

# ATN HOLDINGS, INC.

9F Summit One Tower, 530 Shaw Blvd. Mand. City  
Tel. No. 717-0523, Fax No. 533-5052

February 12, 2010

**JANET A. ENCARNACION**  
HEAD, DISCLOSURE DEPARTMENT  
THE PHILIPPINE STOCK EXCHANGE  
PSE Center, Exchange Road  
Ortigas Complex, Pasig City

Dear Ms. Encarnacion,

In compliance with PSE's requirement, we are sending you herewith SEC Form 17Q for period ending December 30, 2009.

Very truly yours,

  
PAUL B. SARIA  
Corporate Information Officer

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

---

**ATN HOLDINGS, INC.**

---

(Company)

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

---

(Address)

**717-0523/718-3721**

---

(Telephone Number)

**March 31**

---

(Fiscal Year Ending)  
(month & day)

**SEC 17-Q**

---

(Form Type)

---

Amendment Designation (if applicable)

**December 30, 2009**

---

(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 December 30, 2009
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/ 718-3721
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, P1.00	
Class "A"	370,000,000
Class "B"	80,000,000

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 BALANCE SHEETS**

	30-Dec	Audited
	2009	31-Mar
	2009	2009
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 4)	P 3,434,811	P 2,329,085
Financial assets		
Fair value through profit or loss (Note 5)	1,076,870	734,970
Available-for-sale (Note 6)	75,364,640	75,364,640
Receivables (Note 7)	4,793,137	3,296,747
Real estate inventories (Note 8)	22,100,000	35,464,000
Other current assets (Note 9)	8,929,900	10,627,266
<b>Total Current Assets</b>	<b>115,699,358</b>	<b>127,816,708</b>
Noncurrent assets		
Receivables from related parties (Note 10)	36,122,562	36,836,131
Investment properties (Note 11)	1,624,779,701	1,615,526,403
Investment in and advances to associates (Note 12)	28,258,142	28,258,142
Property and equipment - net (Note 13)	49,485,233	58,735,783
	1,738,645,638	1,739,356,459
	P 1,854,344,996	P 1,867,173,167
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	P 3,329,341	P 3,536,599
Income tax payable	30,105	-
Bank loans (Note 14)	57,100,546	59,467,250
Deposits (Note 15)	17,093,221	21,726,298
	77,553,213	84,730,147
Noncurrent Liabilities		
Payables to related parties (Note 16)	20,029,888	21,782,929
Deferred tax liabilities	376,791,273	376,777,874
	396,821,161	398,560,803
<b>TOTAL LIABILITIES</b>	<b>474,374,374</b>	<b>483,290,950</b>
<b>EQUITY</b>		
Capital stock	450,000,000	450,000,000
Additional paid -in capital	22,373,956	22,373,956
Unrealized gain on available-for-sale financial assets net of tax	51,641,457	51,641,457
Retained Earnings /(Deficit)	855,955,209	859,866,804
	1,379,970,622	1,383,882,217
	P 1,854,344,996	P 1,867,173,167

*See accompanying Notes to Financial Statements.*



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

	Quarter Ending		Nine (9) Months Ending	
	30-Dec-09	30-Dec-08	30-Dec-09	30-Dec-08
<b>REVENUE</b>	P13,179,938	P3,027,443	P30,734,089	P21,669,012
<b>DIRECT COSTS (Note 17)</b>	11,944,217	2,769,035	32,092,877	18,485,358
<b>GROSS PROFIT</b>	1,235,721	258,408	(1,358,788)	3,183,654
<b>OTHER OPERATING INCOME (EXPENSES)</b>				
Rent	1,799,096	1,934,583	7,587,507	5,328,207
Interest	2,691	92,048	6,573	262,285
	3,037,508	2,285,039	6,235,292	8,774,146
<b>OPERATING EXPENSES (Note 18)</b>	3,973,792	5,163,036	9,979,343	14,296,986
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	(936,284)	(2,877,997)	(3,744,051)	(5,522,840)
Provision for income tax	406,282	1,153,277	496,044	236,852
<b>Net Income (Loss) after Income Tax</b>	(P1,342,566)	(P1,724,720)	(P4,240,095)	(P5,759,692)
<b>OTHER COMPREHENSIVE INCOME</b>				
Unrealized gain (loss) on financial assets at fair value through profit or loss	(157,260)	(3,407,939)	341,900	(1,977,233)
<b>TOTAL COMPREHENSIVE INCOME</b>	(1,499,826)	(5,132,659)	(3,898,195)	(7,736,925)
<b>EARNINGS PER SHARE</b>			(0.00942)	(0.01280)

