

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)

**533-4052 / 717-0523**

\_\_\_\_\_

(Telephone Number)

**March 31**

\_\_\_\_\_

(Fiscal Year Ending)  
(month & day)

**SEC 17-Q Amended**

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(Form Type)

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Amendment Designation (if applicable)

**September 30, 2008**

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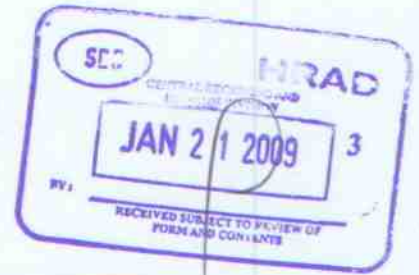
(Period Ended Date)

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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 September 30, 2008.
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. 533-4052/717-0523
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, P1.00	
Class "A"	370,000,000
Class "B"	80,000,000

11. These securities are 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-Sep	Audited
	2008	31-Mar
	2008	2008
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 4)	P 9,570,332	P 9,667,712
Financial assets at fair value through profit or loss (Note 5)	1,063,070	1,199,590
Receivables (Note 6)	6,579,581	6,876,907
Real estate inventories (Note 7)	35,464,000	41,140,667
Other current assets (Note 8)	10,377,166	11,487,357
Total Current Assets	63,054,149	70,372,233
Noncurrent assets		
Receivables from related parties (Note 9)	22,918,763	13,407,762
Available-for-sale financial assets (Note 10)	138,708,771	137,164,312
Investment properties (Note 11)	1,604,246,403	1,598,618,828
Deferred tax assets	3,642,168	3,642,168
Property and equipment - net (Note 12)	57,493,596	74,208,485
	1,827,009,701	1,827,041,555
	P 1,890,063,850	P 1,897,413,788
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	P 3,131,626	P 8,462,436
Income tax payable	13,748	64,665
Bank loans (Note 13)	54,427,710	55,632,648
Deposits (Note 14)	18,871,074	30,763,350
	76,444,158	94,923,099
Noncurrent Liabilities		
Payables to related parties (Note 15)	26,904,859	44,412,153
Deferred tax liabilities	444,538,835	443,298,274
	471,443,694	487,710,427
Stockholders' Equity		
Capital stock	450,000,000	200,000,000
Additional paid -in capital	22,373,956	22,373,956
Deposit for future subscription	-	220,000,000
Unrealized gain on available-for-sale financial assets net of tax	70,216,026	70,216,026
Retained Earnings /(Deficit)	799,586,016	802,190,280
	1,342,175,998	1,314,780,262
	P 1,890,063,850	P 1,897,413,788

See accompanying Notes to Financial Statements.

ATN HOLDINGS, INC. and Subsidiaries  
CONSOLIDATED STATEMENT OF INCOME

	Quarter Ending		Six (6) Months Ending	
	30-Sep-08	30-Sep-07	30-Sep-08	30-Sep-07
<b>REVENUE</b>	P7,367,960	P7,745,280	P18,641,569	P18,460,147
<b>DIRECT COSTS (Note 16)</b>	5,832,534	5,507,012	15,716,323	14,240,945
<b>GROSS PROFIT</b>	1,535,426	2,238,268	2,925,246	4,219,202
<b>OTHER OPERATING INCOME</b>				
Rent	1,358,033	1,598,532	3,393,624	3,641,131
Interest	119,763	50,272	170,237	445,804
Unrealized gain (loss) on financial assets at fair value through profit and loss	(136,520)	608,700	3,407,939	608,700
	2,876,702	4,495,772	9,897,046	8,914,837
<b>OPERATING EXPENSES</b>				
Taxes, licenses and permits	3,717,995	5,550	3,904,418	150,871
Association and membership dues	334,741	406,213	1,077,442	1,050,680
Utilities and communication	236,727	270,235	974,843	946,504
Representation and entertainment	743,627	601,410	842,419	807,000
Real property taxes	188,159	196,064	613,271	635,136
Professional fees	169,000	265,000	429,000	465,000
Repairs and maintenance	254,025	78,647	373,482	210,200
Transportation & travel	142,707	53,293	345,017	412,704
Office supplies	119,968	200,530	213,288	271,986
Insurance	76,910	-	180,556	123,304
Salaries and allowances	46,531	234,288	139,593	528,600
Directors' allowance	50,000	-	50,000	60,000
Depreciation and amortization	8,951	8,951	26,854	26,854
Miscellaneous	52,831	74,822	213,459	147,609
	6,142,172	2,395,003	9,383,642	5,836,448
<b>INCOME FROM OPERATIONS</b>	(3,265,470)	2,100,769	513,404	3,078,389
<b>FINANCE COST</b>				
Interest	710,199	1,119,708	1,727,541	1,712,160
<b>INCOME / (LOSS) BEFORE TAX</b>	(3,975,669)	981,061	(1,214,137)	1,366,229
Provision for income tax	104,446	184,846	1,390,129	330,571
<b>NET INCOME / (LOSS)</b>	(P4,080,115)	P796,215	(P2,604,266)	P1,035,658
<b>EARNINGS PER SHARE</b>			(0.01302)	0.00518

See accompanying Notes to Financial Statements.

