

# ATN HOLDINGS, INC.

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

February 13, 2013

**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 quarter ending December 31, 2012.

Thank you.

Very truly yours,

  
Celinia H. Faelmoca

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

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**ATN HOLDINGS, INC.**

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(Company)

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

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(Address)

**717-0523**

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(Telephone Number)

**March 31**

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(Fiscal Year Ending)  
(month & day)

**SEC 17Q**

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(Form Type)

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Amendment Designation (if applicable)

**December 31, 2012**

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(Period Ended Date)

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(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended December 31, 2012
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 FINANCIAL POSITIONS**

	Notes	30-Dec 2012	Audited 31-Mar 2012
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	3 P	1,138,205	P 1,539,703
Financial assets			
Fair value through profit or loss	4	543,900	630,000
Receivables	5	4,027,474	6,458,478
Real estate inventories	6	4,485,000	8,872,500
Other current assets	7	7,292,357	4,206,917
<b>Total Current Assets</b>		<b>17,486,936</b>	<b>21,707,598</b>
Noncurrent assets			
Receivables from related parties	8	85,702,379	89,405,748
Available-for-sale investments	9	37,550,630	42,126,418
Investment properties	10	1,606,871,662	1,610,215,548
Investment in and advances to associates	11	31,256,000	31,256,000
Property and equipment - net	12	34,686,738	38,442,957
Intangibles	13	10,100,000	10,950,000
		<b>1,806,167,409</b>	<b>1,822,396,671</b>
		<b>P 1,823,654,345</b>	<b>P 1,844,104,269</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable and accrued expenses	14 P	2,618,679	P 3,296,878
Bank loans	15	33,330,876	46,736,954
		<b>35,949,555</b>	<b>50,033,832</b>
Noncurrent Liabilities			
Deposits	16	16,121,192	6,911,287
Subscription payable		9,375,000	9,375,000
Payable to related parties		12,880,911	25,357,684
Deferred tax liabilities		376,456,411	376,488,044
		<b>414,833,514</b>	<b>418,132,015</b>
<b>TOTAL LIABILITIES</b>		<b>450,783,069</b>	<b>468,165,847</b>
<b>EQUITY</b>			
Share capital		450,000,000	450,000,000
Share premiums		22,373,956	22,373,956
Unrealized gain on available-for-sale financial assets net of tax		55,416,882	59,969,791
Retained Earnings /(Deficit)		845,080,438	843,594,675
		<b>1,372,871,276</b>	<b>1,375,938,422</b>
		<b>P 1,823,654,345</b>	<b>P 1,844,104,269</b>

*See accompanying Notes to Financial Statements.*

## ATN HOLDINGS, INC. and Subsidiaries

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Quarter Ending		Nine (9) Months Ending	
	30-Dec-12	30-Dec-11	30-Dec-12	30-Dec-11
REVENUE	P4,151,567	P12,048,563	P21,302,190	P29,714,892
DIRECT COSTS (Note 18)	2,517,674	12,660,949	18,337,968	27,058,612
GROSS PROFIT	1,633,893	(612,386)	2,964,222	2,656,280
OTHER INCOME (EXPENSES)				
Unrealized foreign exchange gain (loss)	6,044,444	(1,185,044)	6,044,444	(1,185,044)
Rent	-	118,199	247,549	211,222
Interest income	127	569	10,220	1,881
	7,678,464	(1,678,662)	9,266,435	1,684,339
ADMINISTRATIVE EXPENSES (Note 19)	(1,443,736)	(1,037,288)	(6,368,861)	(5,553,249)
FINANCE COST	(314,149)	(462,734)	(1,295,867)	(1,955,898)
INCOME (LOSS) BEFORE INCOME TAX	5,920,579	(3,178,684)	1,601,707	(5,824,808)
Provision for income tax	115,944	(228,579)	115,944	115,881
Net Income (Loss) after Income Tax	P5,804,635	(P2,950,105)	P1,485,763	(P5,940,689)
OTHER COMPREHENSIVE INCOME				
Changes in fair value of AFS	-	-	(4,552,909)	-
TOTAL COMPREHENSIVE INCOME	P5,804,635	(P2,950,105)	(P3,067,146)	(P5,940,689)
EARNINGS PER SHARE			0.00330	(0.01320)

See accompanying Notes to Financial Statements.



