

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 Quarter ended March 31, 2001

OR

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

Commission File Number 0-19551

Atlantic Tele-Network, Inc.  
(exact name of issuer as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	47-072886 (I.R.S. Employer Identification Number)
---	---

19 Estate Thomas/Havensight  
P.O. Box 12030  
St. Thomas, U.S. Virgin Islands 00801  
(340) 777-8000

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 \_\_\_\_\_

As of March 31, 2001, the registrant had outstanding 4,986,527 shares of its common stock (\$.01 par value).

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(Columnar Amounts in Thousands)

	December 31, 2000	March 31, 2001
		(Unaudited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$24,495	\$16,634
Marketable securities	-	6,080
Accounts receivable, net	21,099	16,262
Materials and supplies	4,944	5,132
Prepayments and other current assets	2,507	5,678
Total current assets	53,045	49,786
Fixed assets:		
Property, plant and equipment	90,546	92,980
Less accumulated depreciation	(18,087)	(20,128)
Total fixed assets, net	72,459	72,852
Uncollected surcharges, net of current portion	997	883
Investment in and advances to Bermuda Digital Communications, Ltd.	6,616	7,653
Other assets	4,853	7,279
Total assets	\$137,970	\$138,453

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable and accrued liabilities	\$12,255	\$8,238
Accrued taxes	5,427	9,592

Advance payments and deposits	1,433	1,494
Other current liabilities	4,681	3,820
Current portion of long-term debt	1,687	1,670
	-----	-----
Total current liabilities	25,483	24,814
Deferred income taxes	5,303	5,610
Long-term debt, excluding current portion	2,513	1,969
	-----	-----
Total liabilities	33,299	32,393
	-----	-----
Minority interests	21,202	20,822
	-----	-----
Contingencies and commitments (Notes 7 and 8)		
Stockholders' equity:		
Preferred stock, par value \$.01 per share; 10,000,000 shares authorized; none issued and outstanding	-	-
Common stock, par value \$.01 per share; 20,000,000 shares authorized; 5,151,424 shares issued 4,986,527 outstanding	52	52
Treasury stock, at cost	(1,621)	(1,621)
Paid-in capital	55,867	55,867
Retained earnings	29,372	31,141
Accumulated foreign currency translation loss	(201)	(201)
	-----	-----
Total stockholders' equity	83,469	85,238
	-----	-----
Total liabilities and stockholders' equity	\$137,970	\$138,453
	=====	=====

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

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

#### CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 2000 AND 2001

(Columnar Amounts in Thousands, except per share data)

	Three months ended March 31,	
	2000	2001
	-----	-----
		(Unaudited)
Telephone operations		
Revenues:		
Local exchange service revenues	\$2,541	\$3,542
International long-distance revenues	16,117	14,087
Other revenues	478	743
	-----	-----
Total revenues	19,136	18,372
	-----	-----
Operating expenses:		
International long-distance expenses	6,676	3,973
Telephone operating expenses	5,256	6,094
General and administrative expenses	1,128	1,303
	-----	-----
Total operating expenses	13,060	11,370
	-----	-----
Income from telephone operations	6,076	7,002
	-----	-----
Other operations:		
Revenues of other operations	748	1,138
Expenses of other operations	916	1,853
	-----	-----
Loss from other operations	(168)	(715)
	-----	-----
Other income (expense):		
Interest expense	(435)	(179)
Interest income	627	557
Other income (expense), net	46	277
	-----	-----

Other income (expense), net:

	238	655
Income before income taxes and minority interests	6,146	6,942
Income taxes	3,024	3,548
Income before minority interests	3,122	3,394
Minority interests	(476)	(628)
Net income	\$2,646	\$2,766
Net income per share:		
Basic and diluted	\$0.56	\$0.55
Weighted average common stock outstanding:		
Basic	4,721	4,987
Diluted	4,721	4,994

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

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS  
THREE MONTHS ENDED MARCH 31, 2000 AND 2001  
(Columnar Amounts in Thousands)

	Three months ended March 31,	
	2000	2001
	(Unaudited)	
Net cash flows provided by operating activities:	\$9,718	\$4,069
Cash flows from investing activities:		
Purchase of Marketable securities	-	(6,080)
Capital expenditures	(1,888)	(2,434)
Advances to Bermuda Digital Communications, Ltd.	(182)	(858)
Net cash flows used in investing activities	(2,070)	(9,372)
Cash flows from financing activities:		
Repayment of long-term debt	(865)	(561)
Purchase of common stock	(475)	-
Cash paid in conjunction with Acquisition of Antilles Wireless	(1,500)	-
Dividends declared on common stock	(875)	(997)
Dividend to minority stockholder in GT&T	0	(1,000)
Net cash flows used in financing activities	(3,715)	(2,558)
Net change in cash and cash equivalents	3,933	(7,861)
Cash and cash equivalents, beginning of period	31,463	24,495
Cash and cash equivalents, end of period	\$35,396	\$16,634
Supplemental cash flow information:		
Interest paid	\$281	\$112
Income taxes paid	\$1,133	\$2,386
Supplemental non cash information:		
Depreciation and Amortization Expense	\$1,473	\$2,041
Issuance of common stock in conjunction with acquisitions	\$3	-

