

# 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>	<b>P3,170,407</b>	<b>P1,744,491</b>	<b>(401,498)</b>	<b>(898,800)</b>
<b>CASH AT BEGINNING OF PERIOD</b>			<b>1,539,703</b>	<b>2,157,635</b>
<b>CASH AT END OF PERIOD</b>			<b>P1,138,205</b>	<b>P1,258,835</b>

*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.

	Gross Exposure	
	maximum 30-Sept-12	31-March-12
Cash and cash equivalents	P1,138,205	P1,534,703
PVTPL	543,900	630,000
AFS	37,550,630	42,126,418
Accounts receivable	4,027,474	6,458,478
Receivable from related parties	85,702,379	89,405,748
	<u>P128,962,588</u>	<u>P140,155,347</u>

Credit quality of the Group's assets as of December 31, 2012 follows:

	Neither High grade	past due nor Standard grade	impaired Substandard Grade	Past due But not impaired	Total
Cash and cash equivalents	P1,138,205	P -	P -	P -	P1,168,205
FVTPL	-	543,900	-	-	543,900
AFS	-	37,550,630	-	-	37,550,630
Accounts receivable	-	2,500,351	1,527,123	-	4,027,474
Receivables from related parties	15,109,497	20,621,926	-	49,970,956	85,702,379
	<u>P16,247,702</u>	<u>P61,216,807</u>	<u>P1,527,123</u>	<u>P49,970,956</u>	<u>P128,962,588</u>

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

High grade accounts, other than cash and cash equivalents, are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.

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.

Substandard grade accounts are accounts which have probability of impairment based on historical trend. These accounts show propensity to default in payment despite regular follow-up actions and extended payment terms.

The aging analysis of past due accounts which are unimpaired follows:

December 31, 2012	Receivables	Receivables from Related parties	Total
Past due 31-60 days	-	-	-
Past due 61-90 days	-	-	-
Past due 91-120 days	-	-	-
Over 120 days	P4,027,474	P85,702,379	P89,729,853
	<u>P4,027,474</u>	<u>P85,702,379</u>	<u>P89,729,853</u>

#### *Market Risk*

The Group is exposed to market risk with respects 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 and Dollar 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 carrying amount of the Group's foreign currency denominated monetary liabilities at the reporting date is as follows:

	31-Dec-12
Japanese yen loan	P30,447,436
US Dollar loan	2,883,440
	<u>P33,330,876</u>

The above table details the Group's sensitivity to a 5% 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 5% 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 and 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 5% against the relevant currency, there would be an equal and opposite impact on the net income and the balances would be negative.

December 31, 2012	Effect on Income Before taxes
Increase/Decrease in Peso to US Dollar Rate	
+5%	+.16 Million
-5%	-.16 Million
Increase/Decrease in Peso to Japanese Yen Rate	
+5%	+.22 Million
-5%	-.22 Million

#### *Interest Rate Risk*

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

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 P2.3 million.

#### *Price Risk*

The Group is exposed to property price and property rentals risk and to market price changes of financial assets through profit or loss.

#### *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 optimum of the debt and equity balance. The Group's overall strategy remains unchanged.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the 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:

	31-Dec-12	30-Mar-12
Equity	P1,372,871,275	P1,375,938,422
Total assets	1,823,654,345	1,844,104,269
Ratio	0.75	0.75

**23. 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

Corporate revenues are segmented as follows:

Revenue from Real Estate Business	Php	15,527,276
Revenue from Health Care Business	Php	5,774,914

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		Palladian Land		Advanced Home		Managed Care	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Ratio	1.13	4.8	-0.20	14.87	-13.29	8.35	-15.21	9.57
Debt to Equity Ratio	3%	2.2%	0.24%	39%	1391%	-108%	382%	214%
Asset-to-Equity Ratio	1.34	1.34	1.39	1.39	15.02	17.09	4.82	3.49
Interest Rate Coverage Ratio	3.40	0.77	6.17	1.77	n/a	n/a	72.0	43.12
Gross Profit Margin	0.00	0.00	71%	43%	0.00	0%	-34%	-43%
EBITDA	-P772,121	P1,069,812	P7,745,442	P2,134,967	-P151,344	-P450,116	P437,530	P416,853
Net Income to Sales Ratio	0.00	0%	41%	0%	0.00	0%	-66%	-50%
Net Income (Loss) in Pesos	-P883,422	-P655,500	P6,314,981	P804,619	-P151,344	-P450,116	-P3,794,452	-P2,289,586

