEE CHOONG - Independent Director**

Age 67, Malaysian

Period Served - 1995 to present

Term of office as director - one year

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

**BONIFACIO CHOA - Independent Director**

Age 76, Filipino Citizen

Period Served - 1995 to present

Term of office as director - one year

Mr. Bonifacio Choa is the President of Bon Mar Realty, from 1977 to present, the President of Future Logic from 1996 to present and President of Digital Isys Corporation from 1998 to present.

**SANTOS L. CEJOCO – Director**

Age 66, 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, Mr. Cejoco 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 84, 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.

**SOPHIE MILES NG**

Age 30, Filipino Citizen

Period Served – Sept. 3, 2018 to Present

Term of office as director – one year

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

**TWINIE KAYE NG**

Age 30, Filipino Citizen

Period Served – Nov. 8, 2018 to Present

Term of office as director – one year

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

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

Age 73, Filipino Citizen

Period Served – 2016

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 B. SARIA – Assistant Corporate Secretary**

Age 48, Filipino Citizen

Period Served - 2002 to present

Term of office as director – one year

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, 2019**, and shall continue to serve until their successors have been duly elected at the Company's next annual stockholders' meeting.



## **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)	Cheah Chee Choong (Malaysian)
Hilario T. Ng (Filipino)	Manuel Moje (Filipino)	Hyland Si (Filipino)
Santos L. Cejoco (Filipino)	Sophie Miles Ng (Filipino)	Twinie Kaye Ng (Filipino)
Paul B. Saria (Filipino)	Bonifacio Choa (Filipino)	

These nominees were formally nominated to the Nomination Committee by a shareholder of the Company, Hyland Si, Bonifacio Choa and Cheah Chee Choong are the nominees for independent directors. The nominated independent directors 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. Both 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. Sophie Miles Ng and Twinie Kaye Ng are siblings and daughters of Arsenio T. Ng. Except for the above-mentioned directors there are no family relationships among the officers listed.

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

The Company is not aware that anyone of the incumbent directors and executive officers and persons nominated to become a director and executive officer have been the subject of bankruptcy petition or pending criminal proceedings in court or have been by judgment or decree found to have violated securities or commodities law enjoined from engaging in any business, securities, commodities or banking activities. This disclosure on legal proceedings covers the last five years up to the latest date of this Information Statement.

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

## Item 6. Compensation of Directors and Executive Officers

The CEO, to signify his solidarity with the Company's stakeholders waived his rights to the compensation due a CEO, as set by the Board of Directors for the fiscal year, thereby taking on the same risks and rewards as the common shareholders.

Aggregate compensation in the last two (2) fiscal years paid to the officers of the Company as a group, are as follows:

NAME	YEAR	SALARY	BONUS	OTHERS	TOTAL
Total compensation of the 4 other officers and management team	2019 est.	P 1.90 Million	0	0	P 1.90 Million
	2018	P 1.90 Million	0	0	P 1.90 Million
	2017	P 1.80 Million	0	0	P 1.80 Million

### 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

The audited financial position of the Company for FY March 31, 2019 was audited by R. R. TAN & ASSOCIATES, CPAs.

The same accounting firm is being recommended for re-election at the scheduled annual meeting for the almost the same remuneration as in the previous year. 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.

R. R. TAN & ASSOCIATES, CPAs has acted as the Company's external auditor since 2009 and has complied with the five-year rotation requirement under SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors). Mr. Chester Nimitz F. Salvador is the current audit partner for R. R. TAN & ASSOCIATES, CPAs. He replaced Mr. Domingo A. Daza Jr., who serves as audit partner from 2013 to 2016.

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

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

### **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 taken 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**

There was no acquisition of new properties by the Corporation. The Corporation continues its lease rental operation with minimal disposition of property.

No other 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, 2018 audited FS
  - d. Election of Directors
  - e. Appointment of Independent Auditors
2. Annual Report of the President
3. Fiscal Year Ending March 31, 2019 Audited Financial Statements

The president reported the highlights of the audited fiscal year March 31, 2019 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, 2019 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, By-laws, 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).
3. On 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.
4. On October 1, 2012, the Board of Directors of the Corporation resolved 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.
5. On March 27, 2015, the Securities and Exchange Commission approved the change in par value of the Corporation from P1.00 per share to P0.10 for Class "A" and Class "B" share.
6. On June 30, 2016, the Securities and Exchange Commission approved the Amended Articles of Incorporation of ATN Holdings, Inc. for the conversion of the unissued common shares to Five billion (5,000,000,000) preferred shares.
7. On November 21, 2016, the Securities and Exchange Commission approved the extension of corporate life of the Corporation to another fifty years from the expiration of the original term of fifty (50) yrs. The Corporation was incorporated on February 13, 1969.

#### **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 viva 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 October 11, 2019.**

**Issuer :                    ATN HOLDINGS, INC.  
Date :                      October 11, 2019**

  
**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.

On June 30, 2016, the Securities and Exchange Commission approved the Amended Articles of Incorporation of ATN Holdings, Inc. for the conversion of the unissued common shares to Five billion (5,000,000,000) preferred shares

<b>Title of issue</b>	<b>Authorized Capital</b>	<b>Subscribed</b>	<b>Paid Up</b>
<b>Common</b>			
Class "A"	4,200,000,000	3,700,000,000	370,000,000
Class "B"	2,800,000,000	800,000,000	80,000,000
<b>Preferred</b>	5,000,000,000	-	-
<b>Total</b>	12,000,000,000	4,500,000,000	450,000,000

On November 21, 2016, the Securities and Exchange Commission approved the extension of corporate life of the Corporation to another fifty years from the expiration of the original term of fifty (50) yrs. The Corporation was incorporated on February 13, 1969.

**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 lease, through either direct sales from walk-in clients, or referrals from independent brokers.

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

**Palladian Land Development Inc.** (PLDI) is the developer and major owner of (a) the 48-storey Summit One Tower and an adjacent 6 storey parking building, located at 530 Shaw Boulevard, Mandaluyong City, (b) the subdivided residential land in Pasig City,(c) 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, and (d) the 256-hectare property located in Rodriguez, Rizal. PLDI's main sources of revenues include sale and rent of condominium units and residential land. Palladian envisions in the future that the abovementioned properties are to be fully considered as a private Economic Zone.

**Advanced Home Concept Development Corp.** (AHCDC) is a corporation engaged in developing residential properties. AHCDC is a developer of various properties around SM East Ortigas in Pasig City.

**Managed Care Phil. Inc.** (MCPI) is a corporation engaged in the healthcare industry with investments in outpatient clinics. The company established an ambulatory surgical center at the ground floor of the Annex Building of Summit One under the umbrella of its subsidiary MCPI.

**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 256-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.

In 2017, ATN Solar embarked on the development of its solar project site in Rodriguez, Rizal. Site development entails the extraction of rock deposits to flatten the terrain and minimize shadowing, which reduces the production of energy of solar PV panels. With DENR ECC-OL-R4A-2017-0414, ATN Solar acquired a 500-ton per hour rock crusher plant for better disposal management and to make the extracted rocks saleable in the public interest, and serve the rock aggregate requirements of President Duterte's major infrastructure projects, as well as the land reclamation projects being undertaken by private entities in Manila Bay.

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.

On patents, trademarks, licenses, franchise, and concessions, the service contract awarded by the Department of Energy to ATN Solar carries a "royalty" of 1% of gross revenue payable to the LGU and national government, as provided for by RA 9513. The same service contract requires government approval, which was granted in the contract itself, allowing ATN Solar to deliver electric power to the grid from ATN Solar 30 MW solar power plant.

In compliance with environmental laws, ATN Solar will plant trees to the extent of 10 new trees per 380 old trees that have to be cut to make the project site ready for installation of solar panels. ATN Holdings as proponent has budgeted P50 per new tree planted to be part of ATN Solar project cost.

ATN Solar will employ 10 workers for the daily operation of the solar power plant in the next ensuing month. These employees are not subject to any collective bargaining agreements. This number of employees is the only foreseen increase in manpower of the ATN Group.

ATN Solar will negotiate the Power Supply Agreement with Meralco when the rates become favorable for financially sustainable operation of the solar plant.

In 2017, ATN Solar embarked on a rock crushing plant project, funded mainly by (a) its major equity stockholders TBGI and ATNH and (b) UCPB term loan of P100 million.

ATN Philippines Solar Energy Group Inc. is undergoing Land Development works, and installed in 2018 an Integrated Rock Processing plant to utilize such existing rock resources for its project to serve the needs of President Duterte's Build Build, Build Program. It is currently employing at least 100 workers, 80% of which is local hire. Under such development it has secured several national and local permits and licenses including but not limited to Environmental Compliance Certificate, Permit to Install and Permit to Operate rock processing plant, Building permits, Occupancy Permits for its rock processing equipment. The rock processing plant is operational, as of September 2018. Electrical infrastructure to Meralco distribution networks has been completed and energized. Local communities can now enjoy electricity supply from Meralco at no cost to them. ATN has a power supply agreement with Meralco for the operation of rock processing plant.

### **Mariestad Mining Corporation**

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

## **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 presently sells real estate property in Summit One Tower and other minor land properties in compliance with real estate laws. Upon start of commercial operation of the ATN Solar rock crushing plant in early 2018, the ATN group shall be selling construction products in the form of rock aggregates, armor rock for reclamation projects, pre-mix concrete, and pre-fabricated concrete products in the future. Management observes that there is no probable governmental law that may have significant effect in company operations since permitting of all aspects of operation of the ATN group have been completed and approved by duly constituted government entities.

## **Major Risks Involved and other disclosures**

1. Local/foreign acquisitions, mergers & consolidations, disposals, joint ventures, other forms of business co-operation, new line of business.  
Except for ATN Solar project, ATN Holdings has no local/foreign acquisitions, mergers & consolidations, new business and other forms of business cooperation.
2. Material change in ATN's financial or trading position.  
There is no material change in ATN financial position since the last audited FS other than that already made public. A material change is anticipated in the next 12 months in financial structure with issuance of preferred shares envisaged to be completed in 2015.
3. Material contracts entered into, or are being negotiated.  
ATN Holdings has not entered into a material contract since 31 December 2014.  
As of August 2015, ATN Solar signed supply contracts for solar PV panels, Schneider transformers, switch gear and RMU for 30 MW solar plant capacities.
4. Material change in the operations, operating environment, business plans.  
Except for the solar power generation project, there is no other change in operations, operating environment, and business plans.
5. Operating divisions/particular business segments possess with the largest areas of concern.  
Challenging competition has always been around for all business segments of ATN Holdings. On the property segment, the financial structure with low debt ratio allows the company to hold on to real estate assets for higher value expectation in the long term.
6. Major risks to ATN's future operating performance and asset position.  
Change in regulatory policy on FIT, with respect to ATN Solar business, is the major risk facing ATN's operating performance and rate of return on investment in solar power generation. No effect in asset position of ATN Holdings, since project site is already owned by ATN Holdings, Inc subsidiary Palladian Land Development, Inc.
7. Plan for corporate restructuring (dissolution of the existing subsidiaries, affiliates, associates or joint ventures)  
There is no plan for corporate restructuring, except the increase of ATN Holdings ownership of ATN Solar.
8. ATN long-term vision, key success factors to achieve this vision.  
The ATN investment program covers three strategic business sectors including (a) renewable energy, (b) raw materials for infra and construction for Build, Build, Build, and (c) real estate development that involves PEZA development and land equity. While ATN initiated the solar project ahead of the other sectors, it has become necessary to remove the excess rock materials first to make the 256 hectares site ready for development of the solar farm, and the PEZA land equity. The long term vision is to flatten the terrain of the property to make the area valuable at its maximum for PEZA and solar energy development. Key success factors stem from the (a) existence of rock materials that can be used for construction activities inside the PEZA area, as



well as the infrastructure projects of the government in Metro Manila., and (b) the proximity of the project site to Metro Manila where there is maximum economic activity.

9. ATN market position, vis-à-vis domestic competitors.

On the real estate business sector, ATN Holdings market share is relatively small compared to large real estate competitors. However, in absolute terms, ATN land in Rodriguez Rizal, which is the site of the solar project, can reach Php 75 Billion if the comparative present price of Php 30,000 per square meter of Ayala land in the same area is used in asset valuation. The Php 30,000 price per square meter of ATN land is not a remote possibility within the 25 years life of the solar project (when land becomes available for other uses), given that Ayala Land, SM Malls, San Miguel group and its competitors are flocking to the future site of large business process outsourcing activity and construction of support facilities in Rodriguez Rizal.

On the raw materials business sector the proximity of primary target market comprising infrastructure projects makes ATN competitive, while the renewable energy sector will have a captive market in PEZA locators.

10. The Group has no patent, trademark, license/concession and royalty contracts.

11. The Group does not need for a government approval for real estate for sale.

12. The Group has 25 employees. There is no union in the corporation and all of its subsidiaries. As such, CBAs are not applicable.

### **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 real estate development and energy generation in Montalban, Rizal.

Certain condominium units in Summit One Tower in Mandaluyong City are subject to contract to sell executed with third party. Payments received were lodged under "Deposit" in the Statement of Financial Position.

Pursuant to the 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.

The company does not intend to acquire or purchase any real estate or major equipment in the next twelve months.

### **Legal Proceedings**

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

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

There was no meeting held since the end of fiscal year March 31, 2019.

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

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

In 2018, the Group sold 5 million shares of stock of ATN Solar to UMI for P15 million. A gain of P10 million was realized on the transaction and is reported in the Statement of Income in the same year. The transaction price, which management believes is at arms-length. Settlement was made via off-setting of inert-company valances.

The Group and UMI are parties to a *Hedging Agreement* covering the former's foreign currency loans. The net effect of the foreign exchange differences in translating to Peso and hedging fee were accounted for as related party transaction.

During 2018, the Company's cash requirements are provided by UMI totaling to P13.84 million. These advances are not subject to interest and were fully paid in 2019.

#### *Sierra Madre Consolidated Mines (SMCM)*

In prior years, the Group made advances to SMDC to fund its mining activities. Such advances will be converted into equity interest in SMCM when mining operations commence. Due to unforeseen circumstances, SMCM encountered financial difficulties and were unable to operate and generate revenues and cash flows. Accordingly, the Group provided a full impairment loss on its advances to SMCM in 2014 amounting to P11.7 million.

#### *Transpacific Broadband Group Int'l. Inc. (TBGI)*

The Group and TBGI are parties to a Teaming Agreement executed in January 2013. Pursuant thereto, sharing of cost and expenses incurred within Summit One Condominium Tower related to technical operations is to be advanced by either of the parties and to be reimbursed from the other parties proportionately or by actual usage as the case maybe.

For the years ended March 31, 2019, 2018, and 2017, the Group charged TBGI its proportionate share of communication, dues and utilities expenses amounting to P238,072, P1,116,709 and P968,110 respectively.

#### *ATN Solar*

For the years ended March 2019, 2018 and 2017 the Group charged ATN Solar its proportionate share of expenses amounting to P238,072, P667,234 and 531,259 respectively.

#### *Stockholders*

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

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 renewable energy generation, ATN Holdings secured Php 1.1 Billion credit facility from UCPB (in lieu of Unicap), but solar project implementation was superseded by the Php 1.0 Billion Integrated Rock Processing Project to serve the urgent need for rocks of the Build, Build, Build Program of President Duterte.

ATN Solar expects annual revenues to reach P1 Billion in Year 2 from Rock Processing Operation. Palladian Land expects to earn P70 million annually from tenement fees to be paid by ATN Solar

There is no other change in the plan of operations for the next 12 months.

#### **FY 2019**

##### **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, 2018 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	
	FY 2019	FY 2018	2018	2017	2018	2017	2018	2017
Current Ratio	0.84	0.65	0.54	0.56	0.01	0.01	35.53	4.97
Debt to Equity Ratio	0.65	0.47	0.43	0.46	3.1	-2.84	-114.67	3.49
Asset to Equity Ratio	1.65	1.47	1.43	1.46	4.1	-1.84	-113.67	4.49
Interest Rate Coverage Ratio	-8.06	333.59	258.64	-1.55	-	-	-	-
Gross Profit Margin	55%	53%	195%	89.60%	-	-	-	-1.07%
Net Income to Sales Ratio	-69%	66%	66.70%	-11.00%	-	-	-	-236.10%
Net Income (loss)	(11,740,626)	308,276,593	286,009,579	(830,743)	11,337,944	(84,276)	(4,174,764)	(4,748,681)

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 & the ability of the company to declare dividends for stockholders.

Total assets increased from P3.125 billion to P3.488 billion as of FY March 31, 2019. The significant movements in assets were as follows:

- (1) Increase in cash from P12.620 million to P17,211 million.
- (2) Full payment of trade receivables of P305 thousand.
- (3) Increase in other current assets from P3.997 million to P5.593 million.
- (4) Decrease in non-current assets held for sale from P42,100 million to P18,477 million.
- (5) Increase in investment in associates from P323 million to P678 million.
- (6) Increase in investment properties from P2.681 billion to 2.725 billion,
- (7) Decrease in property and equipment from P19.171 million to P16.184 million.
- (8) Decrease in intangible assets from P6.850 million to P4 million.
- (9) Full payment of advances to related parties of P14.748 million.

Current liabilities of the company decreased from P90.640 million to P49.280 million as of FY March 2019. The net decrease is due to the following:

- (1) Increase in accounts payable and accrued expenses from P4.085 million to P4.477 million.
- (2) Decrease in bank loans - current from P43.102 million to P22.857 million due to reclassification from current to non-current liability.
- (3) Decrease in liability portion of non-current assets held for sale from P43.452 million to P21.945 million.

Non-current liabilities increased from P903.979 million to P1.319 billion as of FY March 31, 2019. The net increase is due to the following:

- (1) Increase in deposits from P5.129 million to P21.152 million.
- (2) Increase in subscription payable from P80.195 million to P86.981 million.
- (3) Increase in due to related parties from P103 million to P493 million.
- (4) Increase in pension liability from P573 thousand to P655 thousand.