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

Atlantic Tele-Network, Inc. and Subsidiaries

Notes to Consolidated Condensed  
Financial Statements

Three Months Ended March 31, 2000 and 2001

1. ORGANIZATION AND BUSINESS OPERATIONS

Atlantic Tele-Network, Inc. (the "Company" or "ATN"), a Delaware corporation, is engaged principally through its 80%-owned subsidiary, Guyana Telephone & Telegraph Company, Limited ("GT&T"), in providing telecommunications services, including local telephone service, long-distance services, and cellular service in the Cooperative Republic of Guyana ("Guyana") and international telecommunications service to and from Guyana. The Company also owns the entire equity interest in Wireless World, LLC ("Wireless World"), which holds Multichannel Multipoint Distribution Service ("MMDS") and Local Multipoint Distribution Service ("LMDS") licenses for the U.S. Virgin Islands and is engaged in the U.S. Virgin Islands in the Internet service provider, specialized mobile radio and paging businesses and the wireless cable television business. The Company owns an 80% interest in ATN (Haiti) S.A. ("ATN (Haiti)"), a Haitian corporation (formerly named Digicom S.A.) principally engaged in dispatch radio, mobile telecommunications, and paging in Haiti. Atlantic Tele-Center, Inc., a wholly owned subsidiary of ATN, is currently developing a Web-enabled outsourcing call center in Guyana to provide customer support to companies serving the U.S. and other markets. The Company owns a 46% interest in Bermuda Digital Communications, Ltd. ("BDC"), a Bermuda corporation which operates under the name "Cellular One" and is the sole cellular and PCS competitor in Bermuda to the Bermuda Telephone Company. ATN provides management, technical, financial, regulatory, and marketing services to its subsidiaries and affiliates for a management fee equal to 6% of their revenues. Atlantic Tele-Network, Inc. and Subsidiaries

2. BASIS OF PRESENTATION

The consolidated condensed balance sheet of ATN and subsidiaries at December 31, 2000 has been taken from audited financial statements at that date. All of the other accompanying consolidated condensed financial statements are unaudited. These consolidated condensed financial statements have been prepared by the management of ATN in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC"). Accordingly, certain information and footnote disclosures usually found in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. In the opinion of the management of the Company, all adjustments (consisting only of normal recurring adjustments) considered necessary for fair presentation of the consolidated condensed financial statements have been included, and the accompanying condensed consolidated financial statements present fairly the financial position and the results of operations for the interim periods presented. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and related footnotes included in the Company's 2000 Annual Report on Form 10-K, as filed with the SEC.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

4. MARKETABLE SECURITIES

Marketable securities consist of investments in Government National Mortgage Association pools of mortgages maturing during 2028. The Company classifies its existing marketable securities as available-for-sale in accordance with the provisions of SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities". These securities are carried at fair market value, with unrealized gains and losses reported in stockholders' equity as a component of other comprehensive income (loss). Gains or losses on securities sold are based on the specific identification method.

5. NET INCOME PER SHARE

In accordance with SFAS No. 128, "Earnings Per Share," basic net income

per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding during the period and does not include any other potentially dilutive securities. Diluted net income per share gives effect to all potentially dilutive securities. There is no difference between basic net income per share and diluted net income per share for any period presented as the Company's only dilutive security, stock options, was antidilutive to the calculation as of March 31, 2000 and immaterial to the calculation as of March 31, 2001.

## 6. NEW ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board has issued SFAS No. 133, SFAS No. 137 and SFAS No. 138, "Accounting for Derivative Instruments and Hedging Activities." These statements establish accounting and reporting standards for derivative instruments including certain derivative instruments embedded in other contracts and for hedging activities. SFAS No. 133, SFAS No. 137 and SFAS No. 138 are not to be applied retroactively to financial statements of prior periods. The Company has adopted these standards as of January 1, 2001 with no material impact to its financial position.

## 7. CONTINGENCIES AND COMMITMENTS

The financial position and results of operations of the Company may be affected by certain regulatory matters and litigation described in Note 11 to the Consolidated financial statements included in the Company's 2000 Annual Report on Form 10-K, as filed with the SEC. There have been no material developments in any of the matters described in said Note.

