

ATLANTIC TELE NETWORK INC /DE

Form 10-Q

August 11, 2008

[Table of Contents](#)

## **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 June 30, 2008**

**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



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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 x No o

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

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o

Smaller reporting company o

(Do not check if a smaller reporting company)

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

As of August 8, 2008, the registrant had outstanding 15,201,110 shares of its common stock (\$.01 par value).

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Table of Contents

ATLANTIC TELE-NETWORK, INC.

FORM 10-Q  
Quarter Ended June 30, 2008

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

PART I FINANCIAL INFORMATION

<u>Item 1</u>	<u>Unaudited Condensed Consolidated Financial Statements</u>	
	<u>Condensed Consolidated Balance Sheets at December 31, 2007 and June 30, 2008</u>	4
	<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2007 and 2008</u>	5
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2007 and 2008</u>	6
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	7-16
<u>Item 2</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16-28
<u>Item 3</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
<u>Item 4</u>	<u>Controls and Procedures</u>	29

PART II OTHER INFORMATION

<u>Item 1</u>	<u>Legal Proceedings</u>	29
<u>Item 1A</u>	<u>Risk Factors</u>	29
<u>Item 2</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
<u>Item 4</u>	<u>Submission of Matters to a Vote of Security Holders</u>	29
<u>Item 6</u>	<u>Exhibits</u>	30

SIGNATURES

CERTIFICATIONS

Table of Contents

**Cautionary Statement Regarding Forward-Looking Statements**

This Quarterly Report on Form 10-Q (or the 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, Sovernet and BDC; 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 domestic local exchange and international 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 between GT&T and the Guyanese tax authorities; (6) the derivation of a significant portion of our U.S. wireless revenue from a small number of customers; (7) our ability to maintain favorable roaming arrangements; (8) economic, political and other risks facing our foreign 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) any loss of 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; and (16) 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 our Annual Report on Form 10-K for the year ended December 31, 2007 (the 2007 Form 10-K ), which is on file with the SEC. We undertake 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.



Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Unaudited Condensed Consolidated Financial Statements****ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(Dollars in thousands, except per share amounts)**

	<b>December 31, 2007</b>	<b>June 30, 2008</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 71,173	\$ 55,053
Restricted cash	4,831	
Marketable securities	5,280	5,400
Accounts receivable, net of allowances	27,357	31,135
Materials and supplies	4,747	7,446
Prepayments and other current assets	4,987	4,304
Total current assets	118,375	103,338
Fixed Assets:		
Property, plant, and equipment	277,181	300,394
Less accumulated depreciation	(121,428)	(126,642)
Net fixed assets	155,753	173,752
Licenses	14,738	24,344
Goodwill	39,344	40,277
Other intangibles, net	2,349	2,658
Investment in and advances to unconsolidated affiliates	12,453	60
Other assets	1,614	5,816
Total assets	\$ 344,626	\$ 350,245
<b>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS EQUITY</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 25,618	\$ 23,036
Dividends payable	2,461	2,465
Accrued taxes	11,029	1,706
Advance payments and deposits	3,912	3,709
Other current liabilities	1,859	3,301
Total current liabilities	44,879	34,217
Deferred income taxes	13,082	14,077
Other liabilities	458	458
Long-term debt, excluding current portion	50,000	50,000
Total liabilities	108,419	98,752
Minority interests	27,236	29,527
Commitments and contingencies (Note 12)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value per share; 10,000,000 shares authorized, none issued and outstanding		
	157	157

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Common stock, \$0.01 par value per share; 50,000,000 shares authorized; 15,675,518 and 15,697,557 shares issued, respectively, and 15,220,546 and 15,201,110 shares outstanding, respectively

Treasury stock, at cost; 454,972 and 496,447 shares, respectively	(3,403)	(4,560)
Additional paid-in capital	106,038	106,990
Retained earnings	108,414	121,614
Accumulated other comprehensive loss	(2,235)	(2,235)
Total stockholders' equity	208,971	221,966
Total liabilities, minority interests and stockholders' equity	\$ 344,626	\$ 350,245

The accompanying condensed notes are an integral part of these condensed consolidated financial statements.

Table of Contents

**ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**



**(Unaudited)**

(Dollars in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2008	2007	2008
<b>REVENUE:</b>				