UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q/A

|X| QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarter ended September 30, 1997

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

Chase Financial Center
P.O. Box 1730
St. Croix, U.S. Virgin Islands 00821
(809) 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 September 30, 1997, the registrant had outstanding 12,272,500 shares of its common stock ($.01 par value).

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS
(Columnar Amounts in Thousands)

ASSETS	December 31, 1996	September 30, 1997 (Unaudited)
Current assets:		
Cash	$ 11,540	$ 15,150
Accounts receivable, net	63,660	57,948
Materials and supplies	9,658	9,570
Prepayments and other current assets	4,110	5,558
Total current assets	88,968	88,226
Fixed assets:		
Property, plant and equipment	328,895	341,306
Less accumulated depreciation	(117,031)	(128,739)
Franchise rights and cost in excess of underlying book value, less accumulated amortization of $11,170,000 and $12,221,000	40,132	39,081
Net fixed assets	251,996	251,648
Property costs recoverable from future revenues	22,905	21,923
Uncollected surcharges	3,119	6,328
Other assets	22,336	23,694
	$389,324	$391,819
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Notes payable	$ 17,153	$ 16,281
Accounts payable	25,021	21,558
Accrued taxes	2,457	7,341
Advance payments and deposits	2,701	3,163
Other current liabilities	8,231	4,901

Current portion of long-term debt	12,942	12,936
Total current liabilities	68,505	66,180
Deferred income taxes and tax credits	33,066	21,980
Long-term debt, excluding current portion	116,227	106,469
Pension and other long-term liabilities	6,702	6,329
Minority interest	15,033	16,390
Contingencies and commitments (Note E)		
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; 12,272,500 shares issued and outstanding	123	123
Paid-in capital	81,852	81,852
Retained earnings	67,816	92,496
Total stockholders' equity	149,791	174,471
	$ 389,324	$ 391,819

See notes to consolidated condensed financial statements.

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Amounts in Thousands, Except Per Share Data)

	(Unaudited) Three Months Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	1996	1997	1996	1997
Revenues:				
Local exchange service	$ 6,317	$ 7,273	$ 18,906	$ 21,749
Access charges	4,542	4,115	11,618	12,714
International long-distance revenues	38,786	35,860	112,259	92,977
Universal Service Fund	2,802	3,452	8,406	10,494
Billing and other revenues	1,418	1,365	3,722	4,185
Directory advertising	645	418	1,938	1,332
Cellular services	1,238	748	4,457	2,894
Product sales and rentals	1,287	1,046	3,931	3,380
Total revenues	57,035	54,277	165,237	149,725
Expenses:				
Plant specific operations	4,614	4,445	12,483	12,435
Plant nonspecific operations	6,013	6,269	16,148	18,122
Customer operations	1,612	1,662	4,836	4,968
Corporate operations	2,823	2,616	8,950	8,727
International long-distance expenses	25,503	17,957	71,797	56,550
Taxes other than income	778	890	2,406	2,646
Cellular services and product sales and rental expenses	1,907	1,867	6,084	5,737
General and administrative expenses	1,895	2,542	8,801	7,498
Total expenses	45,145	38,248	131,505	116,683
Income from operations	11,890	16,029	33,732	33,042
Interest Expense and Interest Income:				
Interest expense	(2,807)	(2,662)	(8,537)	(7,979)
Interest income	25	78	252	236
Interest expense, net	(2,782)	(2,584)	(8,285)	(7,743)
Income before income taxes and minority interest	9,108	13,445	25,447	25,299
Income taxes	3,608	5,873	10,484	(739)
Income before minority interest	5,500	7,572	14,963	26,038
Minority interest	(588)	(1,050)	(1,860)	(1,358)
Net income	$ 4,912	$ 6,522	$ 13,103	$ 24,680
Net income per share	$ 0.40	$ 0.53	$ 1.07	$ 2.01
Weighted average shares outstanding	12,273	12,273	12,273	12,273

See notes to consolidated condensed financial statements.