Atlantic Tele-Network, Inc. and Subsidiaries

Management Discussion and Analysis of Financial  
Conditions and Results of Operations

### Forward Looking Statements and Analysts' Reports

This report contains forward looking statements within the meaning of the federal securities laws, including statements concerning future rates, revenues, costs, capital expenditures, and financing needs and availability and statements of management's expectations and beliefs. Actual results could differ materially from these statements as a result of many factors, including future economic and political conditions in Guyana, the matters discussed in the Regulatory Considerations section of Management's Discussion and Analysis of Financial Condition and Results of Operations in this Report and matters discussed in the Company's Form 10K Annual Report for the fiscal year ended December 31, 2000.

Investors should also be aware that while the Company does, from time to time, communicate with securities analysts, it is against the Company's policy to disclose to them any material non-public information or other confidential information. Accordingly, shareholders should not assume that the Company agrees with any statement or report issued by an analyst irrespective of the content of the statement or report. Furthermore, the Company has a policy against issuing or confirming financial forecasts or projections issued by others. Thus, to the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not the responsibility of the Company.

### Introduction

Atlantic Tele-Network, Inc. (the "Company" or "ATN"), a Delaware corporation, is engaged principally through its 80%-owned subsidiary, Guyana Telephone & Telegraph Company, Limited ("GT&T"), in providing telecommunications services, including local telephone service, long-distance services, and cellular service in the Cooperative Republic of Guyana ("Guyana") and international telecommunications service to and from Guyana. The Company also owns the entire equity interest in Wireless World, LLC ("Wireless World"), which holds Multichannel Multipoint Distribution Service ("MMDS") and Local Multipoint Distribution Service ("LMDS") licenses for the U.S. Virgin Islands and is engaged in the U.S. Virgin Islands in the Internet service provider, specialized mobile radio and paging businesses and the wireless cable television business. The Company owns an 80% interest in ATN (Haiti) S.A. ("ATN (Haiti)"), a Haitian corporation (formerly named Digicom S.A.) principally engaged in dispatch radio, mobile telecommunications, and paging in Haiti. Atlantic Tele-Center, Inc., a wholly owned subsidiary of ATN, is currently developing a Web-enabled outsourcing call center in Guyana to provide customer support to companies serving the U.S. and other markets. The Company owns a 46% interest in Bermuda Digital Communications, Ltd. ("BDC"), a Bermuda corporation which operates under the name "Cellular One" and is the sole cellular and PCS competitor in Bermuda to the Bermuda Telephone Company. ATN provides management, technical, financial, regulatory, and marketing services to its subsidiaries and affiliates for a management fee equal to 6% of their revenues.

The principal components of operating expenses for the Company are

international long-distance expenses, telephone operating expenses, and general and administrative expenses. International long-distance expenses consist principally of charges from international carriers for outbound international calls from Guyana and payments to audiotext providers from whom GT&T derives international audiotext traffic. Telephone operating expenses consist of plant specific operations, plant non-specific (which includes depreciation and amortization), customer operations, corporate operations expenses of GT&T, and taxes other than income taxes. General and administrative expenses consist principally of expenses of the parent company.

## RESULTS OF OPERATIONS

Three months ended March 31, 2000 and 2001

Net income for the first quarter of 2001 was \$2.8 million, or \$0.55 per share as compared to net income of \$2.6 million, or \$0.56 per share in the first quarter of 2000. The reduction of \$.01 earning per share is attributable to an increase of 266,000 in the average number of shares outstanding for the first quarter of 2001 over the same period in 2000.

Telephone operating revenues for the quarter ending March 31, 2001 were \$18.4 million as compared to \$19.1 million for the first quarter of 2000, a decrease of \$764,000 or 4%. Audiotext revenues declined by \$3.5 million but this decline was substantially offset by an increase in regular inbound international traffic revenue of \$1.2 million, or 13%, and an increase in local exchange service revenue of \$1.0 million, or 39%. Total operating expenses were \$11.4 million for the first quarter of 2001 compared with \$13.1 million for the corresponding quarter of 2000, a decrease of \$1.7 million or 13%. This decrease was due primarily to reductions in audiotext traffic which resulted in reduced international long-distance expense.

Telephone operating expenses were approximately 62% of telephone operating revenues for the three months ended March 31, 2001 as compared to 68% for the same period of the prior year. This decrease is principally the result of increased inbound international traffic revenues (which have no direct operating expenses) and decreased audiotext revenues which have a significantly higher cost.

Income from telephone operations for the three months ended March 31, 2001 was \$7.0 million as compared to \$6.1 million for the corresponding period of 2000. This represents an increase of \$926,000 or 15% for the three months ended March 31, 2001 over the corresponding period of the prior year. This change is principally a result of the factors affecting revenues and operating expenses discussed above.