The company's equity almost remain the same from P2.131 billion in FY March 31, 2018 to P2.119 billion in FY March 31, 2019.

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.

## **FY 2018**

### 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, 2018 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.

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 & the ability of the company to declare dividends for stockholders.

Total assets increased from P2.705 billion to P3.126 billion as of FY March 31, 2018. The significant movements in assets were as follows:

- (1) Decrease in trade receivables from P989 thousand to P305 thousand.
- (2) Real estate inventory of P4.485 million was moved to investment property.
- (3) Increase in other current assets from P2.618 million to P3.997 million.
- (4) Increase in available-for-sale securities from P22.201 million to P22.986 million.
- (5) Decrease in investment in associates from P329.920 million to P323.180 million.
- (6) Increase in investment property from P2.231 billion to 2.681 billion,
- (7) Decrease in property and equipment from P22.366 million to P19.171 million.
- (8) Decrease in intangible assets from P6.700 million to P5.850 million.
- (9) Decrease in due from related parties from P30.212 million to P14.748 million.

Current liability of the company increased from P49.594 million to P90.640 million as of FY March 2018. The net increase is due to the following:

- (1) Decrease in accounts payable and accrued expenses from P4.641 million to P4.085 million.
- (2) Increase in bank loans - current from P3.900 million to P43.102 million due to availment of loans and reclassification from current to non-current liability.

Non-current liabilities increased from P833.792 million to P903.976 million as of FY March 31, 2018. The net increase is due to the following:

- (1) Decrease in deposits from P5.628 million to P5.129 million.
- (2) Decrease in subscription payable from P156.943 million to P80.195 million.
- (3) Increase in due to related parties from P67.422 million to P103.376 million.
- (4) Decrease in pension liability from P703 thousand to P574 thousand.
- (5) Increase in deferred tax liabilities from P580.891 million to P714.704 million.

The company's equity increased from P1.822 billion in FY March 31, 2017 to P2.131 billion in FY March 31, 2018 due to:

- (1) Decrease in unrealized gain on available-for-sale financial assets from P2.204 million to P1.424 million.
- (2) Retained earnings increased from P1.352 billion to P1.660 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.

## FY 2017

### Financial and Operating Highlights

The following table shows the top six (6) key performance and financial soundness indicators of the company during the fiscal years ending March 31, 2017 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	
	FY2017	FY2016	CY2016	CY2015	CY2016	CY2015	CY2016	CY2015
Current Ratio	1.262	.485	13.03	55.43	-	-	5.92	9.16
Debt to Equity Ratio	0.030	0.120	0.45	0.43	-2.87	-2.92	1.71	1.87
Asset to Equity Ratio	1.485	1.400	1.45	1.43	(1.83)	(1.92)	2.71	2.87
Interest Rate Coverage Ratio	3.983	16.425	0.72	1.49	-	-	-	-
Gross Profit Margin	45%	56%	87.7%	88.9%	N/A	N/A	7%	28%
Net Income to Sales Ratio	44.97%	31.6%	-5.7%	2.7%	N/A	N/A	-10.1%	22%
Net Income (Loss) in Pesos	P3,103,612	P9,459,075	-P450,276	P222,221	-P114,243	-P86,002	-P782,585	P2,039,891

The following are the six (6) key performance and financial soundness indicators of the company:

Current Ratio	Calculated ratio of current assets into current liabilities. Indicates the ability of the company to finance current operations without need for long term capital.
Debt-to Equity Ratio	Calculated ratio of total debt into total equity. Indicates the level of indebtedness of the company in relation to buffer funds provided by equity against any operating losses. Also indicates the capacity of the company to absorb or take in more debt.
Asset-to-Equity Ratio	Calculated ratio of total asset into total equity. Indicates the long-term or future solvency position or general financial strength of the company.

Interest Rate Coverage Ratio	Calculated ratio of earnings before interest and taxes into interest expenses. Indicates the ability to meet its interest payments.
Gross Profit margin	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 & the ability of the company to declare dividends for stockholders.

Total assets increased from P2.561 billion to P2.705 billion as of FY March 31, 2017. The significant movements in assets were as follows:

- (1) Increase of P6.60 million in cash from P5.91 million to P12.51 million.
- (2) Decrease in trade receivable from P1.83 million to P0.89 million.
- (3) Increase in other current assets from P1.67 million to P2.62 million.
- (4) Increase in non-current asset held for sale from zero to P42.10 million
- (5) Decrease in available-for-sale securities from P42.04 million to P22.20 million.
- (6) Increase in investment in associates from P169.80 million to P329.92 million.
- (7) Decrease in property and equipment from P25.76 million to P22.37 million.
- (8) Decrease in intangible assets from P7.550 million to P6.700 million.
- (9) Increase in advances to related party from P27.54 million to P30.21 million.

Current liability of the company increased from P28.65 million to P49.59 million as of FY March 2017. The net increase is due to the following:

- (1) Increase in accounts payable and accrued expenses from P3.39 million to P4.64 million.
- (2) Increase in bank loans from P25.26 million to P44.95 million due to reclassification to current portion of maturing LTD.

Non-current liabilities increased from P703.47 million to P833.79 million as of FY March 31, 2017. The net increase is due to the following:

- (1) Increase in bank loans from zero to P22.20 million.
- (2) Decrease in deposits from P43.89 million to P5.63 million due to reclassification to liability portion of non-current assets held for sale.
- (3) Increase in subscription payable from P36.54 to P156.94 million.
- (4) Increase in advances from related parties from P41.41 million to P67.42 million.

The company's equity remain the same from P1.829 billion in FY March 31, 2016 to P1.822 billion in FY March 31, 2017 due to:

- (1) Decrease in unrealized gain on available-for-sale financial assets from P8.35 million to (P2.20) million.
- (2) Retained earnings increased from P1.349billion to P1.352 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.

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.

## 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 & ASSOCIATES, CPAs, and the company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

R. R. TAN & ASSOCIATES, CPAs has acted as the Company's external auditor since 2009 and has complied with the five-year rotation requirement under SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors). Mr. Chester Nimitz F. Salvador the current audit partner for by R. R. TAN & ASSOCIATES, CPAs audited the FY March 31, 2019, 2018 and 2017 while Mr. Domingo A. Daza Jr., has served as such since 2013.

## Information on Independent Accountant and Related Matter

### (1) External Audit Fees and Services

R. R. TAN & ASSOCIATES, CPAs, the external auditor of the company, audited the fiscal years March 31, 2019, 2018 and 2017 financial statements with the contract amount of P373,400 for 2019 and P351,000 for 2018 and 2017 inclusive of VAT and out of pocket expenses.

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

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

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

## 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, 2017 to Mar. 31, 2018		Apr 1, 2018 to Mar. 31, 2019	
	High	Low	High	Low
Qtr. 1	.35	.32	.62	.61
Qtr. 2	.37	.30	1.21	1.06
Qtr. 3	.47	.35	1.38	1.33
Qtr. 4	.72	.54	1.49	1.44

Class B	Apr 1, 2017 to Mar. 31, 2018		Apr 1, 2018 to Mar. 31, 2019	
	High	Low	High	Low
Qtr. 1	.56	.34	.66	.63
Qtr. 2	.36	.30	1.30	1.20
Qtr. 3	.49	.36	1.39	1.37
Qtr. 4	.75	.46	1.47	1.45

The High and Low sales prices for quarters ending June 30, 2019 and September 30, 2019:

Class A			Class B	
	High	Low	High	Low
Qtr. 1	1.41	1.34	1.46	1.37
Qtr. 2	1.19	1.16	1.20	1.15

## Holders

As of September 30, 2019, the company had 219 holders of Class "A" shares and 32 for class "B" shares. The high and low market price as of October 8, 2019 for Class A is P1.14 and P1.11 respectively. Class B is P1.15 and P1.14 respectively.

## The top 20 stockholders as of September 30, 2019 are as follows:

Class "A" Stockholders	No of Shares Held	% of Total Shares Outstanding	Class "A" Stockholders	No of Shares Held	% of Total Shares Outstanding
2 NG, ARSENIO T.	2,763,541,260.00	61.41%	PCD NOMINEE CORP	241,437,501.00	5.37%
3 NG, SUSANA	20,000,000.00	0.44%	CHOA, BONIFACIO N.	1,000,000.00	0.02%
4 NG, HILARIO T.	3,501,000.00	0.08%	YU TING GUAN	500,000.00	0.01%
5 UNWELL SECURITIES, INC.	2,200,000.00	0.05%	CRISOSTOMO, JOSE MAF	100,000.00	0.00%
6 NG, ARDI BRADLEY	2,000,000.00	0.04%	ANSALDO, GODINEZ & CI	43,950.00	0.00%
7 NG, MARK TIMOTHY	1,750,000.00	0.04%	ANG, MANUEL	40,000.00	0.00%
8 NG, MATTHEW HILARY	1,750,000.00	0.04%	ATC SECURITIES, INC.	38,000.00	0.00%
9 DAVID GO SECURITIES CORP.	1,510,000.00	0.03%	7K CORPORATION	35,020.00	0.00%
10 NG, TIFFANY ANNE	1,500,000.00	0.03%	CUALOPING SECURITIES I	30,000.00	0.00%
11 TY, ANITA	1,500,000.00	0.03%	MAJOR LORD DESMOND	22,500.00	0.00%
12 TRENDLINE SECURITIES, INC.	1,040,000.00	0.02%	BPI SECURITIES CORPOR	20,000.00	0.00%
13 MERCANTILE SECURITIES COR	1,020,000.00	0.02%	MINA, MARIO	20,000.00	0.00%
14 KHO, DAVID L.	1,000,000.00	0.02%	I.B. GIMENEZ SECURITIES,	13,000.00	0.00%
15 CHOA, BONIFACIO	1,000,000.00	0.02%	ONG GIOK KHENG	10,000.00	0.00%
16 SI, HYLAND	1,000,000.00	0.02%	TANSENGCO & CO., INC.	10,000.00	0.00%
17 PACIFIC VULCAP COR.	997,000.00	0.02%	VILLANUEVA, JAIME	10,000.00	0.00%
18 CITISECURITIES, INC.	500,000.00	0.01%	VILLANUEVA, PATROCIN	10,000.00	0.00%
19 TAN, NESTOR	500,000.00	0.01%	GARCIA, KAGITINGAN FL	10,000.00	0.00%
20 F. YAP SECURITIES, INC.	450,000.00	0.01%	BARCELON, ROXAS SECI	10,000.00	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 Php716 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. 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.

#### **Compliance with leading practice on Corporate Governance**

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

The Company did not deviate from the adopted Manual of Corporate Governance and all members of the Board Directors as well as Senior Management officers completed and were duly certified to have attended a 1-day special in-house seminar on Corporate Governance. There is no additional plan to improve corporate governance of the company from the existing manual.

#### **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>Floor Summit One Tower  
530 Shaw Blvd. Mand. City**

#### **SEC FORM 17-Q – Quarter ending September 30, 2019**

A copy of the 2nd qtr. report of the period ended September 30, 2018 will be available to all stockholders during the Annual Stockholders' meeting.

## STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


July 12, 2019


The management on **ATN HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the fiscal years ended **March 31, 2019 and 2018**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

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

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

  
**Arsenio T. Ng**  
 Chairman and CEO

  
**Hilario T. Ng**  
 Chief Finance Officer

  
**Paul Saria**  
 Chief Operating Officer

**JUL 16 2019**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of July 2019, 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	03/13/2023	Mandaluyong
Hilario T. Ng	DL# F03-89-049-506	08/23/2021	Manila
Paul B. Saria	DL# N04-93-264-992	12/15/2021	Mandaluyong

**ATTY. ROGELIO J. BOLIVAR**

NOTARY PUBLIC IN QUEZON CITY

AM Adm. Not. Com. No. ~~1174~~ **1174** until 12-31-2020  
 IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
 PTR O.R. No. 7376155-C 1-7-19 / Roll No. 33832 / TIN# 129-871-009  
 MCLE No. V-0019296 valid from 04/15/2016 until 04/14/2019/PASIG CITY  
 Address: 31-F Harvard St. Cubao, Q.C.

Doc. No. : 48  
 Page No. : 1  
 Book No. : XXIII  
 Series of 2018 : 2019

***Report of Independent Public Accountants***

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

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

***Opinion***

We have audited the consolidated financial statements of **ATN HOLDINGS, INC. AND SUBSIDIARIES** (the Group), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended March 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as at March 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended March 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

***Basis for Opinion***

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

***Key Audit Matters***

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

### *Recoverability of Investment in an Associate*

As of March 31, 2019, the Group's investment in an associate amounted to P678 million equivalent to 48.44% beneficial equity interest. The asset represents 19% of the total assets at year-end after the Group poured additional investment amounting to P351.87 million during 2018. The associate, which is accounted under the equity method, is still in the pre-opening stage and now venturing into quarrying activities. We consider this as a key audit matter based on the following key assessments: (i) volume of investments, (ii) complex nature of associate's operations and (iii) certainty or uncertainty of commencing operations.

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

### *Audit procedures conducted*

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

- Performing an analytical procedures of the associates latest financial statements and impairment assessment, where necessary;
- Discussion with key management and technical personnel regarding the developments of solar projects and the rock crusher project during the year and any subsequent material events;
- Review of financial forecast of the associates including project financing, revenue estimates and other investment opportunities;
- Review of significant agreements entered into with other parties related to its solar project, including minutes of Board of Directors meeting;
- Site visit, inspection and observation at the plant site;

### *Valuation and recoverability of Investment Properties*

As of March 31, 2019 and 2018, the Group has Investment Properties amounting to P2.725 billion and P2.681 billion, comprising 78% and 86% of the total assets, respectively. Significant portion of Investment properties are measured under the fair value method as determined by the accredited professional property appraiser. Said appraiser used several significant observable factors for each of the property to determine fair value such as price per square meter, location, highest and best use of the property, among others.

The Group also assesses, at each reporting period whether there are indications that these assets maybe impaired. The assessment of the recoverable amount of investment properties requires significant judgements and involves estimation and assumption as to the recoverability of the carrying amounts as at the reporting period. Hence, the valuation and recoverability of Investment properties is a key matter in our audit. Investment properties is disclosed in Note 14.

### *Audit procedures conducted*

Our audit of Investment properties was focused on the appropriateness and reasonableness of the significant observable and unobservable factors and assumptions used to determine fair values. We also assessed the independence and competency of property appraiser. A re-computation of the related accounts as a result of revaluation was also conducted.

For impairment assessment, we obtained an understanding of the Group's impairment assessment procedures. The significant methods and assumptions used including the required disclosures in the financial statements and those that have the most significant effect on the determination of the recoverable amount of Investment properties.

#### ***Other Matters***

We did not audit the financial statements of subsidiaries as of and for the three years ended December 31, 2018, 2017 and 2016, 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 P2.4 billion and P809 million, respectively, in December 31, 2018, P2.3 billion and P752 million, respectively, in December 31, 2017, and P2.3 billion and P733 million, respectively, in December 31, 2016. Gross income and total expenses amounted to P16.6 million and P19.8 million, respectively, for the year ended December 31, 2018, P4.5 million and P9.1 million, respectively, for the year ended December 31, 2017, and P7.4 million and P8.6 million, respectively, for the year ended December 31, 2016. The financial statements of these subsidiaries were audited by another auditor whose unmodified reports thereon have been furnished to us, and our opinion, insofar as it relates to these amounts included for these subsidiaries is based solely on the reports of the other auditor.