## ATN HOLDINGS, INC. and Subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Nine (9) Months Ending	
	Dec. 30, 2012	Dec. 30, 2011
Share Capital		
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
Share Premiums	22,373,956	22,373,956
Unrealized gain on available-for sale financial asset - net of tax		
Balance at beginning of fiscal year	59,969,791	65,522,120
Changes in fair value of available -for-sale financial assets	(4,552,909)	-
Balance at end of fiscal year	55,416,882	65,522,120
Retained earnings (deficit)		
Balance at beginning of fiscal year year	843,594,675	850,180,836
Net income (loss) for the period	1,485,763	(5,940,689)
Balance at end of the year	845,080,438	844,240,147
	P1,372,871,276	P1,382,136,223

See accompanying Notes to Financial Statements.

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

	Quarter Ending		Nine (9) Months Ending	
	30-Dec-12	30-Dec-11	30-Dec-12	30-Dec-11
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	P5,804,635	P2,467,774	1,485,763	(P5,940,689)
Adjustments for:				
Depreciation and amortization	1,199,519	1,671,066	4,782,719	4,967,163
Unrealized foreign exchange income	(6,044,444)	-	(6,044,444)	-
Unrealized loss on financial assets at fair value thorough profit or loss	-	499,160	86,100	-
Interest income	(87)	(9,234)	(10,220)	(2,327)
Interest expense	(2,277,585)	680,069	(1,295,867)	1,955,898
Operating income before working capital chang	(1,317,962)	5,308,835	(995,949)	980,045
Decrease (increase) in current assets				
Receivables	2,012,805	(2,205,063)	2,431,004	(945,947)
Real estate inventories	-	(3,094,000)	4,387,500	10,302,500
Other current assets	(3,313,427)	2,965,821	(3,085,440)	1,260,209
Increase (decrease) in current liabilities				
Accounts payable and accrued expenses	307,424	1,372,837	(686,953)	(501,606)
Deposits	7,372,666	7,686,123	9,209,905	(8,332,540)
Net cash provided by operating activities	5,061,506	12,034,553	11,260,067	2,762,661
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receivables from related parties	3,703,369	1,417,363	3,703,369	(997,075)
Investment properties	3,343,886	11,722,798	3,343,886	3,494,735
Property and equipment	-	(7,787,129)	(176,500)	-
Interest paid	2,277,585	(680,069)	1,295,867	(1,955,898)
Interest received	87	9,234	10,220	2,327
	9,324,927	4,682,197	8,176,842	544,089
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Bank loans	(1,124,999)	-	(7,361,634)	(14,408,548)
Payable to related party	(10,091,027)	(14,972,259)	(12,476,773)	10,202,998
	(11,216,026)	(14,972,259)	(19,838,407)	(4,205,550)
<b>NET INCREASE/(DECREASE) IN CASH</b>	<u>P3,170,407</u>	<u>P1,744,491</u>	(401,498)	(898,800)
<b>CASH AT BEGINNING OF PERIOD</b>			1,539,703	2,157,635
<b>CASH AT END OF PERIOD</b>			<u>P1,138,205</u>	<u>P1,258,835</u>

*See accompanying Notes to Financial Statements.*

**ATN HOLDINGS, INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2012**

**1. Basis for Financial Presentation**

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

The same accounting policies and methods of computation are followed in the interim financial statements as compared to the most recent annual financial statements.