Other operations revenues and expenses represent the operations of ATN (Haiti) and Wireless World, LLC. Other income (expense), net consists principally of the Company's equity in the income of BDC.

The Company's effective tax rate for the three months ended March 31, 2001 was 51% as compared to 49% for the corresponding period of the prior year.

The minority interest in earnings consists primarily of the Guyana government's 20% interest in GT&T.

## Regulatory and Tax Issues

The Company is involved in a number of regulatory and tax proceedings. See note 11 to the Company's Consolidated Financial Statements included in the Company's 2000 Annual Report on Form 10-K, as filed with the SEC. A material and adverse outcome in one or more of these proceedings could have a material adverse impact on the Company's financial condition and future operations. There have been no material developments in any of the matters described in said Note.

## Liquidity and Capital Resources

The Company believes its existing liquidity and capital resources are adequate to meet current operating and capital needs, except that some external financing will be required for Wireless World's expansion which is currently underway. The Company's current primary source of funds at the parent company level is advisory fees and dividends from GT&T. The tax and regulatory issues discussed in Note 11 to the Company's Consolidated Financial Statements included in the Company's 2000 Annual Report on Form 10-K could have a material adverse impact on the Company's liquidity. GT&T is not subject to any contractual restrictions on the payment of dividends.

If and when the Company settles outstanding tax and regulatory issues with the Guyana government and the PUC, GT&T may require additional external financing to enable GT&T to further expand its telecommunications facilities. The Company has not estimated the cost to comply with the October 1997 PUC order to increase the number of telephone lines in service described in Note 11 to the Company's Consolidated Financial Statements, which GT&T appealed on the grounds that the PUC did not hear evidence or make findings as to the financial feasibility of such an increase as required, in GT&T's opinion, by Guyana law. The Company believes such a project would require significant capital expenditures that would require external financing. There can be no

assurance that the Company will be able to obtain any such financing.

The continued expansion of GT&T's network is dependent upon the ability of GT&T to purchase equipment with U.S. dollars. A portion of GT&T's taxes in Guyana may be payable in U.S. dollars or other hard currencies. The Company believes that the majority of GT&T's revenues will continue to be denominated in U.S. dollars or other hard currencies. However, as a result of the rate increases currently sought by GT&T and the efforts of the U.S. FCC, AT&T and carriers in other countries to reduce international accounting rates, it is likely that an increasing portion of the Company's revenues will be earned in Guyana currency. While there are no legal restrictions on the conversion of Guyana currency into U.S. dollars or other hard currencies, or on the expatriation of Guyana currency or foreign currency from Guyana, there is little liquidity in the foreign currency markets in Guyana. While the Company believes that it has, and will continue to have, adequate cash flows denominated in hard currency to meet its current operating, debt service and capital requirements, there can be no assurance that GT&T will be able to convert its Guyana currency earnings into hard currency to meet such obligations. At March 31, 2001, approximately \$5.0 million of the Company's total cash balances consisted of balances denominated in Guyana dollars.

From time to time the Company explores opportunities to acquire communications properties or licenses in the Caribbean and elsewhere. Such acquisitions may require external financing. There can be no assurance as to whether, when or on what terms the Company will be able to acquire any of the businesses or licenses it is currently seeking.

#### Impact of Devaluation and Inflation

Although the majority of GT&T's revenues and expenditures are transacted in U.S. dollars or other hard currencies, the results of operations nevertheless may be affected by changes in the value of the Guyana dollar. From February 1991 until early 1994, the Guyana dollar remained relatively stable at the rate of approximately 125 to the U.S. dollar. In 1994, the Guyana dollar declined in value to approximately 142 to the U.S. dollar, and it remained relatively stable at approximately that rate through 1997. In 1998, the Guyana dollar declined in value to approximately 180 to the U.S. dollar. Through March 31, 2001 the rate of exchange has remained at approximately 180 to the U.S. dollar.

The effect of devaluation and inflation on the Company's financial results has not been significant in the periods presented.

### Atlantic Tele-Network, Inc. and Subsidiaries

#### Other Information

##### Item 1. Legal Proceedings

Not applicable.

##### Item 2. Changes in Securities

Not applicable

##### Item 3. Defaults Upon Senior Securities

Not applicable.

##### Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

##### Item 5. Other Information

Not applicable.

##### Item 6. Exhibits and Reports on Form 8-K

Not applicable.

### Atlantic Tele-Network, Inc. and Subsidiaries

#### Signatures

Pursuant to the Securities Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Atlantic Tele-Network, Inc.

Date: May 8, 2001  
-----

/s/ Cornelius B. Prior, Jr.  
-----

Cornelius B. Prior, Jr.  
Chief Executive Officer and Chairman  
of the Board

Date: May 8, 2001  
-----

/s/ Steven M. Ross  
-----

Steven M. Ross  
Chief Accounting Officer