On a consolidated basis, ATN accounts that changed by more than 5% compared to quarter ending December 31, 2012 financial statements are as follows:

- Cash and cash equivalents decreased to Php0.401 million from Php1.540 million (-26%) due to payment of bank loans.
- Financial assets at fair value through profit or loss decreased due to fair value adjustment from Php630 thousand to Php543 thousand (-13.67%)
- Receivables decreased to Php4.027 million from Pph6.458 million (-37.64%) due to collection.
- Real estate inventories decreased to Php4.485 million from Php8,872 million due to sale (-49.45%)
- Other current assets increased to Php7.29 million from Php4.207 million (73.34%).
- Available-for-sale investments decreased from Php37.550 million to Php42.126 million (-10.86%) due to fair value adjustment.
- Accounts payable decreased from Php3.296 million to Php2.62 million (-20.57%) due to payment of payables.

8. Bank loans decreased from Php46.737 million to Php33.331 million (-28.68%) due to payment of loans and foreign exchange rate adjustment.
9. Deposits increased from Php6.911 million to Php16.121 million (133%). This principally consists of reservation fees from customers pending full payment of amounts as required in the "Contract to Sell".
10. Payable to related parties decreased from Php25.357 million to Php12.881 million (-49.20%). These advances made are without interest to augment working capital requirements.
11. Increase in gross income to Php9.266 million as of December 31, 2012 from Php1.684 million (450%) compared to December 31, 2011 due to the following:
  - a. Increase in unrealized foreign exchange gain by Php7.229 million (611%) due to appreciation of peso.
  - b. Decrease in cost of property by Php7.336 million (46%) from Php16 million in 2011 due to lesser sale of property.
  - c. Decrease in depreciation and amortization by Php1.38 million (-39%) from Php3.5 million in 2011.
  - d. Increase in medical supplies by Php307 thousand (45.8%) from Php671 thousand on 2011.
  - e. Increase in professional fees by Php204 thousand (34%) from Php0.6 million in 2011.
  - f. Decrease in real estate and other taxes by Php922 thousand (-56%) from Php1.6 million in 2011.
  - g. Decrease in rent expense by Php451 thousand (-64%) from Php706 thousand in 2011.
  - h. Increase in salaries, wages and other benefits by Php109 thousand (5%) from Php1.9 million in 2011.
  - i. Increase in utilities and communication by Php781 thousand (39%) from Php2 million in 2011.
12. Administrative expenses almost the same from Php5.5 in 2011 compared to Php6.3 in 2012. The following are the accounts with more than 5% change:
  - a. Decrease in communication, dues and utilities by Php612 thousand (-83%) due to decrease in office area.
  - b. Increase in depreciation and amortization by Php1.2 million (84%) due to reclassification from direct to administrative expenses.
  - c. Decrease in office supplies by Php231 thousand (-45%) due to non procurement.
  - d. Increase in professional fees by Php256 thousand (39%) due to consultation made.
  - e. Increase on repairs and maintenance by Php153 thousand (136%) due to non recurring expenses.
  - f. Increase in representation and entertainment by Php153 thousand (172%).
  - g. Increase in salaries, wages and other benefits by Php183 thousand (70.61%) due to adjustments.
  - h. Increase in security services by Php151 thousand (92%) due to adjustment in contract.
  - i. Decrease in taxes, licenses and permits by Php0.4 million (-74%) due to non recurring expenses.

#### Corporate Development

During 2010, the Group subscribed to 12.5 million shares in ATN Solar Energy Group, Inc., (ATN Solar). From the 12.5 million shares subscribed P3.125 million have been paid and the balance is presented in the liability section as "Subscription Payable" amounting to P9.375 million. 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.

As at December 31, 2012, certain conditions are yet to be finalized including supply of material, project financing and government permits. ATN Solar has not started commercial operation.

In conjunction with its utilities scale solar PV power generation in Montalban, ATN Philippines Solar Energy Group Inc. will expand the business relationship of TBGI with client schools through the installation of 30-50 KW off-grid solar PV to complement the TBGI supply of computer laboratories with internet connectivity in schools.

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.


The company expects to continue its focus on its existing principal activities and actively pursue opportunities for investment in the healthcare technology 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  
February 12, 2013

  
**CELINIA FAELMOCA**  
Principal Accounting Officer  
February 12, 2013