#### ***Other Information***

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended March 31, 2019, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended March 31, 2019 are expected to be made available to us after the date of auditor's report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



By: **CHESTER NIMITZ F. SALVADOR**

Partner

CPA Certificate No. 0129556

Tax Identification No. 307-838-154

PTR No. 5174718, January 12, 2019, Pasig City

SEC Accreditation No. 1608-A, valid until January 26, 2020

BIR Accreditation No. 07-000251-003-2019, valid until June 13, 2022

July 12, 2019  
Pasig City

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2019 AND 2018**

	Notes	2019		2018	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	9	P	17,211,263	P	12,620,016
Trade receivable			-		305,286
Other current assets	10		5,593,116		3,997,629
			<b>22,804,379</b>		16,922,931
Non-current assets held for sale	11		18,477,856		42,100,683
			<b>41,282,235</b>		59,023,614
<b>Non-current Assets</b>					
Investments in:					
Financial Assets - Fair value through other comprehensive income (FVOCI)	12		22,955,000		-
Available-for-sale securities (AFS)	12		-		22,986,000
Associates - net	13		678,207,476		323,180,202
Investment properties	14		2,725,369,360		2,681,006,772
Property and equipment - net	15		16,184,354		19,171,742
Intangible asset - net	16		4,000,000		5,850,000
Due from related parties	25		-		14,746,500
			<b>3,446,716,190</b>		3,066,941,216
<b>TOTAL ASSETS</b>		<b>P</b>	<b>3,487,998,425</b>	<b>P</b>	<b>3,125,964,830</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	17	P	4,477,123	P	4,085,862
Current portion of interest bearing loans	18		22,857,352		43,102,212
			<b>27,334,475</b>		47,188,074
Liability portion of non-current assets held for sale	11		21,945,941		43,452,774
			<b>49,280,416</b>		90,640,848
<b>Non-current Liabilities</b>					
Non-current portion of interest bearing loans	18		1,792,138		-
Deposits	19		21,152,981		5,129,253
Subscription payable	13		86,981,600		80,195,240
Due to related parties	25		493,623,794		103,376,114
Pension liability	24		655,274		573,696
Deferred tax liabilities - net	26		714,938,971		714,704,957
			<b>1,319,144,758</b>		903,979,260
<b>TOTAL LIABILITIES</b>			<b>1,368,425,174</b>		994,620,108
<b>EQUITY</b>					
Share capital	21		450,000,000		450,000,000
Additional paid-in capital			22,373,956		22,373,956
Unrealized loss on:					
Financial asset at fair value through OCI - net of tax	21		(1,454,818)		-
AFS securities - net of tax	21		-		(1,423,973)
Retained earnings - March 31			1,648,654,113		1,660,394,739
<b>TOTAL EQUITY</b>			<b>2,119,573,251</b>		2,131,344,722
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P</b>	<b>3,487,998,425</b>	<b>P</b>	<b>3,125,964,830</b>

*See accompanying Notes to Consolidated Financial Statements*



**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2019, 2018 AND 2017**

	Notes	2019	2018	2017
<b>REVENUES</b>				
Lease of properties	14 & 28	P 11,158,278	P 7,813,973	P 8,239,262
Sale of real estates		5,748,953	-	714,286
Health care services		-	2,011,419	7,711,236
Other income:				
Interest income		17,607	26,231	16,402
Fair value gain on investment properties	14	-	445,872,528	-
Gain on sale of investment in associate	13	-	10,000,000	-
Gain on foreign exchange		-	-	3,907
Gain on sale of AFS securities	12	-	-	10,727,536
		<b>16,924,838</b>	465,855,433	27,412,629
<b>COSTS AND EXPENSES</b>				
Cost of sales and services	22	7,580,446	4,569,522	9,171,255
Administrative expenses	23	11,715,733	10,086,502	13,177,538
Equity in net loss of an associate	13	3,627,846	1,740,265	677,267
Finance costs	18	1,573,630	1,324,687	1,105,684
Impairment losses	15 & 16	3,535,252	4,912,000	-
		<b>28,032,907</b>	22,632,976	24,131,744
<b>INCOME (LOSS) BEFORE INCOME TAX EXPENSE</b>		<b>(11,108,069)</b>	443,222,457	3,280,885
<b>INCOME TAX EXPENSE</b>		<b>632,557</b>	134,945,864	177,273
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>P (11,740,626)</b>	P 308,276,593	P 3,103,612
<b>EARNINGS (LOSS) PER SHARE</b>	27	<b>P (0.00261)</b>	P 0.06851	P 0.00069

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE FISCAL YEARS ENDED MARCH 31, 2019, 2018 AND 2017**

	<i>Notes</i>	<b>2019</b>	2018	2017
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>P (11,740,626)</b>	P 308,276,593	P 3,103,612
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items to be reclassified to profit or loss in subsequent periods:</i>				
Fair value changes in AFS securities taken to profit and loss - net of deferred tax		-	-	(10,616,931)
Fair value changes in AFS securities - net of deferred tax	21	-	780,378	61,978
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Fair value changes in Financial asset at fair value through other comprehensive income - net deferred tax	21	<b>(30,845)</b>	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>P (11,771,471)</b>	P 309,056,971	P (7,451,341)

*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, 2019, 2018 AND 2017**

	Notes	Share Capital	Additional Paid-in Capital	Unrealize loss on		Retained Earnings	Total
				Financial assets at fair value through OCI - net of deferred tax	Available-for-sale securities - net of deferred income tax		
Balance at March 31, 2017	P	450,000,000	P 22,373,956	P -	P (2,204,351)	P 1,352,118,146	P 1,822,287,751
Changes in fair value of AFS securities	21	-	-	-	780,378	-	780,378
Income for the period		-	-	-	-	308,276,593	308,276,593
Balance at March 31, 2018		450,000,000	22,373,956	-	(1,423,973)	1,660,394,739	2,131,344,722
Effect of adoption of PFRS 9		-	-	(1,423,973)	1,423,973	-	-
Changes in financial assets at fair value through OCI	21	-	-	(30,845)	-	-	(30,845)
Loss for the period		-	-	-	-	(11,740,626)	(11,740,626)
<b>Balance at March 31, 2019</b>	<b>P</b>	<b>450,000,000</b>	<b>P 22,373,956</b>	<b>P (1,454,818)</b>	<b>P -</b>	<b>P 1,648,654,113</b>	<b>P 2,119,573,251</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, 2019, 2018, AND 2017**

	Notes	2019	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income (loss) before income tax expense	P	(11,108,069)	P 443,222,457	P 3,280,885
Adjustments for:				
Depreciation and amortization	15 & 16	5,193,207	5,599,236	4,783,930
Unrealized foreign exchange loss (gain)		-	(131,282)	-
Gain on sale of investment in associate		-	(10,000,000)	-
Equity in net loss of an associate	15	3,627,846	1,740,265	677,267
Interest expense	18	1,573,630	1,324,687	1,105,684
Interest income		(17,607)	(26,231)	(16,402)
Provision (reversal) for retirement liability	24	81,578	(129,170)	49,952
Impairment loss	15 & 16	3,535,252	4,912,000	1,230,901
Gain on sale of AFS investment		-	-	(10,727,535)
Fair value gains on investment properties		-	(445,872,528)	-
Operating Income Before Working Capital Changes		2,885,837	639,434	384,682
(Increase) Decrease in Operating Assets:				
Trade receivable		305,286	592,836	935,448
Other current assets		(1,544,315)	(1,379,419)	(943,411)
Non-current assets held for sale		(1,979,444)	-	-
Increase (Decrease) in Operating Liabilities:				
Accounts payable and accrued expenses		391,261	(554,636)	1,251,600
Deposits		(58,000)	(557,629)	2,132,387
Cash provided by (used in) operations		626	(1,259,414)	3,760,706
Income tax paid		(449,560)	(147,305)	(155,235)
Interest received		15,554	26,231	16,402
<b>Net Cash Provided by (Used in) Operating Activities</b>		<b>(433,380)</b>	<b>(1,380,488)</b>	<b>3,621,873</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of:				
Property and equipment	17	(3,891,071)	(1,554,964)	(535,714)
Investment properties	16	(25,014,840)	(3,899,248)	(457,618)
Disposal of Non-current asset held for sale		-	-	735,000
Interest received		1,044	-	-
Increase in non-current liabilities held for sale		-	2,399,819	-
Advances to related parties		-	(3,364,220)	(1,238,092)
Collections of advances to related parties		14,746,500	33,871,227	18,469,101
Increase in deposits		1,013,722	58,000	655,647
Payment of subscription	15	(351,868,760)	(76,748,460)	(40,400,000)
<b>Net Cash Used in Investing Activities</b>		<b>(365,013,405)</b>	<b>(49,237,846)</b>	<b>(22,771,676)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payment of interest bearing loans:				
Principal		(61,687,627)	(3,900,000)	(21,359,054)
Interest	21	(1,573,630)	(1,324,687)	(1,105,684)
Interest received		1,009	-	-
Proceeds of bank loans		43,050,600	20,000,000	22,203,823
Advances from related parties		451,080,374	38,953,715	26,269,462
Payments made to related parties		(60,832,694)	(3,000,000)	(257,310)
<b>Net Cash Provided by Financing Activities</b>		<b>370,038,032</b>	<b>50,729,028</b>	<b>25,751,237</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>4,591,247</b>	<b>110,694</b>	<b>6,601,434</b>
<b>CASH AT BEGINNING OF YEAR</b>		<b>12,620,016</b>	<b>12,509,322</b>	<b>5,907,888</b>
<b>CASH AT END OF YEAR</b>	P	<b>17,211,263</b>	P 12,620,016	P 12,509,322

*See accompanying Notes to Consolidated Financial Statements*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2019, 2018, AND 2017**

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**1. Corporate Information**

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

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

The accompanying consolidated financial statements were authorized for issue by the President on July 12, 2019.

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**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

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

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

*Statement of Compliance*

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

*Principle for Consolidation*

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

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

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

As of March 31, 2019, 2018 and 2017, the consolidated subsidiaries are as follows:

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

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

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

For the year ended December 31, 2019 and 2018, AHCDC has no operations and is poised to venture into joint operation or project with its affiliated companies. MCPHI has downsized its operations in 2018 to dental care as it plans to re-brand itself into collaborating with leading hospital in the country. The financial statement do not include any adjustment that might result from this uncertainty.

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

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

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### **3. Summary of Significant Accounting Policies**

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

#### Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Group classifies all other liabilities as non-current.

#### Cash and Cash Equivalents

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

#### Financial Instruments

##### *Date of Recognition*

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

##### *Initial Recognition*

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

##### *Determination of Fair Value*

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

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

##### *Offsetting of Financial Instruments*

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

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

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

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

- Financial Assets at Amortized Cost

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;

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

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

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

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

#### Equity instruments

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

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

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

#### Debt instruments

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

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

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

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

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

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



at FVOCI, as described above, debt instruments may be designated at FVPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2018, there are no financial assets under this category.

- Available-for-sale (AFS)

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

As of March 31, 2018, financial assets under this category amounted to P22,986,000 consists of investment in share of stocks.

- Loans and Receivables

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

Included under this category are the Group's's cash, account receivables, security deposits and other receivables.

- Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of March 31, 2018, there are no financial assets under this category.

- Other Financial Liabilities

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

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

the statement of comprehensive income.

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

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

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

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

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

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

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- (i) the financial asset is no longer held for the purpose of selling or repurchasing it the near future; and,
- (ii) there is a rare situation

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

*Impairment of Financial Assets effective April 1, 2018*

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

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

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

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

*(i) Assets carried at amortized cost*

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

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

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

*(ii) Assets carried at cost*

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

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

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

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

*Financial Assets*

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

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

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

#### Financial Liabilities

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

#### Non-current Assets Held for Sale

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

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

#### Other Current Assets

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

#### Investment Properties

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

Investment properties are measured initially at acquisition cost. The initial cost of investment properties comprises its purchase price and directly attributable costs of bringing the assets to working condition for intended use. Subsequently, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of the investment property is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Group. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

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

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

#### Investment in Associates

The Group's investments in associates are accounted for using the equity method. An associate is an entity in which a company has significant influence. Under the equity method, the investments in associates is initially recognized at cost and the carrying amount is

increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The investor's share of the profit or loss of the investee is recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

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

#### Property and Equipment

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

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

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

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

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

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

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

#### Intangible Asset

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

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

#### Deposits

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

#### Leases

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

Finance lease, which transfer to the company substantially all the risks and benefits incidental to the ownership of the leased asset, are capitalized at the lower of fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are recognized in the statements of income.

#### Equity

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

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

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

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

#### Other Comprehensive Income

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

#### Revenue and Cost Recognition

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

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

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

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

- (i) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.
- (ii) Profit from assets sold or exchanged – recognized when the title to the asset is transferred to the buyer or if the collectability is reasonably assured. If collectability is not reasonably assured, revenue is recognized only to the extent cash is received.
- (iii) Rental income - properties leased out under operating leases are included in investment property in the consolidated statements of financial position. Lease income is recognized over the term of the lease on a straight-line basis.

- (iv) Sales of services – revenue are recognized upon rendering of services or completion of services made.
- (v) Dividends - dividends are recognized in the period in which they are declared.
- (vi) Fair value gains on investment properties – fair value gains on investment properties are recognized when the market value of the investment properties are higher than its carrying value. Measurement of fair value is discussed in Note 6.

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

#### Retirement Benefit Cost

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

#### Borrowing Costs

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

#### Income Taxes

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

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

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

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

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

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



#### Foreign Currency Transactions and Translations

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

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

#### Provisions

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

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

#### Contingencies

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

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

#### Earnings (Loss) Per Share

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

#### Related Party Transactions and Relationships

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

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

#### Segment Reporting

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

#### Events after the Reporting Period

Post year-end events that provide additional information about the Group's position at the end of reporting period (adjusting events) are reflected in the consolidated financial statements.

Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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#### 4. Changes in Accounting Standards

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning April 1, 2019.

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

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

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

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

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

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

The impact of adoption of PFRS 9 is as follows:

- Trade receivable, deposits, including advances to Related parties as of March 31, 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest and will be classified and measured as Financial asset at amortized cost beginning April 1, 2018.
- Equity instruments in listed and non-listed companies classified as AFS financial assets as of March 31, 2018 are classified as Financial Assets at Fair Value through Other Comprehensive Income (FVOCI) beginning April 1, 2018. The Group elected to classify irrevocably its listed and non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognized in profit or loss for these investments in prior periods. The cumulative unrealized loss on Available-for-sale investments are also reclassified to unrealized loss on Financial assets at fair value through other comprehensive income.
- The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the

Group to recognise an allowance for ECLs for all debt instruments not held at fair value through profit or loss. There are no impairment losses incurred at the adoption of PFRS 9.

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

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

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

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

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

The amendments are intended to clarify following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Standards effective subsequent to March 31, 2019*

**PFRS 16, Leases**

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

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

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

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

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

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

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

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

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

The amendments cover two issues:

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

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

*Deferred*

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

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

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## 5. Summary of Significant Accounting Judgments and Estimates

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

*(i) Judgments*

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

*Going-concern assumption of certain subsidiaries*

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

*Classification of financial assets*

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

*Distinction between investment properties and owner-occupied properties*

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

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

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

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

In 2017, management determined that certain investment properties are available for immediate sale within the next 12 months and already has an identified buyer. Management reclassified these from *Investment properties* into *Non-current assets held for sale* in the consolidated statement of financial position as of March 31, 2017. The carrying value of these assets amounted to P18.48 million as of March 31, 2019.

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

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

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

The Group's rental income amounted to P11,158,278 in 2019, P7,813,973 in 2018 and P8,239,262 in 2017.

#### *Determination of fair value of assets and liabilities*

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

##### Level 1

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

##### Level 2

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

##### Level 3

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

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

#### *Provision and contingencies*

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

##### *(ii) Estimates*

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

#### *Estimation of allowance for impairment losses on receivables*

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

#### *Estimated useful lives of property and equipment*

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

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P16.18 million and P19.17 million as of March 31, 2019 and 2018, respectively.

*Estimating fair value of investment properties*

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

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

*Estimating the cost of assets held for sale*

The Group measures its assets held for sale at the lower of their carrying amount and fair value less costs to sell. Management has determined the fair value less costs to sell of the Group's assets held for sale based on the indicative price agreed with identified buyer. The carrying value of assets held for sale as of March 31, 2019 amounted to P18.48 million.

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

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

The net carrying value of Investment in and Advances to Associates as of March 31, 2019 and 2018 is as follows:

	2019			2018		
	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 678,128,838	P -	P 678,128,838	P 323,180,202	P -	P 323,180,202
Mariestad Mining Corporation (MMC)	7,000,000	7,000,000	-	7,000,000	7,000,000	-
Advances to related parties:						
Sierra Madre Consolidated Mines (SMCM)	4,306,000	4,306,000	-	4,306,000	4,306,000	-
	<b>P 689,434,838</b>	<b>P 11,306,000</b>	<b>P 678,128,838</b>	<b>P 334,486,202</b>	<b>P 11,306,000</b>	<b>P 323,180,202</b>



## 6. Fair Value Measurement

### Fair value of Financial Instruments

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

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

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

	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables				
Cash	P 17,211,263	P 17,211,263	P 12,620,016	P 12,620,016
Trade receivable	-	-	305,286	305,286
Financial asset at FVOCI	22,955,000	22,955,000	-	-
AFS securities	-	-	22,986,000	22,986,000
Other financial liabilities				
Accounts payable and accrued expenses	4,477,123	4,477,123	4,085,862	4,085,862
Bank loans	24,649,440	24,649,440	43,102,212	43,102,212
Deposits	21,152,981	21,152,981	5,129,253	5,129,253
Subscription payable	86,981,600	86,981,600	80,195,240	80,195,240

Fair values were determined as follows:

- *Cash, receivables, accounts payable and accrued expenses, and subscription payable* – The fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Financial asset at fair value through other comprehensive income* – The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The value of unquoted AFS securities was derived by reference to its cost.
- *Bank loans* – The fair value of the loans payable is determined by discounting the principal using the market rate of 3%-5%.
- *Deposits* - The fair value of deposits approximates the carrying value as at year end since lease term are short-term in nature.

Fair value hierarchy

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

	March 31, 2019							
	Carrying value		Fair value hierarchy					
			Level 1		Level 2		Level 3	
<b>Financial assets at FVOCI</b>								
<b>Listed</b>	P	1,271,000	P	1,271,000	P	-	P	-
<b>Unlisted</b>		21,684,000		-		21,684,000		-
	March 31, 2018							
	Carrying value		Fair value hierarchy					
			Level 1		Level 2		Level 3	
AFS securities								
Listed	P	1,302,000	P	1,302,000	P	-	P	-
Unlisted		21,684,000		-		21,684,000		-

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

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

Liquidity Risk

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities at March 31, 2019 and 2018 based on contractual undiscounted payments:

2019	On demand	Later than 1		Later than 3		No fixed payment period	Total
		Not later than one month	month & not later than 3 months	months & not later than 1 year	months & not later than 3 years		
Accounts payable and accrued expenses	P 2,820,587	P 1,656,536	P -	P -	P -	P -	P 4,477,123
Bank loans	-	-	-	22,857,352	-	-	24,649,490
Due to related parties	-	-	-	-	493,623,794	-	493,623,794
Subscription payable	-	-	-	-	86,981,600	-	86,981,600
	P 2,820,587	P 1,656,536	P -	P 22,857,352	P 580,605,394	P -	P 609,732,007

2018	On demand	Not later than one month	Later than 1 month & not later than 3 months	Later than 3 months & not later than 1 year	No fixed payment period	Total
Accounts payable and accrued expenses	P 2,985,000	P 1,100,862	P -	P -	P -	P 4,085,862
Bank loans	-	-	-	43,102,212	-	43,102,212
Due to related parties	-	-	-	-	103,376,114	103,376,114
Subscription payable	-	-	-	-	80,195,240	80,195,240
	P 2,985,000	P 1,100,862	P -	P 43,102,212	P 183,571,354	P 230,759,428

### Credit Risk

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

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

The table below shows the gross maximum exposure to credit risk of the Group as of March 31, 2019 and 2018. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure	
	2019	2018
Cash and cash equivalents*	P 17,211,263	P 12,610,016
Financial asset at fair value through OCI	22,955,000	-
Available-for-sale securities	-	22,986,000
Trade receivable	-	305,286
Due from related parties	-	14,746,500
	P 40,166,263	P 50,647,802

\* excludes cash on hand

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

2019	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	P 17,211,263	P -	P -	P -	P 17,211,263
Financial asset at fair value - OCI	-	22,955,000	-	-	22,955,000
	P 17,211,263	P 22,955,000	P -	P -	P 40,166,263

2018	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents*	P 12,610,016	P -	P -	P -	P 12,610,016
AFS securities	-	22,986,000	-	-	22,986,000
Trade receivable	-	-	305,286	-	305,286
Due from related parties	-	11,571,104	3,175,396	11,756,000	26,502,500
	P 12,610,016	P 34,557,104	P 3,480,682	P 11,756,000	P 62,403,802

\* excludes cash on hand

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

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

Market Risk

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

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

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

Sensitivity analysis of market risk exposure follows:

Interest Rate Risk

The primary source of the Group's interest rates risk relates to debt instruments with floating interest rates disclosed in Note 18.