ATN HOLDINGS, INC. and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Six (6) Months Ending	
	Sept. 30, 2008	Sept. 30, 2007
Capital stock		
Authorized - 1,200,000,000 shares at p1 per share		
Issued and outstanding - 450,000,000 shares	P450,000,000	P200,000,000
Additional paid-capital	22,373,956	22,373,956
Deposit for future subscription	-	220,000,000
Unrealized gain on available-for sale financial asset - net of tax	70,216,026	28,029,811
Retained earnings (deficit)		
Balance at beginning of the year	802,190,282	148,277,683
Net income / (loss)	(2,604,266)	1,035,658
Balance at end of the year	799,586,016	149,313,341
	P1,342,175,998	P619,717,108

See accompanying Notes to Financial Statements.

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

	Quarter Ending		Six (6) Months Ending	
	Sept. 30, 2008	Sept 30, 2007	Sept. 30, 2008	Sept 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income / (Loss)	(P2,903,710)	P736,215	(P2,604,266)	P1,035,658
Adjustments for:				
Depreciation and amortization	523,221	1,085,721	2,748,370	3,310,870
Interest received	(170,237)	(445,804)	(170,237)	(445,804)
Interest paid	1,727,541	1,712,160	1,727,541	1,712,160
Operating income before working capital changes	(823,185)	3,088,292	1,701,408	5,612,884
Decrease (increase) in current assets				
Financial assets at fair value through profit or loss	136,520	(608,700)	136,520	(608,700)
Receivables	459,327	306,589	297,326	144,588
Real estate inventories	1,375,834	1,462,500	5,676,667	5,763,333
Other current assets	1,285,906	367,382	1,110,191	191,667
Increase (decrease) in current liabilities				
Accounts payable and accrued expenses	(7,400,129)	703,547	(5,381,727)	2,721,949
Bank loans	8,545,573	970,378	(1,204,938)	(8,780,133)
Deposits	(14,126,568)	2,585,947	(11,892,274)	4,820,241
Net cash provided by operating activities	(10,546,722)	8,875,935	(9,556,827)	9,865,829
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receivables from related parties	(14,814,989)	(387,190)	(9,511,001)	4,916,798
Investment properties	(5,627,575)	(3,810,377)	(5,627,575)	(3,810,377)
Available-for-sale financial assets	(303,898)	(5,000,000)	(303,898)	(5,000,000)
Property and equipment	17,518,862	(114,201)	13,966,519	(3,666,544)
Interest received	170,237	445,804	170,237	445,804
	(3,057,363)	(8,865,964)	(1,305,718)	(7,114,319)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payable to related party	(23,485,305)	(979,646)	(17,507,294)	4,998,365
Paid up capital	250,000,000	-	250,000,000	-
Deposit for future subscription	(220,000,000)	-	(220,000,000)	-
Interest paid	(1,727,541)	(1,712,160)	(1,727,541)	(1,712,160)
	4,787,154	(2,691,806)	10,765,165	3,286,205
NET INCREASE/(DECREASE) IN CASH	(P8,816,931)	(P2,681,835)	(97,380)	6,037,715
CASH AT BEGINNING OF PERIOD			9,667,712	3,601,370
CASH AT END OF PERIOD			P9,570,332	P9,639,085

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. ADAPTION OF NEW AND REVISED STANDARDS**

PAS 39 and PFRS 7 - Financial Instruments: Recognition and Measurements and Philippine Financial Reporting Standard 7 - Financial Instruments: Disclosures

The company has no financial asset instruments reclassified out of the trading category in rare circumstances; and no financial asset instruments reclassified to loan category (cost basis) and has no intention and ability to hold the financial instruments for the foreseeable future or until maturity.

**3. 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 September 30, 2008 based on contractual undiscounted payments:

	< 1 year	>1 to 5 yrs	Total
Accounts payable and accrued expenses	3,131,626		3,131,626
Bank loans	54,427,710		54,427,710
Deposits	18,871,074		18,871,074
Payables to related parties	1,345,243	25,559,616	26,904,859
	77,775,653	25,559,616	103,335,269

### 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 September 30, 2008.

<u>Balance sheet items</u>	
Cash and cash equivalent	9,570,332
Financial assets at fair value through profit or loss	1,063,070
Accounts receivables	6,579,581
Receivables from related parties	22,918,763
Available-for-sale financial assets	138,164,312
	<u>178,296,058</u>

The table below shows the credit quality of the Group's financial assets as of September 30, 2008.