**2. 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 December 31, 2013 as follows:

	Real estate	Healthcare	Corporate and others	Total
Segment revenue	15,527,276	5,774,914	247,549	21,549,739
Intersegment revenue	-	-	247,549	247,549
Net	15,527,276	5,774,914	-	21,302,190
Segment result	6,163,637	-3,794,452	-883,422	1,485,762
Segment assets	1,528,099,290	42,414,810	506,730,396	2,077,244,496
Segment liabilities	427,869,586	33,622,579	16,316,378	477,808,543
Other information:				
Depreciation and amortization	1,314,517	3,356,401	111,301	4,782,219
Non-cash expenses other than depreciation	-	-	-	-
Capital expenditure	-	-	-	-

**3. Cash and Cash Equivalents**

The composition of this account consist of:

	December 31, 2012	March 31, 2012
Cash in banks	P1,133,205	P1,534,703
Cash on hand	5,000	5,000
	P1,138,205	P1,539,703

Cash account with the banks generally earn interest at rates based on prevailing bank deposits.

**4. Financial Assets at Fair Value Through Profit or Loss**

The Group's financial assets at fair value through profit or loss (FVTPL) consist of shares of stocks of publicly listed companies.

All amounts presented have been determined directly by reference to published price quoted in the stock market.

	December 31, 2012	March 31, 2012
Balance at beginning of year	P630,000	P630,000
Unrealized gain (loss) on financial assets at fair value through profit or loss	(86,100)	-
	P543,900	P630,000



**5. Accounts Receivables**

The composition of this account is as follows:

	December 31, 2012	March 31, 2012
Trade		
Real estate	P3,423,444	P5,989,287
Medical and health related services	604,030	469,191
	P4,027,474	P6,458,478

As of December 31, 2012 management believes that amounts are fully collectible and no provision for doubtful accounts is necessary.

**6. Real Estate Inventories**

Real estate inventories consist of residential lots stated at cost amounting to P4,485,000 as of December 31, 2012 and P8,872,500 as of March 31, 2012 respectively. Portion of these inventories is mortgaged to secure the Company's bank loans.

**7. Other Current Assets**

	December 31, 2012	March 31, 2012
Input tax	P2,164,676	P2,923,995
Prepaid expenses	1,440,512	1,184,122
Share in consortium's bank deposit	3,588,369	-
Rental deposits	98,800	98,800
	P7,292,357	P4,206,917

**8. Receivable from Related Parties**

	December 31, 2012	March 31, 2012
Unipage Management Inc.	P65,080,453	P68,718,822
Transpacific Broadband Group Int'l., Inc.	20,621,926	20,686,926
	P85,702,379	P89,405,748

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

**9. Available for Sale Investment**

	December 31, 2012	March 31, 2012
Balance at beginning of the year	P42,126,418	P97,928,714
Sold	-	(50,222,066)
Changes in fair value	(4,575,788)	(5,580,230)
	P37,550,630	P42,126,418

**10. Investment Properties**

	December 31, 2012	March 31, 2012
Cost:		
Balance at beginning of the year	P355,546,968	P359,041,703
Additions (deductions) resulting from expenditures	842,013	2,111,954
Sale/disposal during the year	(4,185,899)	(5,606,689)
	352,203,082	355,546,968
Unrealized gain on fair value adjustment		
Of investment properties:		
Balance at beginning of the year	P1,254,668,580	P1,254,668,580
Fair value adjustment during the year	-	-
	P1,254,668,580	1,254,668,580
	P1,606,871,662	P1,610,215,548

**11. Investment in and Advances to Associates**

	December 31, 2012	March 31, 2012
Cost:		
Mariestad Mining Corporation	P7,000,000	P7,000,000
ATN Solar	12,500,000	12,500,000
	P19,500,000	P19,500,000
Advances to MMC and Sierra Madre Consolidated Mines (SMCM)	11,756,000	11,756,000
	P31,256,000	P31,256,000

