

# ATN HOLDINGS, INC.

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

November 16, 2009

**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 September 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)

**September 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 September 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-Sep	Audited
	2009	31-Mar
	2009	2009
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents (Note 4)	P 2,679,182	P 2,329,085
Financial assets		
Fair value through profit or loss	1,234,130	734,970
Available-for-sale	75,364,640	75,364,640
Receivables (Note 6)	4,463,700	3,296,747
Real estate inventories (Note 7)	29,445,000	35,464,000
Other current assets (Note 8)	9,895,426	10,627,266
<b>Total Current Assets</b>	<b>123,082,078</b>	<b>127,816,708</b>
Noncurrent assets		
Receivables from related parties (Note 9)	38,274,648	36,836,131
Investment properties (Note 11)	1,624,779,701	1,615,526,403
Investment in and advances to associates	28,258,142	28,258,142
Property and equipment - net (Note 12)	47,816,751	58,735,783
	1,739,129,242	1,739,356,459
	P 1,862,211,320	P 1,867,173,167
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable and accrued expenses	P 1,458,304	P 3,536,599
Income tax payable		-
Bank loans (Note 13)	56,019,210	59,467,250
Deposits (Note 14)	16,412,828	21,726,298
	73,890,342	84,730,147
Noncurrent Liabilities		
Payables to related parties (Note 15)	30,059,258	21,782,929
Deferred tax liabilities	376,791,273	376,777,874
	406,850,531	398,560,803
<b>TOTAL LIABILITIES</b>	<b>480,740,873</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)	857,455,034	859,866,804
	1,381,470,447	1,383,882,217
	P 1,862,211,320	P 1,867,173,167

*See accompanying Notes to Financial Statements.*

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

	Quarter Ending		Six (6) Months Ending	
	30-Sep-09	30-Sep-08	30-Sep-09	30-Sep-08
<b>REVENUE</b>	P3,521,967	P7,367,960	P17,554,151	P18,641,569
<b>DIRECT COSTS (Note 16)</b>	3,605,415	5,832,534	20,148,660	15,716,323
<b>GROSS PROFIT</b>	(83,448)	1,535,426	(2,594,509)	2,925,246
<b>OTHER OPERATING INCOME (EXPENSES)</b>				
Rent	1,987,369	1,358,033	5,788,410	3,393,624
Interest	1,717	119,763	3,882	170,237
Unrealized gain (loss) on financial assets at fair value through profit or loss	499,160	(136,520)	499,160	3,407,939
	2,404,798	2,876,702	3,696,943	9,897,046
<b>OPERATING EXPENSES</b>	2,294,673	6,852,371	6,005,551	11,111,183
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	110,125	(3,975,669)	(2,308,608)	(1,214,137)
Provision for income tax	(155,929)	(104,446)	89,762	(1,390,129)
<b>NET INCOME / (LOSS)</b>	P266,054	(P4,080,115)	(P2,398,370)	(P2,604,266)
<b>EARNINGS PER SHARE</b>			(0.01199)	(0.01302)

*See accompanying Notes to Financial Statements.*

**ATN HOLDINGS, INC. and Subsidiaries**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Six (6) Months Ending	
	Sept. 30, 2009	Sept. 30, 2008
Capital stock		
Balance at beginning of fiscal year	P450,000,000	P200,000,000
Issuance during the fiscal year	-	250,000,000
Balance at end of fiscal year	P450,000,000	P450,000,000
Additional paid-capital	22,373,956	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	(2,398,370)	(2,604,266)
Balance at end of the year	857,455,034	799,586,016
	P1,381,470,447	P1,342,175,998