ATLANTIC TELE-NETWORK, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	(Unaudited) Nine Months Ended September 30, 1996	1997
Net cash flows provided by operating activities	$26,631	$29,151
Cash flows from investing activities:		
Capital expenditures	(33,515)	(14,905)
Net cash used in investing activities	(33,515)	(14,905)
Cash flows from financing activities:		
Repayment of long-term debt	(14,804)	(9,764)
Issuance of long-term debt	1,335	-
Net borrowings (repayments) on notes	10,533	(872)
Net cash flows used by financing activities	(2,936)	(10,636)
Net increase (decrease) in cash	(9,820)	3,610
Cash, Beginning of Period	18,822	11,540
Cash, End of Period	$9,002	$15,150
Supplemental cash flow information:		
Interest paid	$8,542	$7,730
Income taxes paid	$9,621	$4,308
Depreciation and Amortization Expense	$14,518	$16,502

See notes to consolidated condensed financial statements.

Atlantic Tele-Network, Inc. and Subsidiaries

Notes to Consolidated Condensed
Financial Statements
Three and Nine Months Ended September 30, 1996 and 1997

A. GENERAL

SIGNIFICANT ACCOUNTING POLICIES

The consolidated condensed balance sheet of Atlantic Tele-Network, Inc. and subsidiaries (the "Company") at December 31, 1996 has been taken from audited financial statements at that date. All other consolidated condensed financial statements contained herein have been prepared by the Company and are unaudited. The consolidated condensed financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1996.

The unaudited interim consolidated condensed financial statements furnished herein reflect all adjustments, which are, in the opinion of management, necessary to fairly present the financial results for the interim periods presented. The results for the three and nine months ended September 30, 1996 and 1997 are not necessarily indicative of the operating results for the full year not yet completed.

Reclassification - Certain reclassifications have been made to the 1996 amounts to conform to the 1997 presentation.

B. PROPERTY COSTS RECOVERABLE FROM FUTURE REVENUES

On September 15, 1995, Hurricane Marilyn struck the Virgin Islands causing extensive damage to the outside telephone plant of Vitelco. None of the damage was covered by insurance. The historical cost of the facilities damaged or destroyed by Hurricane Marilyn was approximately $26.3 million with associated accumulated depreciation of approximately $9.1 million. These costs have been removed from the property accounts and along with certain excess maintenance costs and costs of removal of $7.1 million have been classified as property costs recoverable from future revenues because the Company anticipates that future revenue in an amount at least equal to the capitalized cost will result from inclusion of these costs in allowable costs for rate making purposes. Vitelco has received approval from the Federal Communications Commission to include the interstate portion of these costs in its rate base and amortize them over a five year period. The Company believes that it is probable that future revenue in an amount at least equal to the intrastate portion of these costs will result from inclusion of these costs for rate making purposes.

C. ACCOUNTING FOR INCOME TAXES

As discussed in Note B above, Vitelco received approval from the Virgin Islands Industrial Development Commission in May 1997 for a five year exemption (commencing October 1, 1998) from 90% of Virgin Islands income taxes and 100% of Virgin Islands gross receipts, excise and property taxes. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", the Company has adjusted its deferred tax assets and liabilities to reflect the change in the tax rates applicable to Vitelco during the benefit period. This change has resulted in the Company recording a non-recurring credit to income tax expense of approximately $10.9 million in the nine months ended September 30, 1997. On October 9, 1997 the Virgin Islands Public Service Commission instituted a proceeding to determine whether Vitelco's rates were just and reasonable in light of this tax rebate. There can be no assurance as to the outcome of this proceeding.

D. REGULATORY MATTERS

In October 1995, the Guyana Public Utilities Commission ("PUC") issued an order that rejected the request of GT&T for substantial increases in all telephone rates and temporarily reduced rates for outbound long-distance calls to certain countries. In most cases, the existing rates were already less than GT&T's payment obligations to foreign carriers. In January 1997, on an appeal by GT&T, the Guyana High Court voided the PUC's order in regard to rates and the rates were returned to the rates in existence in October 1995. The lost revenue was approximately $9.5 million for the period when the order was effective. GT&T initially instituted such a surcharge effective May 1, 1997, but temporarily withdrew it when the Guyana Consumers Advisory Bureau (a non-governmental group in Guyana) instituted a suit to block it. In May 1997 the Consumer Advisory Bureau sought an injunction from the Guyana High Court restoring telephone rates to those imposed by the PUC in its October 1995 order. The Consumer Advisory Bureau's application is still pending. In September 1997, the Guyana High Court denied an order which the Consumer Advisory Bureau had sought to temporarily enjoin GT&T from putting into effect a surcharge to recover the approximately $9.5 million over a period of 18 months. GT&T put such surcharge into effect on October 1, 1997 pending an ultimate trial on the merits, and the Company recognized the approximately $9.5 million of lost revenues in the third quarter of 1997.