**12. Property and Equipment**

December 31, 2012	Medical Equipment & Fixtures	Office Furniture & Fixtures	Leasehold Improvements	Transportation Equipment	Total
Costs					
April 1, 2012	P34,194,095	P8,158,853	P19,792,673	P995,536	P63,141,157
Dec. 31, 2012	P34,194,095	P8,158,853	P19,969,173	P995,536	P63,317,657
Accumulated dep'n					
At April 1, 2012	P11,061,653	P5,461,110	P7,196,495	P978,942	P24,698,200
Provisions	1,805,763	562,498	1,549,795	16,594	3,932,719
At Dec. 31, 2012	12,867,416	6,023,608	8,746,290	995,536	28,630,919
Net Book Value					
At Dec. 31, 2012	P21,326,679	P2,135,245	P11,222,883	-	P34,686,738

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

	December 31, 2012	December 31, 2011
Direct costs	P2,155,763	P2,689,414
Administrative expenses	1,776,956	1,427,749
	P3,932,719	P4,117,163

**13. Intangible Asset**

	December 31, 2012	March 31, 2012
Cost	P15,000,000	P15,000,000
Accumulated amortizations		
Balance, April 1	4,050,000	3,200,000
Provisions	850,000	850,000
Balance, December 31	4,900,000	4,050,000
Net Book Value at December 31	P10,100,000	P10,950,000

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

	December 31, 2012	December 31, 2011
Direct costs	P350,000	P350,000
Administrative expenses	500,000	500,000
	P850,000	P850,000

**14. Accounts Payable and Accrued Expenses**

	December 31, 2012	March 31, 2012
Trade	P2,136,994	P2,296,033
Accrued expenses	-	519,160
Others	481,685	481,685
	P2,618,679	P3,296,878

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

- Trade payables are noninterest-bearing and are normally settled on a 90-day term;
- Accrued expenses are noninterest-bearing and have an average term of two (2) months;
- Other current liabilities are noninterest-bearing and have a maximum term of six (6) months.

**15. Bank Loans**

Bank loans pertain to the principal amount of peso, dollar and yen loans with Rizal Commercial Banking Corporation and China Banking Corporation represented by promissory notes. Interest on these loans at the end of reporting period ranges from 6.5% to 8% for peso loan, 4% to 5% for dollar loan and 3% for yen loan per annum. These loans are secured by a mortgage on certain investment property with a fair value of P69,115,443.

	December 31, 2012	March 31, 2012
Peso loan	P-	P240,000
USD loan	2,883,440	3,148,542
Yen loan	30,447,436	43,348,411
	P33,330,876	P46,736,954

**16. Deposits**

Deposits represent the 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 not refundable should the buyer decided not to purchase the unit.

**17. Revenues**

	December 31, 2012	December 31, 2011
Real estate sales	P15,527,276	P23,963,298
Health care services	5,774,914	5,751,594
	P21,302,190	P29,714,892

**18. Direct Costs**

	December 31, 2012	December 31, 2011
Cost of property	P8,573,399	P15,909,189
Depreciation and amortization	2,155,763	3,539,414
Medical supplies	979,269	671,578
Professional fees	803,301	599,083
Real estate and other taxes	711,230	1,633,320
Rent	255,671	706,899
Salaries, wages and other benefits	2,064,194	1,958,275
Utilities and communications	2,795,142	2,018,586
Miscellaneous		27,268
	P18,337,968	P27,058,612

**19. Administrative expenses**

	December 31, 2012	December 31, 2011
Communication, dues and utilities	P128,043	P740,565
Depreciation and amortization	2,626,956	1,427,749
Office supplies	282,083	513,423
Professional fees	909,903	653,270
Repairs and maintenance	219,158	92,616
Representation and entertainment	242,033	88,895
Salaries, wages and other benefits	443,589	260,000
Security services	315,594	164,286
Taxes, licenses and permits	151,503	584,781
Transportation and travel	935,687	955,615
Unrealized loss on financial assets through profit or loss	86,100	-
Miscellaneous	28,212	72,049
	P6,368,861	P5,553,249