*See accompanying Notes to Financial Statements.*

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

	Quarter Ending		Six (6) Quarter Ending	
	Sept. 30, 2009	Sept 30, 2008	Sept. 30, 2009	Sept 30, 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net Income (Loss)	P266,054	(P2,903,710)	(P2,398,370)	(P2,604,266)
Adjustments for:				
Depreciation and amortization	1,089,607	523,221	3,131,903	2,748,370
Interest income	(1,717)	(170,237)	(3,882)	(170,237)
Interest expense	305,639	1,727,541	1,276,932	1,727,541
Operating income before working capital cha	1,659,583	(823,185)	2,006,583	1,701,408
Decrease (increase) in current assets				
Financial assets at fair value through profit or loss	(499,160)	136,520	(499,160)	136,520
Available-for-sale financial assets	-	(303,898)	-	(303,898)
Receivables	(653,120)	459,327	(1,166,954)	297,326
Real estate inventories	-	1,375,834	6,019,000	5,676,667
Other current assets	(444,449)	1,285,906	731,840	1,110,191
Increase (decrease) in current liabilities				
Accounts payable and accrued expenses	(582,295)	(7,400,129)	(2,078,295)	(5,381,727)
Bank loans	(562,213)	8,545,573	(3,448,040)	(1,204,938)
Deposits	425,298	(14,126,568)	(5,313,470)	(11,892,274)
Net cash provided by operating activities	(656,356)	(10,850,620)	(3,748,496)	(9,860,725)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receivables from related parties	-	(14,814,989)	(1,438,517)	(9,511,001)
Investment properties	-	(5,627,575)	(9,253,298)	(5,627,575)
Property and equipment	-	17,518,862	7,787,129	13,966,519
Interest paid	(305,639)	(1,727,541)	(1,276,932)	(1,727,541)
Interest received	1,717	170,237	3,882	170,237
	(303,922)	(4,481,006)	(4,177,736)	(2,729,361)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Payable to related party	990,798	(23,485,305)	8,276,329	(17,507,294)
Paid up capital	-	250,000,000	-	250,000,000
Deposit for future subscription	-	(220,000,000)	-	(220,000,000)
	990,798	6,514,695	8,276,329	12,492,706
NET INCREASE/(DECREASE) IN CASH	<u>P30,520</u>	<u>(P8,816,931)</u>	350,097	(97,380)
CASH AT BEGINNING OF PERIOD			2,329,085	9,667,712
CASH AT END OF PERIOD			<u>P2,679,182</u>	<u>P9,570,332</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 September 30, 2009 based on contractual undiscounted payments:

	< 1 year	>1 to 5 yrs	Total
Accounts payable and accrued expenses	1,458,304		1,458,304
Bank loans	56,019,210		56,019,210
Deposits	16,412,828		16,412,828
Payables to related parties	4,153,615	25,905,643	30,059,258
	78,043,957	25,905,643	103,949,600

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, 2009.

Balance sheet items	
Cash and cash equivalent	2,679,182
Financial assets at fair value through profit and loss	1,234,130
Available-for-sale financial assets	75,364,640
Receivables	4,463,700
Receivables from related parties	38,274,648
	122,016,300



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

	Neither past due nor impaired	Past due but not impaired	Total
Cash and cash equivalent	2,679,182	-	2,679,182
Financial assets at fair value through profit or loss	1,234,130	-	1,234,130
Accounts receivables	-	4,463,700	4,463,700
Receivables from related parties	-	38,274,648	38,274,648
Available-for-sale financial assets	75,364,640	-	75,364,640
	79,277,952	42,738,348	122,016,300

	Past Due But Not Impaired		
	<30 days	30-90 days	>90 days
Accounts receivables	4,463,700	-	-
Receivables from related parties	-	38,274,648	-
	4,463,700	38,274,648	-

#### 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	56,019,210
-----------	------------

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	5,601,921
Effect on net income	(5,601,921)

#### 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, 2009 is increase or decrease by P5.6 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 September 30, 2009.

	Real estate	Healthcare	Corporate and Others	Total
Segment revenue	13,765,551	9,416,026	160,714	23,342,291
Intersegment revenue	568,689		160,714	729,403
Net	13,196,862	9,416,026	-	22,612,888
Segment result	210,492	(2,191,240)	(417,622)	(2,398,370)
Segment assets	1,569,562,768	55,549,164	492,361,572	2,117,473,504
Segment liabilities	469,837,669	38,442,674	634,339	508,914,682
Other Information				-
Depreciation	401,584	2,654,561	37,744	3,093,889
Non-cash expenses other than depreciation	-	-	-	-
Capital expenditures	-	-	-	-

### 4. CASH AND CASH EQUIVALENT

	30-Sep-09	31-Mar-09
Cash on hand and in bank	2,679,182	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-Sep-09	31-Mar-09
Balance at beginning of year	734,970	734,970
Unrealized gain (loss) on financial assets at fair value through profit or loss (FVTPL)	499,160	-
	1,234,130	734,970

---

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

	30-Sep-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**

		Current	1-60 days
Trade			
Real estate	1,554,108		1,554,108
Medical and healthcare related services	2,909,592	956,900	1,952,692
	4,463,700	956,900	3,506,800

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

---

**8. REAL ESTATE INVENTORIES**

	30-Sep-09	31-Mar-09
Beginning balance	35,464,000	41,137,667
Additions during the year	-	-
Less: Sold	(6,019,000)	(5,673,667)
	29,445,000	35,464,000

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

---

**9. OTHER CURRENT ASSETS**

	30-Sep-09	31-Mar-09
Input Tax	8,589,154	9,719,915
Prepaid expenses	649,972	251,051
Rental deposit	656,300	656,300
	9,895,426	10,627,266

---

**10. RECEIVABLES FROM RELATED PARTIES**

---

	30-Jun-09	31-Mar-09
Unipage Management Inc.	17,587,722	17,587,722
TBGI	20,686,926	19,248,409
	<u>38,274,648</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**

---

	30-Jun-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**

---

The breakdown of this account follows:

Acquisition cost:

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