*See accompanying Notes to Financial Statements.*

ATN HOLDINGS, INC. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Nine (9) Months Ending	
	Dec. 30, 2009	Dec. 30, 2008
Capital stock		
Balance at beginning of fiscal year	P450,000,000	P450,000,000
Issuance during the fiscal year	-	-
Balance at end of fiscal year	P450,000,000	P450,000,000
Additional paid-capital	-	22,373,956
Deposit for Future Subscription		
Balance at beginning of fiscal year	-	220,000,000
Issuance during the fiscal year	-	(220,000,000)
Balance at end of fiscal year	-	-
Unrealized gain on available-for sale financial asset - net of tax		
Balance at beginning of fiscal year	51,641,457	70,216,026
Issuance during the fiscal year	-	-
Balance at end of fiscal year	51,641,457	70,216,026
Retained earnings (deficit)		
Balance at beginning of fiscal year year	859,853,404	802,190,282
Net income (loss) for the period	(3,898,195)	(7,736,925)
Balance at end of the year	855,955,209	794,453,357
	P1,357,596,666	P1,337,043,339

See accompanying Notes to Financial Statements.

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

	Quarter Ending		Nine (9) Months Ending	
	30-Dec-09	30-Dec-08	30-Dec-09	30-Dec-08
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	(P1,499,825)	(P5,132,659)	(P3,898,195)	(P7,736,925)
Adjustments for:				
Depreciation and amortization	1,056,548	916,123	4,188,451	3,664,493
Interest income	(2,691)	(92,048)	(6,573)	(262,285)
Interest expense	943,115	562,736	2,220,047	2,290,277
Operating income before working capital cha	497,147	(3,745,848)	2,503,730	(2,044,440)
Decrease (increase) in current assets				
Financial assets at fair value through profit or loss	157,260	-	(341,900)	136,520
Available-for-sale financial assets	-	4,144,611	-	3,840,713
Receivables	(329,436)	634,735	(1,496,390)	932,081
Real estate inventories	7,345,000	-	13,364,000	5,676,667
Other current assets	965,525	(128,904)	1,697,365	981,288
Increase (decrease) in current liabilities				
Accounts payable and accrued expenses	1,901,142	215,980	(177,153)	(5,165,747)
Bank loans	1,081,336	(4,000,000)	(2,366,704)	(5,204,938)
Deposits	680,393	1,180,226	(4,633,077)	(10,712,048)
Net cash provided by operating activities	12,298,367	(1,699,200)	8,549,871	(11,559,904)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receivables from related parties	2,152,086	(14,250,002)	713,569	(23,761,003)
Investment properties	-	-	(9,253,298)	(5,627,574)
Property and equipment	(2,725,030)	(89,285)	5,062,099	13,877,234
Interest paid	(943,115)	(562,736)	(2,220,047)	(2,290,277)
Interest received	2,691	92,048	6,573	262,285
	(1,513,368)	(14,809,975)	(5,691,104)	(17,539,335)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payable to related party	(10,029,370)	8,887,622	(1,753,041)	(8,619,672)
Paid up capital	-	-	-	250,000,000
Deposit for future subscription	-	-	-	(220,000,000)
	(10,029,370)	8,887,622	(1,753,041)	21,380,328
NET INCREASE/(DECREASE) IN CASH	<u>P755,629</u>	<u>(P7,621,553)</u>	1,105,726	(7,718,911)
CASH AT BEGINNING OF PERIOD			2,329,085	9,667,712
CASH AT END OF PERIOD			<u>P3,434,811</u>	<u>P1,948,801</u>

*See accompanying Notes to Financial Statements.*



**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. BASIS FOR FINANCIAL STATEMENT PRESENTATION**

The interim financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRS).