**20. Loss per Share**

Income / loss per share is computed by dividing the loss by the weighted average number of common shares as follows:

	December 31, 2012	December 31, 2011
Income / loss (A)	P1,485,763	(P5,940,689)
Divided by:		
Weighted Average Shares (B)	450,000,000	450,000,000
Loss per share (A/B)	(0.0033)	(P0.01320)

**21. Early Adoption of PFRS**

PFRS 9, Financial Instruments: Classification and Measurement

PFRS 9 as issued reflects the first phase on the replacement of PAS 39, Financial Instruments: Recognition and Measurement, and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015.

In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project. The Company decided not to early adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

**22. Fair values of financial instruments**

The following table presents the summary of the Group's financial assets and liabilities recognized in the Consolidated Statements of Financial Position as of December 31, 2012 and March 31, 2012:

	31-Dec-12		31-Mar-12	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and receivables				
Cash and cash equivalents	P1,138,205	P1,138,205	P1,539,703	P1,539,703
Account receivables	4,027,474	4,027,474	6,458,478	6,458,478
Receivables from related party	85,702,379	85,702,379	89,405,748	89,405,748
Financial assets at fair value through profit and or loss	543,900	543,900	630,000	630,000
Available-for-sale investments	37,550,630	37,550,630	42,126,418	42,126,418
	P128,962,588	P128,962,588	P140,160,347	P140,160,347
Accounts payable and accrued expenses	P2,618,680	P2,618,680	P3,296,878	P3,296,878
Bank loans	33,330,876	33,330,876	46,736,954	46,736,954
Deposits	16,121,192	16,121,192	6,911,287	6,911,287
Payable to related party	12,880,911	12,880,911	25,357,684	25,357,684
	P64,951,659	P64,951,659	P82,302,803	P82,302,803

Due to short-term nature of the transactions, their fair values approximate the carrying amounts at the end of reporting period.

Fair values hierarchy

The Parent company uses the following hierarchy in determining and disclosing the fair value of financial instruments.

- (i) Level 1: Quoted prices in an active market for identical instruments;
- (ii) Level 2: Valuation techniques based on observable inputs other than the quoted prices for identical assets and liabilities in active markets at the measurement date



- (iii) Level 3: Valuation techniques based on unobservable inputs. The inputs are adjusted for information that is inconsistent with market expectations that takes into account the risk premium inherent in the unobservable inputs.

The table below summarizes the Parent company's financial instruments carried at fair value as of December 31, 2012 by the level in the fair value hierarchy recognized in the statement of financial position.

	Level 1	Level 2	Level 3
Fair value through profit or loss	P543,900	P P	-
Available-for-sale	28,905,590	31,540	8,613,500
	P29,449,490	P31,540	P 8,613,500

There were no transfer from level 1 and level 3.

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 internal rate risk. The Group has no formal risk management program.

#### *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 December 31, 2012 based on contractual undiscounted payments:

December 31, 2012	Not later than one month	Later than 1 Month & not later than 3 months	Later than 3 Months & not later than 1 year	Later than 1 Year & not later than 5 years	Total
Accounts payable and accrued expenses	P782,127	P1,836,553			P2,618,680
Bank loans	375,000	4,500,000	P28,455,876		33,330,876
Deposits	4,271,112	3,500,030	4,050,000	4,300,050	16,121,192
Payable to related parties	3,000,561	3,880,350	3,000,000	3,000,000	12,880,911
	P8,428,800	P13,716,933	P35,505,876	P7,300,050	P64,951,659

#### *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 December 31, 2012 and March 31, 2012. Net maximum exposure is the effect after considering the collaterals and other credit enhancements.