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

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

Price Risk

The Group's price risk exposure at year-end relates to financial asset whose value fluctuates as a result of changes in market price, principally, Investment in financial asset . Before taking into account the effect of taxes, equity as of March 31, 2019 and 2018 would either decrease or increase by P3,100 and P90,985, respectively, had the variable change by 10%. The impact on the Group's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Investment in financial asset securities.

Capital Management

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

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

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

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

	<b>2019</b>	<b>2018</b>
Equity	<b>P 2,119,573,251</b>	P 2,131,344,722
Total assets	<b>3,487,998,425</b>	3,125,964,830
Ratio	<b>0.61</b>	0.68

## 8. Segment information

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

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

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

The segment information in the consolidated financial statements as of March 31, 2019, 2018 and 2017 follows:

	As of March 31, 2019					Total
	Real estate	Health and wellness	Corporate and others	Adjustment		
Revenues	P 16,638,312	P -	P 268,919	P -	P	16,907,231
Direct costs	5,424,683	-	-	-		5,424,683
Gross profit	11,213,629	-	268,919	-		11,482,548
Other income	5,696	1,044	10,867	-		17,607
	11,219,325	1,044	279,786	-		11,500,155
Administrative expenses	8,231,146	4,175,808	1,594,731	(130,189)		13,871,496
Equity in net loss of associate	-	-	3,627,846	-		3,627,846
Impairment loss	-	-	3,535,252	-		3,535,252
Finance cost	1,573,630	-	-	-		1,573,630
	9,804,776	4,175,808	8,757,829			22,608,224
Income before income tax expense	1,414,549	(4,174,764)	(8,478,043)	130,189		(11,108,069)
Income tax expense	447,129	-	185,428	-		632,557
Income	P 967,420	P (4,174,764)	P (8,663,471)	P 130,189	P	(11,740,626)
Segment assets	P 2,472,509,414	P (14,520,780)	P 1,030,009,791	P -	P	3,487,998,425
Segment liabilities	794,937,280	6,187,220	567,300,674	-		1,368,425,174
Segment cash flows:						
Operating	8,853,862	(935,971)	(6,371,828)	-		1,546,063
Investing	(34,777,444)	1,004	(332,216,408)	-		(366,992,848)
Financing	(20,240,503)	-	390,278,535	-		370,038,032
Other information:						
Depreciation and amortization	1,626,199	3,567,008	-	-		5,193,207
Non-cash expenses other than depreciation	1,081,578	2,535,252	3,535,252	-		7,152,082

		As of March 31, 2018					
		Real estate	Health and wellness	Corporate and others	Adjustment	Total	
Revenues	P	7,432,751	P 2,011,419	P 381,222	P -	P	9,825,392
Direct costs		870,842	3,698,680	-	-		4,569,522
Gross profit		6,561,909	(1,687,261)	381,222	-		5,255,870
Other income		455,892,747	6,011	131,283	-		456,030,041
		462,454,656	(1,681,250)	512,505	-		461,285,911
Administrative expenses		6,191,823	2,996,168	898,511	-		10,086,502
Equity in net loss of associate		-	-	1,740,265	-		1,740,265
Impairment loss		4,912,000	-	-	-		4,912,000
Finance cost		1,324,687	-	-	-		1,324,687
		12,428,510	2,996,168	2,638,776	-		18,063,454
Income before income tax expense		450,026,146	(4,677,418)	(2,126,271)	-		443,222,458
Income tax expense		134,874,601	71,263	-	-		134,945,864
Income	P	315,151,545	P (4,748,681)	P (2,126,271)	P -	P	308,276,594
Segment assets	P	2,776,298,346	P 18,171,156	P 331,495,328	P -	P	3,125,964,830
Segment liabilities		148,677,882	7,015,560	123,648,013	715,278,653		994,620,108
Segment cash flows:							
Operating		532,927	(1,195,181)	(718,234)	-		(1,380,488)
Investing		(2,788,750)	(207,643)	(46,241,453)	-		(49,237,846)
Financing		37,016,104	(1,062,389)	14,775,313	-		50,729,028
Other information:							
Depreciation and amortization		1,401,791	4,197,445	-	-		5,599,236
Non-cash expenses other than depreciation		4,300,373	(237,543)	-	-		4,062,830
		As of March 31, 2017					
		Real estate	Health and wellness	Corporate and others	Adjustment	Total	
Revenues	P	8,606,701	P 7,711,236	P 346,847	P -	P	16,664,784
Direct costs		1,705,998	7,465,257	-	-		9,171,255
Other income		11,988	4,833	10,731,024	-		10,747,845
		6,912,691	250,812	11,077,871	-		18,241,374
Administrative expenses		7,473,383	2,074,273	3,629,882	-		13,177,538
Equity in net loss of associate		-	-	677,267	-		677,267
Finance cost		1,105,684	-	-	-		1,105,684
		8,579,067	2,074,273	4,307,149	-		14,960,489
Income before income tax expense		(1,666,376)	(1,823,461)	6,770,722	-		3,280,885
Income tax expense		173,578	3,695	-	-		177,273
Income	P	(1,839,954)	P (1,827,156)	P 6,770,722	P -	P	3,103,612
Segment assets	P	2,234,174,520	P 25,404,739	P 446,095,215	P -	P	2,705,674,474
Segment liabilities		123,722,653	4,407,722	173,661,313	581,595,035		883,386,723
Segment cash flows:							
Operating		2,997,279	3,199,394	(2,574,800)	-		3,621,873
Investing		(457,618)	(535,714)	(21,778,344)	-		(22,771,676)
Financing		503,859	(3,903,396)	29,150,774	-		25,751,237
Other information:							
Depreciation and amortization		1,314,516	3,469,414	-	-		4,783,930
Non-cash expenses other than depreciation		658,722	15,376	1,277,433	-		1,951,531

Segment liabilities for each segment do not include the following:

	2019		2018	
Deferred tax liabilities	P	714,938,971	P	714,704,957
Retirement liability		655,274		573,696
	P	715,594,245	P	715,278,653

## 9. Cash

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

	2019		2018	
Cash in banks	P	17,211,263	P	12,610,016
Cash on hand		-		10,000
	P	17,211,263	P	12,620,016

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

## 10. Other Current Assets

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

	2019		2018	
Creditable withholding taxes	P	1,839,839	P	1,862,185
Deposits		1,664,160		1,676,119
Input taxes		2,044,717		459,325
Prepaid taxes		38,400		-
Other receivable		6,000		-
	P	5,593,116	P	3,997,629

- Creditable withholding taxes represents the 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of March 31, 2019 and 2018, creditable withholding taxes are considered recoverable in full and no impairment losses is necessary.
- Deposits are advance payment of rental that are expected to be applied within the next 12 months.
- Input taxes and Prepaid taxes represents the 12% tax on domestic purchases of goods and services from VAT registered entities. Input tax is applied against output taxes on a monthly basis.
- Other receivable are expenses on the common area of Summit One Tower paid by the Group. These receivables are not subject to interest.

## 11. Non-Current Assets Held for Sale

The movements of this account is as follows:

		2019		2018
Balance at the beginning of the year	P	42,100,683	P	42,100,683
Asset sold during he year		(4,275,078)		-
Reclassification		(19,347,749)		-
Balance at the end of the year	P	18,477,856	P	42,100,683

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

Consistent with the reclassification of the investment properties, the related liabilities of the assets held for sale were also reclassified to current liabilities amounting to P21,945,941 and P43,452,774 as of March 31, 2019 and 2018, respectively. These liabilities comprise the payments made by the other party in the aforesaid contracts to sell.

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

During 2018, the company completed the sale of an investment property amounting to P4.3 million. The same was sold for P5.7 million as reported in the statement of income.

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

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

		Financial at FVOCI - 2019		Available-for-sale securities - 2018
Listed shares of stocks	P	1,271,000	P	1,302,000
Unlisted shares of stocks		21,684,000		21,684,000
	P	22,955,000	P	22,986,000

(see Note 4 on adoption of PFRS 9)

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

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



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

	2019	2018
Balance at the beginning of fiscal year	P 22,986,000	P 22,201,700
Changes in fair value	(31,000)	784,300
Balance at the end of fiscal year	P 22,955,000	P 22,986,000

(see Note 4 on adoption of PFRS 9)

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

### 13. Investments in Associates - net

This account consists of the following:

	2019	2018
Cost		
Beginning of the year		
ATN Phils. Solar Energy Group, Inc. (ATN Solar)	P 331,425,000	P 336,425,000
Mariestad Mining Corporation (MMC)	11,306,000	11,306,000
	342,731,000	347,731,000
Additions during the year (ATN Solar)	358,655,120	-
Disposal during the year (ATN Solar)	-	(5,000,000)
Balance at year end	701,386,120	338,425,000
Equity in net losses (ATN Solar)		
Beginning	(8,244,798)	(6,504,534)
Current year	(3,627,846)	(1,740,264)
Ending	(11,872,644)	(8,244,798)
Total	689,513,476	330,180,202
Allowance for impairment losses	(11,306,000)	(11,306,000)
	P 678,207,476	P 323,180,202

#### ATN Solar

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

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

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

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

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

The latest financial information of ATN Solar is as follows:

	December 31,	
	2018	2017
Current assets	P 21,178,754	P 41,485,929
Non-current assets	1,476,378,726	858,514,077
Current liabilities	74,657,758	13,162,655
Non-current liabilities	747,452,388	203,900,656
Equity	P 675,447,334	P 682,936,694
Carrying value of investment in ATN Solar	P 678,207,476	P 323,197,498
Net administrative expense	P 7,489,360	P 3,675,321
Group's share in net administrative expense	P 3,627,846	P 1,740,265

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

#### MMC

In 2007, the Group entered into an investment agreement with MMC to participate in the extraction of manganese ores in the former's mining site. The Group's participation is in the form of providing financial resources to undertake the mining operations. The Group has financed a total of P7 million that is equivalent to 25% equity interest in MMC. Due to the non-commencement of mining operation, the Group provided a full impairment loss on its investment in MMC. Furthermore, no financial information is available for MMC for the last 6 years.

#### 14. Investment Properties

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

	2019	2018
Land	P 2,391,304,795	P 2,345,083,528
Condominium units	278,393,564	240,924,710
Parking lots	26,350,000	44,470,960
Townhouses	22,953,001	44,159,574
Commercial building	6,368,000	6,368,000
	P 2,725,369,360	P 2,681,006,772

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

	2019	2018
Balance at the beginning of the year	P 2,681,006,772	P 2,231,661,996
Change in fair value arising from appraisal	-	440,960,528
Additions during the year	25,014,839	3,899,248
Reclassifications	19,347,749	4,485,000
	P 2,725,369,360	P 2,681,006,772

Additions during 2019 and 2018 represent various land improvements.

Real estate inventories amounting P4,485,000 as of March 31,2016 represents the cost of lot and housing units of PLDI and AHCDC. During 2017, these companies have ceased to actively sell the housing units and accordingly reclassified to Investment properties in 2018.

On April 2, 2018 certain investment properties situated in Mandaluyong and Rodriguez, Rizal were re-appraised to properly reflect its fair market value. The appraisal resulted to an increase in value of investment amounting to P420.22 million. The fair market value is determined by a firm of independent appraiser on April 2, 2018 using the Market approach. In this approach, the value of the land was based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. Accordingly, the Company categorized these condominium units under Level 2 of the fair value hierarchy.

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

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

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

Location	Type	Valuation techniques	Significant observable inputs	Fair value hierarchy	Range
Riverside Village	Townhouses	Market approach	Selling price (per square meter) Size Location Improvements	Level 3	P22,500 - P36,333 5.0% -5% to -10% -25% to -35%
Summit One Tower	Parking lots	Market approach	Selling price (per square meter) Size Location Improvements	Level 2	P61,818 - P82,926 5% -5% -
	Condominium units	Market approach	Selling price (per square meter) Size Location Improvements	Level 2	P61,864 - P64,937 5% -5% 10% to 15%
Rodriguez, Rizal	Land	Market approach	Selling price (per square meter) Size Location Potential use Development	Level 2	P665 - P1,127 -10% to -15% -5% to -20% 5% to 10% 15%
San Fernando, Pampanga	Land	Market approach	Selling price (per square meter) Size Location Potential use Thru lot	Level 2	P14,250 - P18,000 -5% to -20% -5% 10% 5%
	Commercial building	Cost approach	Condition of the building	Level 3	P6,368,000

Rental income on investment properties amounted to P11,158,278 in 2019, P7,813,973 in 2018 and P8,239,26 in 2017. Direct operating cost on these properties amounted to P518,871 in 2019, P769,305 in 2018 and P970,998 in 2017.

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

## 15. Property and Equipment

Property and equipment consists of:

2019	Equipment & Fixtures	Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Costs</b>					
At April 1, 2018	P 34,937,452	P 6,138,644	P 19,969,173	P 3,988,393	P 65,033,662
Addition	-	-	-	3,891,071	3,891,071
At March 31, 2019	34,937,452	6,138,644	19,969,173	7,879,464	68,924,733
<b>Accumulated depreciation and Impairment loss</b>					
At April 1, 2018	21,896,231	6,018,344	16,266,346	1,680,999	45,861,920
Provisions for depreciation	1,805,763	35,805	1,920,877	580,762	4,343,207
Provision for impairment loss	2,247,092	-	132,506	155,654	2,535,252
At March 31, 2019	25,949,086	6,054,149	18,319,729	2,417,415	52,740,379
<b>Carrying value</b>					
At March 31, 2019	P 8,988,366	P 84,495	P 1,649,444	P 5,462,049	P 16,184,354

2018	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Costs</b>					
At April 1, 2017	P 34,729,809	P 6,138,644	P 19,969,173	P 2,641,072	P 63,478,698
Addition	207,643	-	-	1,347,321	1,554,964
At March 31, 2018	34,937,452	6,138,644	19,969,173	3,988,393	65,033,662
<b>Accumulated depreciation</b>					
At April 1, 2017	20,090,468	5,352,104	14,345,469	1,324,643	41,112,684
Provisions	1,805,763	666,240	1,920,877	356,356	4,749,236
At March 31, 2018	21,896,231	6,018,344	16,266,346	1,680,999	45,861,920
<b>Carrying value</b>					
At March 31, 2018	P 13,041,221	P 120,300	P 3,702,827	P 2,307,394	P 19,171,742

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

	2019	2018
Direct costs	P 1,805,763	P 1,805,763
Administrative expenses	2,537,444	2,943,473
	P 4,343,207	P 4,749,236

## 16. Intangible Asset

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

The movement in intangible asset is as follows:

	2019	2018	2017
Cost	P 15,000,000	P 15,000,000	P 15,000,000
Accumulated amortization and Impairment loss			
Balance, April 1	9,150,000	8,300,000	7,450,000
Provisions for amortization	850,000	850,000	850,000
Provision for impairment loss	1,000,000		
Balance, March 31	11,000,000	9,150,000	8,300,000
Carrying value at March 31	P 4,000,000	P 5,850,000	P 6,700,000

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

	2019	2018	2017
Direct costs	P 350,000	P 350,000	P 350,000
Administrative expenses	500,000	500,000	500,000
	P 850,000	P 850,000	P 850,000

## 17. Accounts Payable and Accrued Expenses

This account consists of the following:

	2019	2018
Taxes payable	P 2,985,000	P 2,985,000
Trade	1,158,019	894,138
Accrued expenses	9,520	12,460
Others	324,584	194,264
	P 4,477,123	P 4,085,862

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

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

## 18. Interest-bearing Loans

This account consists of borrowings of PLDI as follows:

	2019	2018
China Banking Corporation (CBC)	P 21,900,000	P 20,000,000
United Coconut Planters Bank (UCPB)	2,749,490	-
Rizal Commercial Banking Corporation (RCBC)	-	23,102,212
	24,649,490	43,102,212
Less: Current portion	22,857,352	43,102,212
Non-current portion	P 1,792,138	P -

### CBC

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

UCPB

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

Future minimum lease payments under the said finance lease and the present value of the net minimum lease payments are as follows:

Lease payments due in:		
Less than one year	P	1,159,032
More than one year		1,641,962
Total future minimum lease payments		2,800,994
Less: Amount representing interest		283,117
Present value of future minimum lease payments		2,517,877
Current Portion		978,331
Non-current Portion	P	1,539,546

Transportation equipment subject to finance lease have carrying values of P3,666,665 as of March 31, 2019

RCBC

Loan from RCBC which is denominated in Japanese Yen, was availed in August 2016 for working capital requirements. The loan is for a period of 2 years, subject to 3% interest per annum and collateralized by real estate mortgage owned by PLDI. Total principal amounted to ¥52.2 million or P22.2 million.