	Neither past due nor impaired	Past due but not impaired	Total
Cash and cash equivalent	9,570,332	-	9,570,332
Financial assets at fair value through profit or loss	1,063,070	-	1,063,070
Accounts receivables	-	6,579,581	6,579,581
Receivables from related parties	-	22,918,763	22,918,763
Available-for-sale financial assets	138,708,771	-	138,708,771
	<u>149,342,173</u>	<u>29,498,344</u>	<u>178,840,517</u>

	Past Due But Not Impaired		
	<30 days	30-90 days	>90 days
Accounts receivables	1,799,616	4,779,965	-
Receivables from related parties	4,583,753	18,335,010	-
	<u>6,383,369</u>	<u>23,114,975</u>	<u>-</u>

### 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:

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Yen loans	44,979,669
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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 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.

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Loans payable	4,497,967
Effect on net income	(4,497,967)

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### 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 13.

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 as of September 30, 2008 is increase or decrease by P1.7 Million.

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## 4. CASH AND CASH EQUIVALENT

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Cash on hand and in bank	9,570,332
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Cash in banks earn interest at the prevailing bank deposit rates.

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

Balance at beginning of year	3,157,221
Unrealized gain (loss) on financial assets at fair value through profit or loss (FVTPL)	(2,094,151)
	<u>1,063,070</u>

## 6. RECEIVABLES

		Current	1-60 days
Trade	3,398,181	1,799,616	1,598,565
Others	3,181,400		3,181,400
	<u>6,579,581</u>	<u>1,799,616</u>	<u>4,779,965</u>

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

## 7. REAL ESTATE INVENTORIES

Beginning balance	41,140,667
Additions during the year	-
Less: Sold	(5,676,667)
	<u>35,464,000</u>

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

## 8. OTHER CURRENT ASSETS

Input VAT	9,558,341
Prepaid VAT	162,525
Rental deposit	656,300
	<u>10,377,166</u>

## 9. RECEIVABLES FROM RELATED PARTIES

Unipage Management Inc.	9,162,765
Mariestad Mining Corp.	13,756,000
	<u>22,918,765</u>

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

## 10. AVAILABLE FOR SALE FINANCIAL ASSETS

The breakdown of shares is shown below:

Quoted	
Transpacific Broadband Group Int'l, Inc. (TBGI)	125,797,329
Unquoted	
Mariestad Mining Corp.	5,000,000
Ambulatory Health Care Institute	7,911,442
	<u>138,708,771</u>

In 1998 and prior years, the Group acquired 68% equity in Ambulatory Health Care Institute, Inc. In 2006, ownership of certain blocks of shares were declared null and void by the Court due to technical issues. With the declaration, equity ownership was reduced to 47% and the Group was denied significant influence.

## 11. INVESTMENT PROPERTIES

The breakdown of properties is shown below:

Condominium properties at Summit	270,911,924
Land/lot for development at Montalban	1,321,564,624
Land at Pampanga	11,769,855
	<u>1,604,246,403</u>

## 12. PROPERTY AND EQUIPMENT

	1-Apr-08 Balance	Acquisitions/ (Disposals)	30-Sep-08 Balance
Cost:			
Medical equipment & fixtures	29,465,106	-	29,465,106
Office furniture & fixtures	7,786,088	283,482	8,069,570
Leasehold improvements	19,792,673	-	19,792,673
Portal/Website development	15,000,000	(15,000,000)	-
Transportation equipment	995,536	-	995,536
	<u>73,039,403</u>	<u>(14,716,518)</u>	<u>58,322,885</u>
Accumulated depreciation:			
Medical equipment & fixtures	3,457,180	1,354,322	4,811,502
Office furniture & fixtures	3,408,377	336,949	3,745,326
Leasehold improvements	2,279,662	907,768	3,187,430
Portal/Website development	750,000	(750,000)	-
Transportation equipment	215,699	149,332	365,031
	<u>10,110,918</u>	<u>1,998,371</u>	<u>12,109,289</u>
Construction in progress	11,280,000	-	11,280,000
Net book value	<u>74,208,485</u>		<u>57,493,596</u>

## 13. BANK LOANS

Bank loans consist of various loans represented by promissory notes. Interest on the loan as at balance sheet date ranges from 3% to 8% per annum. These loans are collateralized by a mortgage on certain investments in real properties.

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**14. DEPOSITS**

This principally consists of reservation fees from customers pending full payment of amounts as required in the "Contract to Sell".

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**15. PAYABLE TO RELATED PARTIES**

Transpacific Broadband Group Int'l., Inc.	1,291,918
Stockholder	25,612,941
	<u>26,904,859</u>

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**16. DIRECT COSTS**

Cost of land	5,676,667
Depreciation	2,721,516
Salaries, wages and benefits	2,331,696
Utilities and communication	1,007,355
Medical supplies	1,160,305
Rent	1,681,066
Professional fees	1,121,379
Miscellaneous	16,339
	<u>15,716,323</u>

