

ATLANTIC TELE NETWORK INC /DE  
Form 10-Q  
November 14, 2006

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-191551

## Atlantic Tele-Network, Inc.

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**47-0728886**

(I.R.S. Employer  
Identification Number)

**10 Derby Square**

**Salem, MA 01970**

**(978) 619-1300**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes  No

As of November 14, 2006, the registrant had outstanding 15,126,957 shares of its common stock (\$.01 par value).

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## ATLANTIC TELE-NETWORK, INC.

FORM 10-Q  
Quarter Ended September 30, 2006

	<b>Page No:</b>
<u>CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS</u>	2
<u>PART I FINANCIAL INFORMATION</u>	5
<u>Item 1</u>	
<u>Unaudited Condensed Consolidated Financial Statements</u>	5
<u>Condensed Consolidated Balance Sheets at December 31, 2005 and September 30, 2006</u>	5
<u>Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2005 and 2006</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2005 and 2006</u>	7
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	8
<u>Item 2</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	23
<u>Item 3</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	39
<u>Item 4</u>	
<u>Controls and Procedures</u>	39
<u>PART II OTHER INFORMATION</u>	40
<u>Item 1.</u>	
<u>Legal Proceedings</u>	40
<u>Item1A</u>	
<u>Risk Factors</u>	40
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
<u>Item 6.</u>	
<u>Exhibits</u>	40
<u>SIGNATURES</u>	41
<u>CERTIFICATIONS</u>	

**Cautionary Statement Regarding Forward-Looking Statements**

This Report contains forward-looking statements relating to, among other matters, the future financial performance and results of operations of ATN and its subsidiaries, including the relative contributions of Commnet and Sovernet; the competitive environment in our key markets demand for our services and industry trends; the outcome of litigation and regulatory matters; our continued access to the credit and capital markets; the pace of our network expansion and improvement, including our realization of the benefits of these investments; and management's plans and strategy for the future. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events or results. Actual future events and results could differ materially from the events and results indicated in these statements as a result of many factors, including, among others, (1) significant political and regulatory risk facing our exclusive license to provide local exchange and long distance telephone services in Guyana; (2) any significant decline in the price or volume of international long distance calls to Guyana; (3) increased competition affecting our businesses; (4) the regulation of rates that GT&T may charge for local wireline

telephone service; (5) significant tax disputes

2

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between GT&T and the Guyanese tax authorities; (6) a significant portion of our U.S. wireless revenue is derived from a small number of customers; (7) our failure to maintain favorable roaming arrangements; (8) economic, political and other risks facing our foreign political operations; (9) regulatory changes affecting our businesses; (10) rapid and significant technological changes in the telecommunications industry; (11) our reliance on a limited number of key suppliers and vendors for timely supply of equipment and services relating to our network infrastructure; (12) loss of any key members of management; (13) the adequacy and expansion capabilities of our network capacity and customer service system to support our customer growth; (14) dependence of our wireless and wireline revenues on the reliability and performance of our network infrastructure; (15) the occurrence of severe weather and natural catastrophes; (16) our economic interest in our Bermuda affiliate may be reduced in 2008; and (17) our ability to realize the value that we believe exists in businesses that we acquire. These and other additional factors that may cause actual future events and results to differ materially from the events and results indicated in the forward-looking statements above are set forth more fully under Item 1A Risk Factors of ATN's 2005 Form 10-K, which is on file with the SEC. ATN undertakes no obligation to update these forward-looking statements to reflect actual results, changes in assumptions or changes in other factors that may affect such forward-looking statements.

In this Report the words we, our, ours and us refer to Atlantic Tele-Network, Inc. and its subsidiaries, unless the context indicates otherwise. ClearChoice is a service mark of one of our subsidiaries. This Report also contains other trademarks, service marks and trade names that are the property of others.

Reference to dollars (\$) refer to U.S. dollars unless otherwise specifically indicated.

Information regarding shares of our Common Stock set forth in this Report has been retroactively adjusted to reflect our 5-for-2 stock split on March 31, 2006.

4

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## PART I FINANCIAL INFORMATION

## Item 1. Financial Statements

**ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(Dollars in thousands, except per share amounts)

	December 31, 2005	September 30, 2006
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 26,493	\$ 60,305
Accounts receivable, net of allowances	15,613	20,393
Materials and supplies	4,744	7,969
Prepayments and other current assets	1,822	1,763
Total current assets	48,672	90,430
<b>FIXED ASSETS:</b>		
Property, plant, and equipment	204,297	225,391
Less accumulated depreciation	(78,588)	(94,059)
Net fixed assets	125,709	131,332
<b>INTANGIBLE ASSETS:</b>		
Customer relationships, net		3,927
Licenses	11,246	14,164
Goodwill	29,031	41,958
<b>LONG-TERM MARKETABLE SECURITIES</b>	1,991	
<b>INVESTMENT IN AND ADVANCES TO UNCONSOLIDATED AFFILIATES</b>	13,045	11,704
<b>OTHER ASSETS</b>	4,137	4,356
Total assets	\$ 233,831	\$ 297,871
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 165	\$ 174
Accounts payable and accrued liabilities	13,921	14,985
Dividends payable	1,522	2,141
Accrued taxes	9,411	10,826
Advance payments and deposits	3,114	3,347
Other current liabilities	2,985	3,104
Total current liabilities	31,118	34,577
<b>DEFERRED INCOME TAXES</b>	6,469	10,896
<b>OTHER LIABILITIES</b>	3,009	3,009
<b>LONG-TERM DEBT, excluding current portion</b>	55,585	51,456
Total liabilities	96,181	99,938
<b>MINORITY INTERESTS</b>	21,940	24,280
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>		
<b>STOCKHOLDERS EQUITY:</b>		
Preferred stock, \$.01 par value per share; 10,000,000 shares authorized, none issued and outstanding		