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

- PLDI will pay UMI the amount of P150,000 per year to hedge the ¥52 million loan from foreign currency changes;
- Reckoning date of foreign currency loss shall be December 31, every year;
- Any book losses at the end of each fiscal year shall be for the account of UMI

As of March 31, 2019 and 2018, foreign currency losses incurred related to translating the RCBC JP Yen loans amounted to nil and P1,112,540, respectively, were charged to UMI (See notes 25) in accordance with the hedging agreement.

Financing charges related to these loans amounted to P1,573,630 in 2019, P1,324,687 in 2018 and P1,105,684 in 2017.

RCBC loan was fully paid during 2018.

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**19. Deposits**

This account represents deposit on operating leases which is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts. Reclassification from Non-current liability of non-current asset held for sale amounting P15,068,006 was made due to rescinded and cancelled contract to sell as discussed in Note 11.

As of March 31, 2019 and 2018, deposits on operating leases amounted to P21,152,981 and P5,129,253, respectively.

## 20. Subscription Payable

The movement of this account is as follows:

	2019		2018	
Balance at the beginning of the year	P	80,195,240	P	156,943,700
Subscription during the year		358,655,120		-
Payments during the year		(351,868,760)		(76,748,460)
Balance at the end of the year	P	86,981,600	P	80,195,240

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

The details of subscription are as follows:

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

As of July 12, 2019 additional payment of P32 million, have been received as payment for 2018 subscription

## 21. Equity

### Share capital

Component of share capital is as follows:

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

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

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

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



Unrealized loss on fair value through other comprehensive income/Available-for-sale securities  
The movement of this account is as follows:

	2019		2018	
Balance at beginning of year	P	(1,423,973)	P	(2,204,351)
Changes in fair value - net of deferred tax		(30,845)		780,378
Balance at the end of year	P	(1,454,818)	P	(1,423,973)

## 22. Cost of Sales and Services

The breakdown of this account is as follows:

	2019		2018		2017	
Cost of real estate sold	P	4,905,812	P	-	P	735,000
Depreciation and amortization (see Notes 15 and 16)		2,155,763		2,155,763		2,155,763
Taxes and licenses		518,871		769,305		970,998
Rent (see Note 28)		-		1,000,326		1,037,441
Medical supplies		-		271,337		1,201,737
Salaries, wages and employee benefits		-		200,254		1,190,117
Insurance		-		101,537		-
Professional fees		-		71,000		343,905
Utilities		-		-		1,536,294
	P	7,580,446	P	4,569,522	P	9,171,255

## 23. Administrative Expenses

The breakdown of this account is as follows:

	2019		2018		2017	
Depreciation and amortization (see Notes 15 and 16)	P	3,037,444	P	3,443,475	P	2,628,167
Salaries and employee benefits (see Note 24)		2,373,476		1,322,207		1,390,891
Communication and association dues		1,828,851		2,487,264		1,787,085
Taxes and licenses		1,372,208		448,943		2,901,075
Rent (see Note 28)		782,105		567,414		558,756
Professional fees		645,000		550,982		802,354
Security and janitorial services		557,674		624,600		742,138
Transportation and travel		302,459		280,973		255,128
Office supplies and printing		261,681		132,000		421,872
Insurance		200,396		-		-
Hedging fee		150,000		150,000		150,000
Advertsing		20,375		-		-
Representation and entertainment		82,539		-		-
Impairment loss on non-current assets held for sale (see Note 11)		-		-		1,230,901
Miscellaneous		101,525		78,644		309,171
	P	11,715,733	P	10,086,502	P	13,177,538

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

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

#### 24. Salary and Employee Benefits

This account consist of the following:

		2019		2018		2017
Salaries and wages	P	2,291,898	P	1,451,376	P	1,340,939
Provision for retirement		81,578		108,373		49,952
Change in actuarial valuation		-		(237,542)		-
	P	2,373,476	P	1,322,207	P	1,390,891

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

The movement of this account is as follows:

		2019		2018
Balance at the beginning of the year	P	573,697	P	702,866
Provision for retirement		81,578		108,373
Change in actuarial valuation		-		(237,542)
	P	655,275	P	573,697

#### 25. Related Party Transactions

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

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

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

(i) Due from related parties

Related party	Transaction	Amount of transactions		Year-end balances		Terms and conditions
		2019	2018	2019	2018	
UMI	(i) Net payment of advances	P (15,649,757)	P (30,474,122)	P -	P 13,843,802	Unsecured, non-interest bearing, and no fixed payment terms
	(iii) Sales of investment in associates (see Note 14)	-	15,000,000			
	(v) Net effect of hedging transaction	1,805,955	962,540			
SMCM		-	-	11,756,000	11,756,000	Unsecured, non-interest bearing, and no fixed payment terms; impaired
TBGI		(295,219)	2,504,620.27	-	295,219	Unsecured, non-interest bearing, and no fixed payment terms; impaired
ATN Solar	Teaming agreement	(607,479)	333,539	-	607,479	On-demand
				11,756,000	26,502,500	
	Allowance for impairment			11,756,000	11,756,000	
	Net due from related parties			P -	P 14,746,500	

(ii) Due to related parties

Related party	Transaction	Amount of transactions		Year-end balances		Terms and conditions
		2019	2018	2019	2018	
TBGI	Availment of advances	P 2,684,723	P -	P 1,100,664	P -	No payment terms, unsecured
	Payments during the year	(1,584,059)	-			
ATN Solar	Advances	68,096,648	3,333,539	34,383,059	1,152,747	No payment terms, unsecured
	Payments during the year	(34,866,336)	-			
Shareholders	Net availment/ (payment) of advances	355,916,704	(28,500,000)	458,140,071	102,223,367	No payment terms, unsecured
				P 493,623,794	P 103,376,114	

Significant transaction with related parties are as follows:

1. In 2018, the Company sold 5 million shares of stocks of ATN Solar to UMI for P15 million. A gain of P10 million was realized on this transaction and is reported in the Statement of Income in the same year. The transaction price, which management believes is at arms-length. Settlement was made via off-setting of inter-company balances.
2. As discussed in Note 18, the Group and UMI are parties to a *Hedging Agreement* covering the former's foreign currency loans. The net effect of the foreign exchange differences in translating to Peso and hedging fee were accounted for as related party transaction as follows:

	2019	2018
Net foreign currency loss translating		
foreign currency loans	P 1,955,955	P 1,112,540
Transaction fee on hedging	<b>(150,000)</b>	(150,000)
	<b>P 1,805,955</b>	P 962,540

3. During 2018, the Company's cash requirements are provided by UMI totaling P13.84 million. These advances are not subject to interest and was fully paid in 2019.
4. In prior years, the Group made advances to SMCM to fund its mining activities. Such advances will be converted into equity interest in SMCM when mining operations commence. Due to unforeseen circumstances, SMCM encountered financial difficulties and were unable to operate and generate revenues and cash flows. Accordingly, the Group provided a full impairment loss on its advances to SMCM in 2014 amounting to P11.7 million.
5. The Group and TBGI are parties to a Teaming Agreement executed in January 2013. Pursuant thereto, sharing of cost and expenses incurred within Summit One Condominium. Tower related to technical operations is to be advanced by either of the parties and to be reimbursed from the other parties proportionately or by actual usage as the case maybe.
6. For the years ended March 31, 2019, 2018, and 2017, the Group charged TBGI its proportionate share of communication, dues and utilities expenses amounting to P238,072, P1,116,709 and P968,110, respectively.

In the same manner, the Group charged ATN Solar the following expenses:

	2019	2018	2017
Salaries and wages	P 194,379	P 214,500	P 216,000
Employees' welfare and benefits	43,693	74,757	70,711
Legal services	-	40,000	40,000
Office supplies	-	4,360	29,548
Management fees	-	333,617	175,000
	<b>P 238,072</b>	P 667,234	P 531,259

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

	Advances to (from) subsidiaries		
	2019	2018	2017
PLDI	P 21,040,729	P (60,328,401)	P (50,185,273)
MCPI	7,242,328	6,942,328	11,942,328
AHCDC	10,768,677	10,768,677	10,768,677
	<b>P 39,051,734</b>	P (42,617,396)	P (27,474,268)

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

## 26. Income Taxes

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

		2019		2018		2017
Current	P	452,507	P	1,174,644	P	170,220
Deferred		180,050		133,771,220		7,053
	P	<b>632,557</b>	P	134,945,864	P	177,273

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

		2019		2018		2017
Statutory income tax	P	(2,271,845)	P	132,966,737	P	984,265
Tax effect of:						
Non-taxable income		-		(133,801,143)		-
Non-deductible expenses		1,156,729		2,028,491		211,191
Unrecognized temporary difference		1,752,955		136,759,648		2,204,998
Income subject to final tax		(5,282)		(3,007,869)		(3,223,181)
Actual provision for income tax	P	<b>632,557</b>	P	134,945,864	P	177,273

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

		2019		2018
Unrealized gain on fair value adjustment of investment properties	P	713,119,380	P	713,075,254
Unrealized gain on AFS financial assets		2,169,755		2,169,910
Unrealized foreign exchange gain		-		1,172
Impairment loss on non-current assets held for sale		-		(369,270)
Retirement liability		(350,164)		(130,763)
	P	<b>714,938,971</b>	P	714,704,957

Except for the related deferred tax liability on available-for-sale, investment listed on Philippine Stock Exchange, financial assets which are stated at ½ of 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, 2019 and 2018 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.

		2019		2018
Allowance for impairment losses	P	6,878,638	P	5,818,062
Net Operating Loss Carry Over (NOLCO)		4,832,628		3,476,177
Minimum Corporate Income Tax (MCIT)		265,730		266,027
	P	<b>11,976,996</b>	P	9,560,266

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

Year incurred	Expiry	Original amounts	
		NOLCO	MCIT
2019	2022	P 5,355,278	P 5,378
2018	2021	6,283,488	105,117
2017	2020	4,469,995	155,235
		<b>P 16,108,761</b>	<b>P 265,730</b>

NOLCO and MCIT incurred in 2016 amounting to P886,774 and P5,675, respectively, expired in 2019 without any benefit therefrom.

## 27. Earnings (Loss) per Share

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

	2019	2018	2017
Earnings (A)	P (11,740,626)	P 308,276,593	P 3,103,612
Divided by:			
Weighted Average Shares (B)	4,500,000,000	4,500,000,000	4,500,000,000
Earnings (Loss) per share (A/B)	<b>P (0.00261)</b>	P 0.02999	P 0.00069

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

## 28. Other Significant Matters

### Operating leases – Group as a lessee

Certain subsidiary is a party to lease contract covering office spaces. These lease is for a period of 6 years subject to renewal on mutual agreement of both parties. Among others, the lease terms consists of the following:

1. Lease is payable monthly and is subject to 2% penalty for rental in arrears;
2. Annual lease is subject to an escalation of 5% on the 3<sup>rd</sup> year and another 5% on 5<sup>th</sup> year.
3. One (1) month advance rental and two (2) months security deposit is required at the inception of the lease agreement. Security deposit is refundable at the end of lease term.

Rent expense recognized in the consolidated statement of income is as follows:

	2019	2018
Direct cost	P -	P 1,000,326
Administrative expense	782,105	558,756
	<b>P 782,105</b>	<b>P 1,559,082</b>

Future minimum lease payments to these lease contracts are as follows:

	2019	2018
within 12 months	P 404,889	P 1,338,240
more than 12 months but less than 5 years	850,266	4,239,283
	<b>P 1,255,154</b>	<b>P 5,577,523</b>

*Operating leases – Group as a lessor*

As discussed in Note 14, certain investment properties are leased to third parties at a mutually agreed terms and conditions for a period of 1 year subject to renewal upon mutual agreement of both parties.

*Non-cash investing and financing activities*

	<b>2019</b>	2018
<b>Cash flows from investing/financing activities</b>		
Fair value changes in:		
AFS securities	-	784,300
Financial assets at fair value through OCI	<b>(30,845)</b>	-
Reclassification of AFS securities to		
Financial assets at fair value through OCI (see Note 4)	<b>22,986,000</b>	-
Increase in investment properties as a result of appraisal	-	17,050,000
Conversion of advances from stockholders as payment of subscription to an associate	<b>270,802,970</b>	-

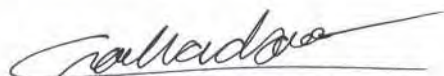
PRC-BOA Reg. No. 0132, valid until December 31, 2021  
SEC Accreditation No.0220-FR-2, valid until March 27, 2020  
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

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

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of **ATN HOLDINGS, INC. AND SUBSIDIARIES** (the Group) as at March 31, 2019 and 2018 and for each of the three years in the period ended March 31, 2019, included in this Form 17-A, and have issued our report thereon dated July 12, 2019. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to 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 consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

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



By: **CHESTER NIMITZ F. SALVADOR**

Partner

CPA Certificate No. 0129556

Tax Identification No. 307-838-154

PTR No. 5174718, January 12, 2019, Pasig City

SEC Accreditation No. 1608-A, valid until January 26, 2020

BIR Accreditation No. 07-000251-003-2019, valid until June 13, 2022

July 12, 2019  
Pasig City



**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Index to Supplementary Schedules**  
**Under SEC Rule 68, As Amended (2011)**  
**March 31, 2019**

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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, 2019**

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2019</b>				
<b>Framework for the Preparation and Presentation of Financial Statements</b>		x		
Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRS's Practice Statement Management Commentary				x
<b>Philippine Financial Reporting Standards</b>				
PFRS 1	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
	Annual Improvements (2009-2011 Cycle): Repeated Application of PFRS 1			x
	Annual Improvements (2009-2011 Cycle): First-time adoption of PFRS - Borrowing Cost			x
	Annual Improvements (2001-2013 Cycle): First-time adoption of PFRS - Meaning of Effective PFRS			x
	Annual Improvements (2014-2016 Cycle): First-time adoption of PFRS - Deletion of Short-term Exemptions for First-time Adopters	Not early adopted		
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
	Annual Improvements (2010-2012 Cycle): Definition of Vesting Condition			x
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions	Not early adopted		
PFRS 3	Business Combinations			x
	Annual Improvements (2010-2012 Cycle): Accounting for Contingent Consideration in a Business Combination			x
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for Joint Arrangements			x
PFRS 4	Insurance Contracts			x
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
	Amendments to PFRS 4: Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	x		
	Annual Improvements (2012-2014 Cycle): Changes in Methods of Disposal	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	x		
	Annual Improvements (2012-2014 Cycle): Servicing Contracts			x
	Annual Improvements (2012-2014 Cycle): Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			x
PFRS 8	Operating Segments	x		
	Annual Improvements (2010-2012 Cycle): Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets			x
PFRS 9	Financial Instruments	x		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	x		
	Amendments to PFRS 9: Financial Instruments - Classification and Measurement	x		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			x

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2019</b>				
PFRS 10	Consolidated Financial Statements	x		
	Amendments to PFRS 10: Investment Entities			x
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			x
	Amendments to PFRS 10: Consolidated Financial Statements and PAS 28: Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		
PFRS 11	Joint Arrangements			x
	Amendments to PFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations			x
PFRS 12	Disclosure of Interest in Other Entities	x		
	Amendments for Investment Entities			x
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			x
	Annual Improvements (2014-2016 Cycle): Clarification of the Scope of the Standard			x
PFRS 13	Fair Value Measurement	x		
	Annual Improvements (2010-2012 Cycle): Short-term Receivables and Payables	x		
	Annual Improvements (2011-2013 Cycle): Portfolio Exceptions			x
PFRS 14	Regulatory Deferral Accounts			x
PFRS 15	Revenue from Contracts with Customers	x		
	Amendments to PFRS 15: Clarifications to PFRS 15	Not early adopted		
PFRS 16	Leases	Not early adopted		
<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		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Presentation	x		
	Amendments to PAS 1: Disclosure Initiative	x		
PAS 2	Inventories			x
PAS 7	Statement of Cash Flows	x		
	Amendments to PAS 7: Disclosure Initiative	x		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	x		
PAS 10	Events After the Reporting Period	x		
PAS 11	Construction Contracts			x
PAS 12	Income Taxes	x		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	x		
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	x		
PAS 16	Property, Plant and Equipment	x		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment	x		
	Annual Improvements (2010-2012 Cycle): Revaluation Method - Proportionate Restatement of Accumulated Depreciation	x		
	Amendments to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization	x		
	Amendments to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture - Bearer Plants			x
PAS 17	Leases	x		
PAS 19 (Amended)	Employee benefits	x		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			x
	Annual Improvements (2012-2014 Cycle): Regional Market Issue Regarding Discount Rate			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		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel	x		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			x
PAS 27 (Revised)	Separate Financial Statements	x		
	Amendments to PAS 27: Investment Entities			x
	Amendments to PAS 27: Separate Financial Statements - Equity Method in Separate Financial Statements	x		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b>		Adopted	Not adopted	Not applicable
<b>Effective as of March 31, 2019</b>				
PAS 28	Investment in Associates and Joint Ventures	x		
(Amended)	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities: Applying the Consolidation Exception			x
	Annual Improvements (2014-2016 Cycle): Measuring an Associate or Joint Venture at Fair Value		Not early adopted	
	Amendments to 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		Not early adopted	
	Amendments to PAS 28: Long Term Interests in Associates and Joint Ventures		Not early adopted	
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
	Annual Improvements (2009-2011 Cycle): Tax Effect of Distribution of Holders of Equity Instruments			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	x		
PAS 33	Earnings Per Share	x		
PAS 34	Interim Financial Reporting			x
	Annual Improvements (2009-2011 Cycle): Interim Financial Reporting and Segment Information for Total Assets and Liabilities			x
	Annual Improvements (2012-2014 Cycle): Disclosure of Information 'Elsewhere in the Interim Financial Report'			x
PAS 36	Impairment of Assets	x		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		
	Annual Improvements (2010-2012 Cycle): Revaluation Method - Proportionate Restatement of Accumulated Amortization			x
	Amendments to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization			x
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 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
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			x
PAS 40	Investment Property	x		
	Annual Improvements (2011-2013 Cycle): Investment Property	x		
	Amendments to PAS 40: Transfers of Investment Property		Not early adopted	
PAS 41	Agriculture			x
	Amendments to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture - Bearer Plants			x
<b>Philippine Interpretations</b>				
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