Name of Subsidiary	Principal Activity	% of Ownership
Palladian Land Development, Inc.	Real property developer	100%
Advanced Home Concept Development Corp.	Real property developer	100%
Managed Care Philippines, Inc.	Healthcare	100%

**2. FINANCIAL RISK DISCLOSURE**

The Group's principal financial instruments comprise of cash, financial assets, receivables and payables.

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

Liquidity Risk

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 financing maturities.

The table below summarizes the maturity profile of the Group's financial liabilities at December 30, 2009 based on contractual undiscounted payments:

	< 1 year	>1 to 5 yrs	Total
Accounts payable and accrued expenses	3,329,341		3,329,341
Bank loans	57,100,546		57,100,546
Deposits	17,093,221		17,093,221
Payables to related parties	18,124,245	1,905,643	20,029,888
	95,647,353	1,905,643	97,552,996

Credit Risk

The Group ensures that contracts are made with counterparties with an appropriate credit history.

The table below shows the maximum exposure to credit risk for the components of the balance sheet as of December 30, 2009.

Balance sheet items	
Cash and cash equivalent	3,434,811
Financial assets at fair value through profit and loss	1,076,870
Available-for-sale financial assets	75,364,640
Receivables	4,793,137
Receivables from related parties	36,122,562
	120,792,020



The table below shows the credit quality of the Group's financial assets as of December 30, 2009.

	Neither past due nor impaired	Past due but not impaired	Total
Cash and cash equivalent	3,434,811	-	3,434,811
Financial assets at fair value through profit or loss	1,076,870		1,076,870
Accounts receivables		4,793,137	4,793,137
Receivables from related parties		36,122,562	36,122,562
Available-for-sale financial assets	75,364,640		75,364,640
	79,876,321	40,915,699	120,792,020

	Past Due But Not Impaired		
	<30 days	30-90 days	>90 days
Accounts receivables	4,793,137	-	-
Receivables from related parties		36,122,562	-
	4,793,137	36,122,562	-

#### Fair Value Risk

Third-party receivables and payables are interest-free and have settlement dates within one year.

#### Price Risk

The Group is exposed to property price and property rentals risk.

#### Market Risk

The Group is exposed to market risk with respect to financial instruments it holds in equity securities.

#### Foreign Exchange Risk

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

The choice of foreign currency liabilities has positive impact in terms of lower interest charges. Based on experience, the bank interest charges turned out to be more advantageous against the effect of currency fluctuation.

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

Yen loans	52,767,281
-----------	------------

The above table details the Group's sensitivity to a 10% increase and decrease in the functional currency of the Group against the relevant foreign foreign currencies. The sensitivity rate used in reporting foreign currency risk is 10% and it represents management's assessment of the reasonably possible change in foreign

exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end in foreign currency rates. The sensitivity analysis includes all of the Group's foreign currency denominated liabilities. A positive number below indicates an increase in net income when the functional currency of the Group strengthens at 10% against the relevant currency. For a 10% weakening of the functional currency of the Group against the relevant currency, there would be an equal and opposite impact on the net income and the balances below would be negative.

Loans payable	5,276,728
Effect on net income	(5,276,728)

#### Interest rate risk

The primary source of the Group's interest rate risk relates to debt instruments. The interest rates on this liability are disclosed in Note 14.

An estimate of 50 basis points increase or decrease is used in reporting interest rate changes on fair value of loans and represents management's assessment of the reasonably possible change in interest rates.

The effect on net income (loss) as of December 30, 2009 is increase or decrease by P5.2 million.

### **3. SEGMENT INFORMATION**

The industry segments where the Group operates are Real estate development and Healthcare management.

Presented below is the segment information in the consolidated financial statements as of December 30, 2009.