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not adopted	Not applicable
Effective as of March 31, 2019				
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 15	Agreements for Construction of Real Estate	Not early adopted		
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			x
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not early adopted		
IFRIC 23	Uncertainty Over Income Tax Treatments	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
SIC - 15	Operating Leases - Incentives			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**

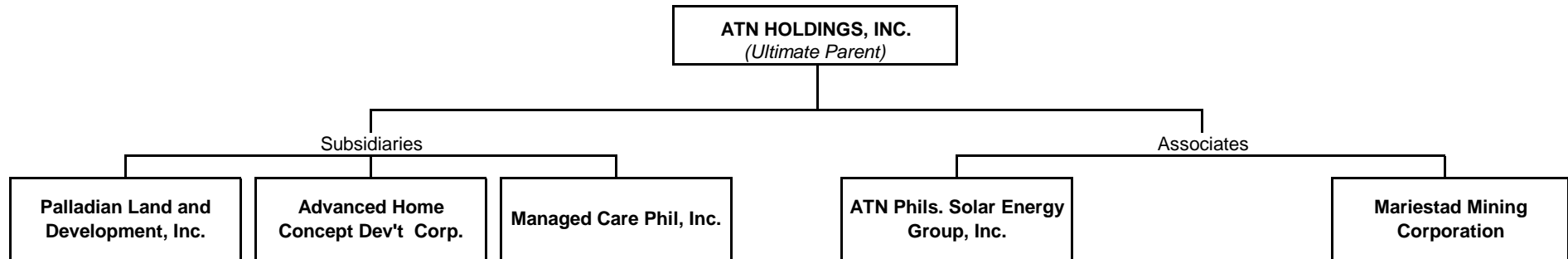
	<b>2019</b>	2018
A. Current/liquidity ratios		
Current ratio	<b>0.838</b>	0.651
Quick ratio	<b>0.349</b>	0.143
Cash ratio	<b>0.349</b>	0.139
B. Solvency ratio/Debt-to-equity ratio		
Solvency ratio	<b>-0.005</b>	3.143
C. Asset-to-Equity ratios	<b>1.646</b>	1.467
D. Interest rate coverage ratio		333.587
E. Profitability ratios		
Net profit margin analysis	<b>-69.369%</b>	66.174%
Return on assets	<b>-0.355%</b>	9.860%
Return on equity	<b>-0.552%</b>	14.460%
Return on capital employed	<b>-0.277%</b>	14.646%

**ATN HOLDINGS, INC.**  
**Schedule III - Parent Company Retained Earnings Available for Dividend Declaration**  
**March 31, 2019**

Balance at beginning of year		P 51,173,481
Adjustment on beginning balance		<u>(8,901,027)</u>
		42,272,454
Loss during the period closed to Retained Earnings	<u>(1,427,647)</u>	
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	-	
Increase in deferred tax as	-	
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	-	
Subtotal	<u>-</u>	
Add:		
Non-actual losses	-	
Depreciation on revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Equity in net loss of an associate	-	
Loss on fair value adjustment of investment property (after tax)	-	
Subtotal	<u>-</u>	
Net income actually earned during the period		<u>(1,427,647)</u>
Add (Less): Dividend declarations during the period	-	
Appropriations of Retained Earnings during the period	-	
Reversals of appropriations	-	
Effects of prior period adjustments	-	
Treasury shares	-	
Subtotal	<u>-</u>	
Balance at end of year		<u>P 40,844,807</u>

**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, 2019





**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule A - Non-Current Marketable Equity Securities, Other Long Term Investment in Stocks and Other Investments**  
**March 31, 2019**

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 11,306,000	P -	P -
ATN Philippines Solar Energy Group, Inc.	-	678,207,476	(3,627,846)	-
Less: Allowance for impairment loss (MMC)	-	(11,306,000)	-	-
	-	P 678,207,476	P (3,627,846)	-
<b>AVAILABLE FOR SALE INVESTMENTS</b>				
Transpacific Broadband Group International, Inc.	133,100,000	P 22,955,000	P -	-

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule B - Amount Receivable from Directors, Officers, Employees, Related parties and Principal Stockholders (Other than Related Parties)**  
**March 31, 2019**

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 11,756,000	P -	P -	P 11,756,000	P -	P -	P -
ATN Philippines Solar Energy Group, Inc.	607,479	-	607,479	-	-	-	-
Unipage Management, Inc.	13,921,799	1,955,955	15,877,754	-	-	-	-
Transpacific Broadband Group Int'l Inc.	295,219	-	295,219	-	-	-	-
	P 26,580,497	P 1,955,955	P 16,780,452	P 11,756,000	P -	P -	P -

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule C - Amounts Receivable from Related Parties**  
**which are Eliminated during the Consolidation of Financial Statements**  
**March 31, 2019**

Related Party	Balance at beginning of period	Net transactions	Balance at end of period
Palladian Land Development, Inc.	P (60,328,401)	P 81,369,130	P 21,040,729
Advanced Home Concept Development Corporation	6,942,328	3,826,349	10,768,677
Managed Care Philippines, Inc.	10,768,677	(3,526,349)	7,242,328
<b>Total</b>	P (42,617,396)	P 81,669,130	P 39,051,734

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule D - Intangible Assets (Other assets)**  
**March 31, 2019**

Portal and enterprise system		Balance at beginning of period		Additions/ Revisions		Disposal		Balance at end of period
Cost	P	15,000,000	P	-	P	-	P	15,000,000
Accumulated amortization		9,150,000		850,000		-		10,000,000
Impairment		-		1,000,000		-		1,000,000
<b>Net Book Value</b>	P	<b>5,850,000</b>	P	<b>850,000</b>	P	-	P	<b>4,000,000</b>

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule E - Long-Term Debt**  
**March 31, 2019**

Creditor	Original Currency	Balance at beginning of period (in peso)	Payment (in peso)	Addition (in peso)	Unrealized foreign exchange gain	Reclassification into short-term debt (in peso)	Balance at end of period (in peso)
China Banking Corporation	P	20,000,000	P 20,000,000	P 38,100,000	P 40,000,000	P -	P 21,900,000
United Coconut Planters Bank		-	-	301,110.00	3,050,600.00	-	957,352.00
Rizal Commercial Banking Corporation	¥	52,232,000	23,102,212	25,058,167	-	1,955,955	-
<b>Total</b>		P 43,102,212	P 63,459,277	P 43,050,600	P 1,955,955	P 22,857,352	P 1,792,138

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule F - Indebtedness to Related Parties (Long-term loans from related parties)**  
**March 31, 2019**

Related Party	Balance at beginning of period	Payment	Addition	Balance at end of period
Transpacific Broadband Group International, Inc. P	-	1,584,059	2,684,723	1,100,664
ATN Philippines Solar Energy Group, Inc.	1,152,747	34,866,336	68,096,648	34,383,059
Stockholder	102,223,367	-	355,916,704	458,140,071
<b>Total</b>	P 103,376,114	P 36,450,395	P 426,698,075	P 493,623,794

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule G - Guarantees of Securities of Other Issuers**  
**March 31, 2019**

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		P	-	P

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**Schedule H - Share Capital**  
**March 31, 2019**

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	4,200,000,000	3,700,000,000	-	-	409,614,960	3,290,385,040
Class B	2,800,000,000	800,000,000	-	-	1,001,000	798,999,000
Preferred shares	5,000,000,000	-	-	-	-	-
	<u>12,000,000,000</u>	<u>4,500,000,000</u>	<u>-</u>	<u>-</u>	<u>410,615,960</u>	<u>4,089,384,040</u>





108162019001912



## SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

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SEC Registration No. 0000037535  
Company Name ATN HOLDINGS INC.  
Industry Classification  
Company Type Stock Corporation

Document Information

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Document ID 108162019001912  
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
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Period Covered June 30, 2019  
No. of Days Late 0  
Department CFD  
Remarks

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

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**ATN HOLDINGS, INC.**

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(Company)

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

---

(Address)

**717-0523**

---

(Telephone Number)

**March 31**

---

(Fiscal Year Ending)  
(month & day)

**SEC 17Q**

---

(Form Type)

---

Amendment Designation (if applicable)

**June 30, 2019**

---

(Period Ended Date)

---

(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended June 30, 2019
2. Commission identification no. 37535                      3.BIR Tax Identification No. 005-056-869
4. ATN Holdings, Inc. (the "Company")
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
8. Telephone No. 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

I. Financial Statements.

**ATN HOLDINGS, INC. and Subsidiaries**
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		(Unaudited) June 30	Audited March 31
	Notes	2019	2019
<b>ASSETS</b>			
Current Assets			
Cash	9	P11,140,738	P17,211,263
Other current assets	10	6,241,491	5,593,115
		<b>17,382,229</b>	22,804,378
Non-current assets held for sale	44	18,477,857	18,477,857
		<b>35,860,086</b>	41,282,235
Noncurrent Assets			
Investments in:			
Financial assets at fair value			
through other comprehensive income (OIC)	12	22,955,000	22,955,000
Associates - net	13	677,547,644	678,207,476
Investment in properties	14	2,748,847,836	2,725,369,360
Property and equipment - net	15	14,001,242	16,184,354
Intangible asset	16	3,750,000	4,000,000
		<b>3,467,101,722</b>	3,446,716,190
<b>TOTAL ASSETS</b>		<b>P3,502,961,807</b>	P3,487,998,425
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	17	P3,381,393	P4,477,123
Current portion of interest bearing loans	18	54,181,188	22,857,352
		<b>57,562,582</b>	27,334,475
Liability portion of non-current assets held for sale	11	21,945,941	21,945,941
		<b>79,508,523</b>	49,280,416
Noncurrent Liabilities			
Non-current portion of interest bearing loans	18	-	1,792,138
Deposits	19	19,268,891	21,152,981
Subscription payable	13	54,981,600	86,981,600
Due to related parties	25	516,639,308	493,623,794
Pension liability	24	655,274	655,274
Deferred tax liabilities	26	714,938,971	714,938,971
		<b>1,306,484,044</b>	1,319,144,758
Total Liabilities		<b>1,385,992,567</b>	1,368,425,174
<b>EQUITY</b>			
Share capital	21	450,000,000	450,000,000
Additional paid-in capital		22,373,956	22,373,956
Unrealized loss on:			
Financial assets at fair value through OCI-net of tax	21	-1,454,817	(1,454,818)
Retained earnings - March 31		1,646,050,102	1,648,654,113
<b>TOTAL EQUITY</b>		<b>2,116,969,241</b>	2,119,573,251
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>P3,502,961,808</b>	P3,487,998,425

See accompanying Notes to Financial Statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	First Quarter Ending	
		June 30, 2019	June 30, 2018
<b>REVENUES</b>			
Lease of properties	14, 28	<b>P6,837,973</b>	P4,651,128
Sale of property		-	5,748,953
<b>OTHER INCOME</b>			
Interest and other income		<b>26,344</b>	4,404
		<b>6,864,317</b>	10,404,485
<b>COSTS AND EXPENSES</b>			
Cost of sales and services	22	<b>1,096,314</b>	5,424,682
Administrative expenses	23	<b>5,811,482</b>	6,320,254
Equity in net loss of an associate	13	<b>659,832</b>	746,710
Finance cost	18	<b>1,536,875</b>	676,078
		<b>9,104,503</b>	13,167,724
<b>INCOME (LOSS) BEFORE INCOME TAX</b>		<b>(2,240,186)</b>	(2,763,239)
<b>INCOME TAX EXPENSE</b>		<b>363,825</b>	99,508
<b>INCOME (LOSS) FOR THE PERIOD</b>		<b>(P2,604,011)</b>	(P2,862,747)
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
Fair value changes in Available-for-sale through other comprehensive income (OIC)		-	-
		<b>(P2,604,011)</b>	(P2,862,747)
<b>EARNINGS PER SHARE</b>	26	<b>(0.0006)</b>	(0.0064)

See accompanying Notes to Financial Statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	1st Qtr. Ending	
	June 30, 2019	June 30, 2018
SHARE CAPITAL	<b>P450,000,000</b>	P450,000,000
ADDITIONAL PAID-IN CAPITAL	<b>22,373,956</b>	22,373,956
UNREALIZED LOSS ON AVAILABLE-FOR-SALE FINANCIAL ASSETS - net of tax	<b>(1,454,817)</b>	(1,423,973)
RETAINED EARNINGS		
Balance at beginning of fiscal year	<b>1,648,654,113</b>	1,660,394,739
Net profit (loss)	<b>(2,604,011)</b>	(2,862,747)
	<b>1,646,050,102</b>	1,657,531,992
	<b>P2,116,969,241</b>	P2,128,481,975

*See accompanying Notes to Financial Statements.*

## CONSOLIDATED STATEMENTS OF CASH FLOWS

	First Quarter Ending	
	June 30, 2019	June 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit (loss) before tax	<b>(P2,604,011)</b>	(P2,167,141)
Adjustments to reconcile net income to cash		
Depreciation and amortization	<b>2,433,112</b>	2,361,950
Equity in net loss of an associate	<b>659,832</b>	846,714
Interest income	<b>(26,344)</b>	(8,692)
Interest expense	<b>1,536,875</b>	480,082
Operating income before working capital changes	<b>1,999,464</b>	1,512,913
Decrease (increase) in current assets		
Other current assets	<b>(648,376)</b>	300,142
Increase (decrease) in current liabilities		
Accounts payable and accrued expenses	<b>(1,095,730)</b>	2,941,468
Cash (used in) provided by operations	<b>255,359</b>	4,754,523
Interest income	<b>26,344</b>	8,692
Cash flows from Operating Activities	<b>281,702</b>	4,763,215
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment properties	<b>(23,478,476)</b>	-
Net (Increased) decreased in :		
Advances from related party	<b>23,015,514</b>	49,823,455
Property and equipment	-	(1,554,964)
Payment of subscription	<b>(32,000,000)</b>	(32,748,460)
Increased (decreased) in deposits	<b>(1,884,089)</b>	724,095
	<b>(34,347,051)</b>	16,244,126
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of interest bearing loans:		
Principal	<b>(468,302)</b>	(975,479)
Interest	<b>(1,536,875)</b>	(480,082)
Proceeds of bank loans	<b>30,000,000</b>	-
	<b>27,994,823</b>	(1,455,561)
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(6,070,525)</b>	19,551,780
<b>CASH AT BEGINNING OF PERIOD</b>	<b>17,211,263</b>	12,509,322
<b>CASH AT END OF PERIOD</b>	<b>P11,140,738</b>	P32,061,102

See accompanying Notes to Financial Statements.

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2019 ANF FY MARCH 31, 2019**

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**1. Corporate Information**

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

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

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**2. Basis of Preparation and Presentation**

*Basis of Financial Statement Preparation and Presentation*

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

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

*Statement of Compliance*

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as set forth in Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB).

*Principle for Consolidation*

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

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

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

As of June 30, 2019 and FY March 31, 2019 the consolidated subsidiaries are as follows:



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

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

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

For the year ended December 31, 2019 and 2018, AHCDC has no operations and is poised to venture into joint operation or project with its affiliated companies. MCPHI has downsized its operations in 2018 to dental care as it plans to re-brand itself into collaborating with leading hospital in the country. The financial statement do not include any adjustment that might result from this uncertainty.

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

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

### 3. Summary of Significant Accounting Policies

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

#### Current versus non-current classification

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

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

The Group classifies all other assets as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

#### Cash and Cash Equivalents

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

#### Financial Instruments

##### *Date of Recognition*

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

##### *Initial Recognition*

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

##### *Determination of Fair Value*

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

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

##### *Offsetting of Financial Instruments*

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

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

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

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

- Financial Assets at Amortized Cost

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

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

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

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

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

Equity instruments

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

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

As of June 30, 2019, the Company has financial instrument amounting to P22,955,000 under this category.

Debt instruments

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

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

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

As of June 30, 2019, the Group does not have debt instruments at FVOCI.

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

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

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

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

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

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

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

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

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

As of June 30, 2019, financial liabilities at amortized cost include the Company's accounts payable, accrued expenses, interest-bearing loans, deposits, subscription payable and due to related parties.

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

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

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

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

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

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

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

As of March 31, 2018, there are no financial assets under this category.

- Available-for-sale (AFS)

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

As of March 31, 2018, financial assets under this category amounted to P22,986,000 consists of investment in share of stocks.

- Loans and Receivables

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

Included under this category are the Group’s cash, account receivables, security deposits and other receivables.

- Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of March 31, 2018, there are no financial assets under this category.

- Other Financial Liabilities

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

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

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

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

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

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

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

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

A financial asset is reclassified out of the FVPL category when the following conditions are met:

- (i) the financial asset is no longer held for the purpose of selling or repurchasing it the near future; and,
- (ii) there is a rare situation

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

*Impairment of Financial Assets effective April 1, 2018*

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

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

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

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

(i) *Assets carried at amortized cost*

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

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

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

(ii) *Assets carried at cost*

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

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

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

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

*Financial Assets*

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

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

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

*Financial Liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same

lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

#### Non-current Assets Held for Sale

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

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

#### Other Current Assets

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

#### Investment Properties

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

Investment properties are measured initially at acquisition cost. The initial cost of investment properties comprises its purchase price and directly attributable costs of bringing the assets to working condition for intended use. Subsequently, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of the investment property is based on a valuation by an independent valuer who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the Group. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

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

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

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

#### Investment in Associates

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



recognized in the investor's profit or loss. Distributions received from an investee reduce the carrying amount of the investment.