	Real estate	Healthcare	Corporate and Others	Total
Segment revenue	26,011,347	12,069,178	241,071	38,321,596
Intersegment revenue	758,252		241,071	999,323
Net	25,253,096	12,069,178	-	37,322,274
Segment result	80,931	(3,246,882)	(732,244)	(3,898,195)
Segment assets	1,575,239,880	56,371,855	492,363,534	2,123,975,269
Segment liabilities	475,644,342	40,321,007	1,039,298	517,004,647
Other Information				-
Depreciation	535,805	3,539,414	113,232	4,188,451
Non-cash expenses other than depreciation	1,081,336	-	-	1,081,336
Capital expenditures	-	5,062,099	-	5,062,099

### **4. CASH AND CASH EQUIVALENT**

	30-Dec-09	31-Mar-09
Cash on hand and in bank	3,434,811	2,329,085

Cash in banks earn interest at the prevailing bank deposit rates.

---

**5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

---

	30-Dec-09	31-Mar-09
Balance at beginning of year	734,940	734,970
Unrealized gain (loss) on financial assets at fair value through profit or loss (FVTPL)	341,930	-
	1,076,870	734,970

---

---

**6. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

---

	30-Dec-09	31-Mar-09
Balance at beginning of year	75,364,640	75,364,640
Changes in fair value	-	-
	75,364,640	75,364,640

---

---

**7. ACCOUNTS RECEIVABLES**

---

	Total	Current	1-60 days
Trade			
Real estate	1,554,108		1,554,108
Medical and healthcare related services	3,239,029	1,946,900	1,292,129
	4,793,137	1,946,900	2,846,237

---

No allowance for doubtful accounts was provided as all of the accounts are fully collectible.

---

**8. REAL ESTATE INVENTORIES**

---

	30-Dec-09	31-Mar-09
Beginning balance	35,464,000	41,137,667
Additions during the year	-	-
Less: Sold	(13,364,000)	(5,673,667)
	22,100,000	35,464,000

---

Portion of these inventories is mortgaged to secure the Company's bank loans.

---

**9. OTHER CURRENT ASSETS**

---

	30-Dec-09	31-Mar-09
Input Tax	7,693,899	9,719,915
Prepaid expenses	579,702	251,051
Rental deposit	656,300	656,300
	8,929,901	10,627,266

---



---

**10. RECEIVABLES FROM RELATED PARTIES**

	30-Dec-09	31-Mar-09
Unipage Management Inc.	17,587,722	17,587,722
TBGI	18,534,840	19,248,409
	<u>36,122,562</u>	<u>36,836,131</u>

No allowance for doubtful accounts was provided as management believes that all of the accounts are fully collectible. These receivables are interest-free.

---

**11. INVESTMENT PROPERTIES**

	31-Dec-09	31-Mar-09
The breakdown of properties is shown below:		
Cost:		
Balance at beginning of year	360,857,823	355,230,248
Additions resulting from subsequent expenditures	9,253,298	5,627,575
	<u>370,111,121</u>	<u>360,857,823</u>
Unrealized gain on fair value adjustment of investment properties:		
Balance at beginning of year	1,254,668,580	1,254,668,580
	<u>1,624,779,701</u>	<u>1,615,526,403</u>

---

**12. INVESTMENT IN AND ADVANCES TO ASSOCIATES**

	31-Dec-09	31-Mar-09
The breakdown of this account follows:		
Acquisition cost:		
Mariestad Mining Corp. (MMC)	7,000,000	7,000,000
Ambulatory Health Care Institute, Inc. (AHCII)	10,204,200	10,204,200
	<u>17,204,200</u>	<u>17,204,200</u>
Accumulated equity in net earnings		
Balance at beginning of year	888,642	888,642
Equity in net earnings during the year	-	-
	<u>888,642</u>	<u>888,642</u>
	18,092,842	18,092,842
Allowance for impairment in AHCII	1,590,700	1,590,700
	<u>16,502,142</u>	<u>16,502,142</u>
Advances to MMC and Sierra Madre Consolidated Mines (SMCM)		
	11,756,000	11,756,000
	<u>28,258,142</u>	<u>28,258,142</u>