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

#### Property and Equipment

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

Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period in which the costs are incurred. When assets are sold, retired or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in income for the period.

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

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

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

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

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

#### Intangible Asset

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

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

#### Deposits

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

#### Leases

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

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

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

#### Equity

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

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

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

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

#### Other Comprehensive Income

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

#### Revenue and Cost Recognition

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

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

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

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

- (i) Interest – interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.
- (ii) Profit from assets sold or exchanged – recognized when the title to the asset is transferred to the buyer or if the collectability is reasonably assured. If collectability is not reasonably assured, revenue is recognized only to the extent cash is received.
- (iii) Rental income - properties leased out under operating leases are included in investment property in the consolidated statements of financial position. Lease income is recognized over the term of the lease on a straight-line basis.
- (iv) Sales of services – revenue are recognized upon rendering of services or completion of services made.

- (v) Dividends - dividends are recognized in the period in which they are declared.
- (vi) Fair value gains on investment properties – fair value gains on investment properties are recognized when the market value of the investment properties are higher than its carrying value. Measurement of fair value is discussed in Note 6.

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

#### Retirement Benefit Cost

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

#### Borrowing Costs

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

#### Income Taxes

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

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

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

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

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

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

#### Foreign Currency Transactions and Translations

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

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

#### Provisions

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

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

#### Contingencies

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

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

#### Earnings (Loss) Per Share

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

#### Related Party Transactions and Relationships

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

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

#### Segment Reporting

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

#### Events after the Reporting Period

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

#### 4. Changes in Accounting Standards

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

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning April 1, 2019.

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

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

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

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

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

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

The impact of adoption of PFRS 9 is as follows:

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

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

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

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

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

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

The amendments are intended to clarify following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The amendments cover two issues:

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

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

#### *Deferred*

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

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



A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the consolidated financial statements.

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## 5. Summary of Significant Accounting Judgments and Estimates

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

### *(i) Judgments*

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

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

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

#### *Classification of financial assets*

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

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

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

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

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

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

In 2017, management determined that certain investment properties are available for immediate sale within the next 12 months and already has an identified buyer. Management reclassified these from *Investment properties* into *Non-current assets held for sale* in the consolidated statement of financial position as of March 31, 2017. The carrying value of these assets amounted to P18.48 million as of March 31, 2019.

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

*Operating leases – Group as lessor*

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

*Determination of fair value of assets and liabilities*

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

Level 1

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

Level 2

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

Level 3

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

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

*Provision and contingencies*

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

*(ii) Estimates*

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

*Estimation of allowance for impairment losses on receivables*

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

*Estimated useful lives of property and equipment*

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

Property and equipment, net of accumulated depreciation and impairment losses, amounted to P14 million and P16.18 million as of June 30, 2019 and FY March 31, 2019, respectively.

*Estimating fair value of investment properties*

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

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

*Estimating the cost of assets held for sale*

The Group measures its assets held for sale at the lower of their carrying amount and fair value less costs to sell. Management has determined the fair value less costs to sell of the Group's assets held for sale based on the indicative price agreed with identified buyer. The carrying value of assets held for sale as of March 31, 2019 amounted to P18.48 million.

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

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

The net carrying value of Investment in and Advances to Associates as of June 30, 2019 and FY March 31, 2019 is as follows:

	Quarter ending June 30, 2019			FY ending March 31, 2019		
	Gross carrying amount	Allowance for impairment	Net carrying value	Gross carrying amount	Allowance for impairment	Net carrying value
Investment in associates						
ATN Phils. Solar	677,547,644	-	677,547,644	678,128,838	-	678,128,838
Mriestad Mining Corp.	7,000,000	(7,000,000)	-	7,000,000	(7,000,000)	-
Advances to related parties						
Sierra Madre Consolidated	4,306,000	(4,306,000)	-	4,308,000	(4,308,000)	-
	P 688,853,644	(11,306,000)	P 677,547,644	P 689,436,838	(11,308,000)	P 678,128,838

## 6. Fair Value Measurement

*Fair value of Financial Instruments*

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

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

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

	Quarter ending June 30, 2019		FY ending March 31, 2019	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash	11,140,738	11,140,738	17,211,263	17,211,263
Financial assets at FVOCI	22,986,000	22,986,000	22,955,000	22,955,000
Other financial liabilities				
Accounts payable and accrued expenses	3,381,393	3,381,393	4,477,123	4,477,123
Bank loans	54,181,188	54,181,188	24,649,440	24,649,440
Deposits	19,268,891	19,268,891	21,152,981	21,152,981
Subscription payable	54,981,600	54,981,600	86,981,600	86,981,600

Fair values were determined as follows:

- *Cash, receivables, accounts payable and accrued expenses, and subscription payable* – The fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Financial asset at fair value through other comprehensive income* – The fair value of investments that are actively traded in organized markets is determined by reference to quoted market bid prices at the close of business on reporting date. The value of unquoted AFS securities was derived by reference to its cost.
- *Bank loans* – The fair value of the loans payable is determined by discounting the principal using the market rate of 3%-5%.
- *Deposits* - The fair value of deposits approximates the carrying value as at year end since lease term are short-term in nature.

#### Fair value hierarchy

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

June 30, 2019	Carrying value	Fair value hierarchy		
		Level 1	Level 2	Level 3
<b>Financial assets at FVOCI</b>				
Listed	P 1,271,000	1,271,000	-	-
Unlisted	21,684,000		21,684,000	-
<hr/>				
FY March 31, 2019	Carrying value	Fair value hierarchy		
		Level 1	Level 2	Level 3
<b>Financial assets at FVOCI</b>				
Listed	P 1,271,000	1,271,000	-	-
Unlisted	21,684,000		21,684,000	-

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

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

#### Liquidity Risk

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

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

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

The table below summarizes the maturity profile of the Group's financial liabilities at June 30, 2019 and 2018 based on contractual undiscounted payments:

June 30, 2019	On demand	Not later than one month	Later than 1 month & not later than 1 3 months	Later than 3 month & not later than 1 year	No fixed payment period	Total
Accounts payable and accrued expenses	2,985,000	P 396,393	-	-	-	P 3,381,393
Bank loans	-	-	-	54,181,188	-	54,181,188
Due to related parties	-	-	-	-	516,639,308	516,639,308
Subscription payable	-	-	-	-	54,981,600	54,981,600
	P 2,985,000	P 396,393	-	P 54,181,188	P 571,620,908	P 629,183,490

FY March 31, 2019	On demand	Not later than one month	Later than 1 month & not later than 1 3 months	Later than 3 month & not later than 1 year	No fixed payment period	Total
Accounts payable and accrued expenses	P 2,820,587	P 1,656,536	-	-	-	P 4,477,123
Bank loans	1,792,138	-	-	22,857,352	-	24,649,490
Due to related parties	-	-	-	-	493,623,794	493,623,794
Subscription payable	-	-	-	-	86,981,600	86,981,600
	P 4,612,725	P 1,656,536	-	P 22,857,352	P 580,605,394	P 609,732,007

### Credit Risk

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

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

The table below shows the gross maximum exposure to credit risk of the Group as of March 31, 2019 and 2018. Net maximum exposure is the effect after considering collaterals and other credit enhancements.

	Gross maximum exposure	
	June 30, 2019	FY March 2019
Cash and cash equivalents	P 11,140,738	P 17,211,263
Financial assets at FV through OCI	22,955,000	22,955,000
	P 34,095,738	P 40,166,263

The credit quality of the Group's assets as of June 30, 2019 and 2018 is as follows:

June 30, 2019	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	11,140,738	-	-	-	11,140,738
Financial assets at FV at OCI	-	22,955,000	-	-	22,955,000
	P 11,140,738	P 22,955,000	P -	P -	P 34,095,738

FY March 31, 2019	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	17,211,263	-	-	-	17,211,263
Financial assets at FV at OCI	-	22,955,000	-	-	22,955,000
	P 17,211,263	P 22,955,000	P -	P -	P 40,166,263

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

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

#### Market Risk

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

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

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

Sensitivity analysis of market risk exposure follows:

#### Interest Rate Risk

The primary source of the Group's interest rates risk relates to debt instruments with floating interest rates disclosed in Note 18.

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

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

#### Price Risk

The Group's price risk exposure at year-end relates to financial asset whose value fluctuates as a result of changes in market price, principally, Investment in financial asset. Before taking into account the effect of taxes, equity as of March 31, 2019 and 2018 would either decrease or increase by P3,100 and P90,985, respectively, had the variable change by 10%. The impact on the Group's equity excludes the impact of transactions affecting profit or loss since financial instrument carried at fair value are classified as Investment in financial asset securities.

#### Capital Management

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

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

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

	<b>June 30, 2019</b>	FY March 31, 2019
Equity	<b>P 2,116,969,241</b>	P 2,119,573,251
Total assets	<b>3,502,961,807</b>	3,487,998,425
Ratio	<b>0.60</b>	0.61

## 8. Segment information

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

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

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

The segment information in the consolidated financial statements as of June 30, 2019 and June 30, 2018 follows:

<b>June 30, 2019</b>	<b>Real estate</b>	<b>Health care</b>	<b>Corporate and others</b>	<b>Total</b>
Revenues	P 6,753,974	-	P 83,999	P 6,837,973
Other income	24,886	-	1,458	26,344
	<b>6,778,860</b>	<b>-</b>	<b>85,457</b>	<b>6,864,317</b>
Direct cost	1,096,314	-	-	1,096,314
Administrative expenses	3,539,787	2,192,352	79,344	5,811,482
Equity in net loss of associate	-	-	659,832	659,832
Finance cost	1,011,874	-	525,002	1,536,875
	<b>5,647,974</b>	<b>2,192,352</b>	<b>1,264,177</b>	<b>9,104,503</b>
Income before income tax	1,130,886	(2,192,352)	(1,178,720)	(2,240,186)
Income tax expense	362,145	-	1,680	363,825
Income	<b>768,741</b>	<b>(2,192,352)</b>	<b>(1,180,400)</b>	<b>(2,604,011)</b>
Segment assets	-	15,435,968	578,881,042	594,317,010
Segment liabilities	-	13,638,084	579,644,961	593,283,045
Other information:				
Depreciation and amort	-	1,783,505	-	1,783,505
Non-cash expenses other than depreciation	-	-	-	-

June 30, 2018		Real estate	Health care	and others	Total
Revenues	P	10,339,618	\$ -	P 60,463	P 10,400,081
Other income		3,673	732	-	4,405
		10,343,291	732	60,463	10,404,486
Direct cost		5,424,682	-	-	5,424,682
Administrative expenses		3,992,717	2,262,538	55,000	6,310,255
Equity in net loss of associate		-	-	746,710	746,710
Finance cost		676,078	-	-	676,078
		10,093,477	2,262,538	801,710	13,157,725
Income before income tax		249,814	(2,261,806)	(741,247)	(2,753,239)
Income tax expense		98,299	-	1,209	99,508
Income	P	151,515	(2,261,806)	(742,456.00)	(2,852,747)
Segment assets		2,747,422,664	16,435,968	597,454,955	P 3,361,313,587
Segment liabilities		884,734,594	13,638,084	106,328,745	1,004,701,423
Other information:					
Depreciation and amortiz		744,535	1,783,505	-	2,528,040
Non-cash expenses other than depreciation				746,710	746,710

## 9. Cash

The composition of this account consist of cash in banks of P11,140,738 and P17,211,263 as of June 30, 2019 and FY march 31, 2019 respectively.

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

## 10. Other Current Assets

The composition of this account is as follows:

		June 2019	FY March 2019
Creditable withholding taxes	P	1,714,606	P 1,839,839
Input taxes		3,969,588	2,044,717
Deposits		557,296	1,664,160
Prepaid taxes		-	38,400
Other receivables		-	6,000
	P	6,241,491	P 5,593,116

- Creditable withholding taxes represents the 5% tax withheld on rental. The same may be applied against future income tax liabilities. As of March 31, 2019 and 2018, creditable withholding taxes are considered recoverable in full and no impairment losses is necessary.
- Deposits are advance payment of rental that are expected to be applied within the next 12 months.
- Input taxes and Prepaid taxes represents the 12% tax on domestic purchases of goods and services from VAT registered entities. Input tax is applied against output taxes on a monthly basis.
- Other receivable are expenses on the common area of Summit One Tower paid by the Group. These receivables are not subject to interest.



## 11. Non-Current Assets Held for Sale

The movements of this account is as follows:

		June 2019		FY March 2019
Balance at the beginning of the year	P	18,477,856	P	42,100,683
Assets sold during the year		-		(4,275,078)
Reclassification		-		(19,347,749)
	<b>P</b>	<b>18,477,856</b>	<b>P</b>	<b>18,477,856</b>

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

Consistent with the reclassification of the investment properties, the related liabilities of the assets held for sale were also reclassified to current liabilities amounting to P21,945,941 and P43,452,774 as of March 31, 2019 and 2018, respectively. These liabilities comprise the payments made by the other party in the aforesaid contracts to sell.

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

During 2018, the company completed the sale of an investment property amounting to P4.3 million. The same was sold for P5.7 million as reported in the statement of income.

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

The composition of this account is as follows:

		June 2019		FY March 2019
Listed shares of stock	P	1,271,000	P	1,271,000
Unlisted shares of stock		21,684,000		21,684,000
	<b>P</b>	<b>22,955,000</b>	<b>P</b>	<b>22,955,000</b>

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

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

### 13. Investments in Associates - net

This account consists of the following:

		June 2019		FY March 2019
Cost:				
Beginning of the year				
ATN Phils Solar Energy Group	P	690,080,120	P	331,425,000
Mariestad Mining Corp.		11,306,000		11,306,000
	P	701,386,120	P	342,731,000
Additions during the year		-		358,655,120
		701,386,120		701,386,120
Equity in net losses				
Beginning of the year		(11,872,644)		(8,244,798)
Current year		(659,832)		(3,627,846)
		(12,532,476)		(11,872,644)
Total		688,853,644		689,513,476
Allowance for impairment		(11,306,000)		(11,306,000)
	P	677,547,644	P	678,207,476

#### ATN Solar

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

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

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

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

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

The latest financial information of ATN Solar is as follows:

	December 31,	
	2018	2017
Current assets	P 21,178,754	P 41,485,929
Non-current assets	1,476,378,726	858,514,077
Current liabilities	74,657,758	13,162,655
Non-current liabilities	747,452,388	203,900,656
Equity	P 675,447,334	P 682,936,694
Carrying value of investment in ATN Solar	P 678,207,476	P 323,197,498
Net administrative expense	P 7,489,360	P 3,675,321
Group's share in net administrative expense	P 3,627,846	P 1,740,265

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

#### MMC

In 2007, the Group entered into an investment agreement with MMC to participate in the extraction of manganese ores in the former's mining site. The Group's participation is in the form of providing financial resources to undertake the mining operations. The Group has financed a total of P7 million that is equivalent to 25% equity interest in MMC. Due to the non-commencement of mining operation, the Group provided a full impairment loss on its investment in MMC. Furthermore, no financial information is available for MMC for the last 6 years.

## 14. Investment Properties

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

	June 2019	FY March 2019
Land	P 2,414,783,271	P 2,391,304,795
Condominium units	278,393,564	278,393,564
Parking slots	26,350,000	26,350,000
Townhouses	22,953,001	22,953,001
Commercial building	6,368,000	6,368,000
	P 2,748,847,836	P 2,725,369,360

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

	June 2019	FY March 2019
Balance at the beginning of the year	P 2,725,369,360	P 2,681,006,772
Additions during the year	23,478,476	25,014,839
Reclassification	-	19,347,749
	P 2,748,847,836	P 2,725,369,360

Additions during 2019 and 2018 represent various land improvements.

Real estate inventories amounting P4,485,000 as of March 31, 2016 represents the cost of lot and housing units of PLDI and AHCDC. During 2017, these companies have ceased to actively sell the housing units and accordingly reclassified to Investment properties in 2018.

On April 2, 2018 certain investment properties situated in Mandaluyong and Rodriguez, Rizal were re-appraised to properly reflect its fair market value. The appraisal resulted to an increase in value of investment amounting to P420.22 million. The fair market value is determined by a

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

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

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

## 15. Property and Equipment

Property and equipment consists of:

June 30, 2019	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
<b>Cost</b>					
At March 31, 2018	P 34,937,452	P 6,138,644	P 19,969,173	P 7,879,464	P 68,924,733
Addition	-	-	-	-	-
At June 30, 2018	34,937,452	6,138,644	19,969,173	7,879,464	68,924,733
<b>Accumulated depreciation</b>					
At March 31, 2018	25,949,086	6,054,149	18,319,729	2,417,415	52,740,379
Provisions	902,882	84,495	699,661	496,074	2,183,112
At June 30, 2018	26,851,968	6,138,644	19,019,390	2,913,489	54,923,491
<b>Net Book Value</b>					
At June 30, 2018	P 8,085,484	\$ -	P 949,783	P 4,965,975	P 14,001,242
<b>FY March 31, 2019</b>					
<b>Cost</b>					
At March 31, 2018	P 34,937,452	P 6,138,644	P 19,969,173	P 3,988,393	P 65,033,662
Addition/(deduction)	-	-	-	3,891,071	3,891,071
At March 31, 2019	34,937,452	6,138,644	19,969,173	7,879,464	68,924,733
<b>Accumulated depreciation</b>					
At March 31, 2018	21,896,231	6,018,344	16,266,346	1,680,999	45,861,920
Provisions	4,052,855	35,805	2,053,383	736,416	6,878,459
At March 31, 2019	25,949,086	6,054,149	18,319,729	2,417,415	52,740,379
<b>Net Book Value</b>					
At March 31, 2019	P 8,988,366	P 84,495	P 1,649,444	P 5,462,049	P 16,184,354

## 16. Intangible Asset

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

The movement in intangible asset is as follows:

		June 2019		FY March 2019
Cost	P	15,000,000	P	15,000,000
Accumulated amortization				
Balance, April 1		11,000,000		9,150,000
Provisions		250,000		1,850,000
		11,250,000		11,000,000
Net Book Value	P	3,750,000	P	4,000,000

## 17. Accounts Payable and Accrued Expenses

This account consists of the following:

		June 2019		FY March 2019
Taxes payable	P	2,985,000	P	2,985,000
Trade		396,393		1,158,019
Accrued expenses		-		9,520
Others		-		324,584
	P	3,381,393	P	4,477,123

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

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

## 18. Interest-bearing Loans

This account consists of borrowings as follows:

		June 2019		FY March 2019
China Banking Corporation	P	51,900,000	P	21,900,000
UCPB		2,281,188		2,749,490
		54,181,188		24,649,490
Less: current portion		54,181,188		22,857,352
		-	P	1,792,138

### CBC

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

**UCPB**

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

**19. Deposits**

This account represents deposit on operating leases which is made in compliance with the existing leasing agreement with the lessee. The amount is refundable at the expiration of lease contracts. Reclassification from Non-current liability of non-current asset held for sale amounting P15,068,006 was made due to rescinded and cancelled contract to sell as discussed in Note 11.

As of June 30, 2019 and March 31, 2019, deposits on operating leases amounted to P21,945,941.

**20. Subscription Payable**

The movement of this account is as follows:

		June 2019		FY March 2019
Balance at the beginning of the year	P	86,981,600	P	80,195,240
Subscription during the year		-		358,655,120
Payments during the year		(32,000,000)		(351,868,760)
	P	54,981,600	P	86,981,600

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

The details of subscription are as follows:

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

As of July 12, 2019 additional payment of P32 million, have been received as payment for 2018 subscription

**21. Equity**

*Share capital*

Component of share capital is as follows:

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

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

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

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

*Unrealized loss on fair value through other comprehensive income/Available-for-sale securities*  
The movement of this account is as follows:

	<b>2019</b>		2018	
Balance at beginning of year	<b>P</b>	<b>(1,423,973)</b>	P	(2,204,351)
Changes in fair value - net of deferred tax		<b>(30,845)</b>		780,378
Balance at the end of year	<b>P</b>	<b>(1,454,818)</b>	P	(1,423,973)

## 22. Cost of Sales and Services

The breakdown of this account is as follows:

	<b>June 2019</b>		June 2018	
Cost of property	<b>P</b>	-	P	4,908,812
Taxes and licenses		<b>1,096,314</b>		518,871
	<b>P</b>	<b>1,096,314</b>	P	5,427,683

## 23. Administrative Expenses

The breakdown of this account is as follows:

	<b>June 2019</b>		June 2018	
Depreciation and amortization	<b>P</b>	<b>2,586,237</b>	P	2,528,039
Communication and association dues		<b>1,281,142</b>		789,400
Salaries, wages and benefits		<b>833,398</b>		752,750
Rent		<b>202,444</b>		579,660
Security services		<b>187,607</b>		152,000
Professional fees		<b>168,500</b>		226,786
Transportation and travel		<b>153,821</b>		157,992
Taxes, licenses and permits		<b>146,375</b>		711,192
Representation		<b>95,950</b>		200,122
Office supplies and printing		<b>34,433</b>		114,595
Miscellaneous		<b>121,574</b>		107,716
	<b>P</b>	<b>5,811,482</b>	P	6,320,252

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

## 24. Salary and Employee Benefits

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

## 25. Related Party Transactions

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

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

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

### (i) Due from related parties

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		June 2019	FY March 2019	June 2019	FY March 2019	
Advances to related parties						
SMCM	Intercompany advances	-	-	11,756,000	11,756,000	Unsecured, non-interest bearing, no fixed payment, impaired
Less: allowance for probable losses				11,756,000	11,756,000	
				-	-	

### (ii) Due to related parties

Related party	Transaction	Amount of Transaction		Year-end balances		Terms and condition
		June 2019	FY March 2019	June 2019	FY March 2019	
Advances from related parties						
TBGI	Intercompany advances / payments	138,679	2,684,723 (1,584,059)	961,985	1,100,664	no payment terms unsecured
ATN Solar	Advances		68,096,648	34,068,272	34,383,059	no payment terms unsecured
	Payment during the year	314,787	(34,866,336)			
Shareholders	Net availment of advances	(23,468,981)	355,916,701	481,609,052	458,140,071	no payment terms unsecured
				516,639,308	493,623,794	



Significant transaction with related parties are as follows:

1. In 2018, the Company sold 5 million shares of stocks of ATN Solar to UMI for P15 million. A gain of P10 million was realized on this transaction and is reported in the Statement of Income in the same year. The transaction price, which management believes is at arms-length. Settlement was made via off-setting of inter-company balances.
2. As discussed in Note 18, the Group and UMI are parties to a *Hedging Agreement* covering the former's foreign currency loans. The net effect of the foreign exchange differences in translating to Peso and hedging fee were accounted for as related party transaction as follows:

	2019	2018
Net foreign currency loss translating		
foreign currency loans	P 1,955,955	P 1,112,540
Transaction fee on hedging	(150,000)	(150,000)
	<b>P 1,805,955</b>	<b>P 962,540</b>

3. During 2018, the Company's cash requirements are provided by UMI totaling P13.84 million. These advances are not subject to interest and was fully paid in 2019.
4. In prior years, the Group made advances to SMCM to fund its mining activities. Such advances will be converted into equity interest in SMCM when mining operations commence. Due to unforeseen circumstances, SMCM encountered financial difficulties and were unable to operate and generate revenues and cash flows. Accordingly, the Group provided a full impairment loss on its advances to SMCM in 2014 amounting to P11.7 million.
5. The Group and TBGI are parties to a Teaming Agreement executed in January 2013. Pursuant thereto, sharing of cost and expenses incurred within Summit One Condominium. Tower related to technical operations is to be advanced by either of the parties and to be reimbursed from the other parties proportionately or by actual usage as the case maybe.
6. For the years ended March 31, 2019, 2018, and 2017, the Group charged TBGI its proportionate share of communication, dues and utilities expenses amounting to P238,072, P1,116,709 and P968,110, respectively.

In the same manner, the Group charged ATN Solar the following expenses:

	2019	2018	2017
Salaries and wages	P 194,379	P 214,500	P 216,000
Employees' welfare and benefits	43,693	74,757	70,711
Legal services	-	40,000	40,000
Office supplies	-	4,360	29,548
Management fees	-	333,617	175,000
	<b>P 238,072</b>	<b>P 667,234</b>	<b>P 531,259</b>

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

	June 2019	FY March 2019
AHCDC	P 11,707,392	P 10,768,677
MCPI	7,542,328	6,942,328
PLDI	30,806,193	(60,328,401)
	<b>50,055,913</b>	<b>(42,617,396)</b>

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

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## 27. Earnings (Loss) per Share

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

	June 2019	June 2018
Earnings	(2,604,011)	(2,682,747)
Divided by :		
Weighted Average Shares	4,500,000,000	4,500,000,000
Earning per share	(0.001)	(0.001)

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

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## 28. Other SEC requirements

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

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

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

### (B) Interim Periods

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

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

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

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

	ATN Holdings (Consolidated)		Palladian Land		Advanced Home		Managed Care	
	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018	June 2019	June 2018
Current Ratio	0.45	0.58	0.56	0.38	-	0.11	-	1.8
Debt to Equity Ratio	0.65	0.46	0.30	0.47	0.56	3.29	4.77	7.59
Asset to Equity Ratio	1.65	1.46	0.92	1.14	0.86	4.29	6.87	8.59
Interest Rate Coverage Ratio	-0.03	3.09	2.22	1.48	-	-	-	-
Gross Profit Margin	84%	48%	84%	48.00%	-	-	-	-
EBITDA	Php 346,051	Php (2,352)	Php 2,250,827	Php 8,178	-	-	-	-
Net Income to Sales Ratio	-38%	-28%	12.88%	2.00%	-	-	-	-
Net Income (loss)	-PhP2,604,011	-PhP2,862,747	PhP869,891	-PhP830,743	-PhP101,150	-PhP73,736	-PhP2,192,352	-PhP2,262,536

On a consolidated basis, ATN accounts that changed by more than 5% compared to quarter ending June 30, 2019 financial statements are as follows:

- Cash and cash equivalent decreased to Php11 million from Php17 million (-35%).
- Other-current assets increased to Php6.2 million from Php5.6 million (12%)
- Property and equipment decreased to Php14 million from Php16.1 million (-13%)
- Intangible asset decreased to Php3.750 million from Php4.00 million (-6%)
- Advances to related parties decreased to Php6 million from Php15 million (-58%)
- Non-current assets held for sale decreased to Php37.8 million from Php42 million (-10%)
- Accounts payable and accrued expenses decreased to Php3.38 million from Php4.47 million (-24%).
- Interest bearing loans increased to Php54 million from Php24.6 million (120%).
- Deposits decreased to Php19.2 million from Php21.1 million (-8.9%)

10. Subscription payable decreased to Php64.9 million from Php86.9 million. (-36.7%).
11. Due to related parties increased to Php516 million from Php493 million (5%)
12. Total revenue decreased as of June 30, 2019 to P6.8 million compared to P10.4 million as of June 30, 2018 (-34%).
13. Direct cost decreased as of June 30, 2019 to Php1.1 million compared to Php5.4 million as of June 30, 2018. The following direct cost are accounts with more than 5% change:
  - a. Cost of real property sold of Php4.9 million.
  - b. Taxes and licenses increased to Php1.1 million from Php0.518 million (111%)
14. Administrative expenses decreased from Php6.3 million in June 30, 2018 compared to Php5.8 million in June 30, 2019. The following are the accounts with more than 5% change:
  - a. Increase in communication, dues and utilities by Php491 thousand (62%).
  - b. Increase in salaries, wages and other benefits by Php80 thousand (10%)
  - c. Decrease in rent by Php377 thousand (-65%)
  - d. Increase in security services by Php35 thousand (23%).
  - e. Decrease in professional fees by Php58 thousand (-25%)
  - f. Decrease in taxes and licenses by Php564 thousand (-79%)
  - g. Decrease in representation by Php104 thousand (-52%)
  - h. Decrease in office supplies by Php80 thousand (-70%).

#### Corporate Development

The Group subscribed 690 million shares and paid-up of 650 million shares in ATN Solar Energy Group, Inc., (ATN Solar). ATN Solar is engaged in renewable energy generation and trade distribution of renewable energy equipment and accessories. ATN Solar secured a service contract from the Department of Energy for its 30-MW Rodriguez Solar Power Project on May 12, 2011 and a Certificate of Registration from the BOI for income tax holiday, which can be availed in the first seven years of operation.

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

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

For the period ended June 30, 2019 year ended December 31, 2018, AHCDC and MXPI has no operations. AHCDC is poised to venture into joint operation or project with its affiliated companies while MCPHI has it plans to re-brand itself into collaborating with leading hospital in the country. The financial statements do not include any adjustment that might result from this uncertainty.

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


#### SIGNATURES

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

**Company** : **ATN HOLDINGS, INC.**

**Signature and Title** :

  
**PAUL B. SARIA**  
 Principal Financial Officer  
 August 13, 2019


  
**CELINIA FAELMOQA**  
 Principal Accounting Officer  
 August 13, 2019

## CERTIFICATION

I, PAUL B. SARIA, of legal age, Filipino, married and with office address at 9<sup>th</sup> Floor, Summit One Tower, 530 Shaw Boulevard, Mandaluyong City, being the Corporate Information Officer and Assistant Corporate Secretary of ATN Holdings, Inc. hereby certify that the following Executive Officers and Directors of the Corporation, for the year 2017-2018 are not employed as employee in any government agency.

Name	Designation	Name	Designation
Arsenio T. Ng	President & CEO	Twinie Kaye Ng	Director
Hilario T. Ng	Director & COO	Manuel Moje	Director
Santos L. Cejoco	Director & CCP	Bonifacio Choa	Independent Director
Renato E. Taguam	Director & Corp. Secretary	Chee Choong Cheah	Independent Director
Sophie Miles Ng	Director	Hyland Si	Independent Director
Paul B. Saria	Director, CIO & Assistant Corporate Secretary		

Certified by:

  
Paul B. Saria  
Assistant Corporate Secretary

## ACKNOWLEDGMENT

**SUBSCRIBED AND SWORN** to before me this 02 day, affiant Paul B. Saria exhibited to me his Driver's License No. N04-93-264992 and expires on December 15, 2021.

OCT 02 2019

**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY

AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020  
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
PTRO.R No. 7376155 G 1-7-19 / Roll No. 33832 / TIN# 129-871-009  
MCLE VI IBP DATED 8-10 TO 31 / 19 Valio Until 8-31/22 Quezon City  
Address: 31-F Harvard St. Cubao, Q.C.

Doc. No. 128  
Page No. 93  
Book No. XXX  
Series No. 19

**CERTIFICATION OF INDEPENDENT DIRECTORS**

I, **Hyland Si**, Filipino, of legal age and office address at Rm 1005 Taipan Place, Emerald Avenue, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ATN Holdings Inc.** and have been its independent director since November 2012.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Torque Builder, Inc.	Vice President	1979 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATN Holdings, Inc.** as provided for in Section 38 of the Securities Regulation Code and its implemented Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
6. I shall inform the corporate secretary of **ATN Holdings, Inc., Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this \_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_.


  
**Hyland Si**  
 Affiant

**OCT 02 2019**

**QUEZON CITY**

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on \_\_\_\_\_.

Doc. No. 923  
 Page No. 43  
 Book No. XXXX  
 Series No. 19

  
**ATTY. ROGELIO J. BOLIVAR**  
 NOTARY PUBLIC IN QUEZON CITY  
 AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020  
 IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
 PTR O.R. No. 7376155 C 1-7-19 / Roll No. 33832 / TIN# 129-871-009  
 MCLE VI IBP DATED 8-10 TO 31 / 19 Valid Until 8-31/22 Quezon City  
 Address: 31-F Harvard St. Cubao, Q.C.

## CERTIFICATION OF INDEPENDENT DIRECTORS

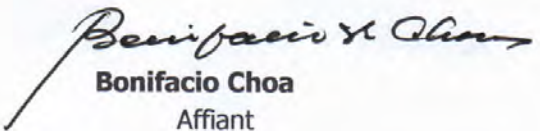
I, **Bonifacio Choa**, Filipino, of legal age and a resident of 118 Benavidez St. San Juan, Metro Manila, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **ATN Holdings Inc.** and have been its independent director since November 2012.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Bon Mar Realty	President	1977 to present
Future Logic	President	1996 to present
Digital Isys Corporation	President	1998 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATN Holdings, Inc.** as provided for in Section 38 of the Securities Regulation Code and its implemented Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
6. I shall inform the corporate secretary of **ATN Holdings, Inc.** of any changes in the abovementioned information within five days from its occurrence.

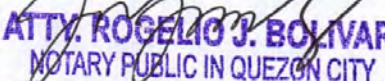
Done, this \_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_.

  
**Bonifacio Choa**  
Affiant

**OCT 02, 2019**

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at **QUEZON CITY**,  
\_\_\_\_\_, affiant personally appeared before me and exhibited to me his/her  
Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_ on  
\_\_\_\_\_.

Doc. No. 402  
Page No. 43  
Book No. XXX  
Series No. 19

  
**ATTY. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020  
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
PTR O.R. No. 7376155 C 1-7-19 / Ref. No. 33832 / TIN# 129-871-009  
MCLE VI IBP DATED 8-10 TO 31 / 19 Valid Until 8-31/22 Quezon City  
Address: 31-F Harvard St. Cubao, Q.C.

## CERTIFICATION OF INDEPENDENT DIRECTORS

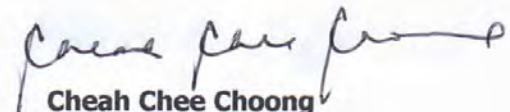
I, **Cheah Chee Choong**, Malaysian, of legal age and a resident of Royal View Mansion, 242 LT Artiaga St. San Juan, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of ATN Holdings Inc. and have been its independent director since November 2012.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Philma Industrial PTE LTD.	Director	1986 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of **ATN Holdings, Inc.** as provided for in Section 38 of the Securities Regulation Code and its implemented Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
6. I shall inform the corporate secretary of **ATN Holdings Inc.** of any changes in the abovementioned information within five days from its occurrence.

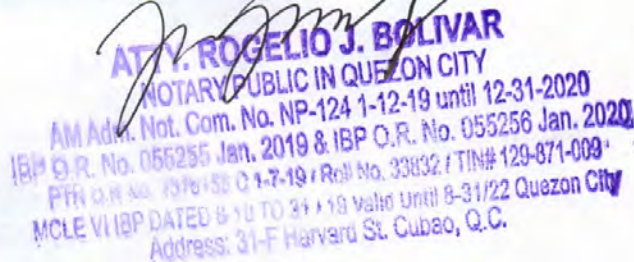
Done, this \_\_\_\_ day of \_\_\_\_\_, at \_\_\_\_\_.

  
**Cheah Chee Choong**  
Affiant

OCT 02, 2019 QUEZON CITY

SUBSCRIBED AND SWORN to before me this \_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_, affiant personally appeared before me and exhibited to me his passport A37485658 issued in Kuala Lumpur on March 7, 2016.

Doc. No. 421:  
Page No. 13:  
Book No. XXXI:  
Series No. 19:

  
**ATN. ROGELIO J. BOLIVAR**  
NOTARY PUBLIC IN QUEZON CITY  
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020  
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020  
PTR O.R. No. 7376158 O 1-7-19 / Rtd No. 33032 / TIN# 129-871-009  
MCLE VI IBP DATED 8-18-19 Valid Until 8-31/22 Quezon City  
Address: 31-F Harvard St. Cubao, Q.C.