In January 1997, the PUC ordered GT&T to cease paying advisory fees to the Company and to recover from the Company approximately $25 million of such fees paid by GT&T to the Company since January 1991. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

At December 31, 1996, GT&T owed the Company approximately $23 million for advances made from time to time for the working capital and capital expenditure needs of GT&T. GT&T's indebtedness to the Company was evidenced by a series of promissory notes. In March 1997, the PUC voided all of the promissory notes then outstanding for failure to comply with certain provisions of the PUC law. The PUC ordered that no further payments be made on any of the outstanding notes and that GT&T recover from the Company all amounts theretofore paid. The order also provided that the PUC would be willing to authorize the payment of any amounts properly proven to the satisfaction of the PUC to be due and payable from GT&T to the Company. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

In late April 1997, the PUC applied to the Guyana High Court for orders prohibiting GT&T from paying any monies to the Company on account of intercompany debt, advisory fees or otherwise pending the determination of GT&T's appeals from the January 1997 and March 1997 orders mentioned above. The PUC's application is still pending.

In October 1997, the PUC ordered GT&T to increase the number of telephone lines in service to a total of 69,278 lines by the end of 1998, 89,054 lines by the end of 1999 and 102,126 by the end of the year 2000, to allocate and connect an additional 9,331 telephone lines before the end of the 1998 and to provide to subscribers who request them facilities for call diversion, call waiting, reminder call and three-way calling by the end of the year 1998. In issuing this order, the PUC did not hear evidence or make any findings on the cost of providing these lines and services, the adjustment in telephone rates which may be necessary to give GT&T a fair return on its investment or the ways and means of financing the requirements of the PUC's order. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

E. CONTINGENCIES AND COMMITMENTS

Upon the acquisition of GT&T in January 1991, GT&T entered into an agreement with the government of Guyana to expand significantly GT&Ts existing facilities and telecommunications operations and to improve service within a three-year period pursuant to an expansion and service improvement plan (the "Plan"). The Plan was modified in certain respects and the date for completion of the Plan was extended to February 1995. The government has referred to the PUC the failure of GT&T to complete the Plan by February 1995. The PUC is currently holding hearings on this matter. Failure to timely fulfill the terms of the Plan could result in monetary penalties, cancellation of the License, or other action by the PUC or the government which could have a material adverse affect on the Company's business and prospects.

In May 1997, GT&T received a letter from the Guyanese department of Inland Revenue indicating that GT&T's tax returns for 1992 through 1996 had been selected for an audit under the direct supervision of the Trade Minister with particular focus on the withholding tax on payments to international audiotext providers. In March and April 1997, the Guyanese Trade Minister publicly announced that he had appointed a task force to probe whether GT&T should pay withholding taxes on fees paid by GT&T to international audiotext providers. The Minister announced that if GT&T were found guilty of tax evasion it could owe as much as $40 million in back taxes. In July 1997, GT&T applied to the Guyana High Court for an order prohibiting this audit on the grounds that the decision of the Minister of Trade to set up this task force and to control and direct its investigation was beyond his authority, violated the provisions of the Guyanese Income Tax Act, interfered with the independence of the Commissioner of Inland Revenue and was done in bad faith, and the court issued an order effectively staying the audit pending a determination by the court of the merits of GT&T's application.

In June 1997, GT&T received an assessment of approximately $3.9 million from the Commissioner of Inland Revenue for taxes for the current year based on the disallowance as a deduction for income tax purposes of five-sixths of the advisory fees payable by GT&T to the Company. The deductibility of these advisory fees in an earlier year had been upheld in a decision of the High Court in August 1995. In July 1997, GT&T applied to the High Court for an order prohibiting the Commissioner of Inland Revenue from further proceeding with this assessment on the grounds that the assessment was arbitrary and unreasonable and capriciously contrary to the August 1995 decision of the Guyana High Court, and GT&T obtained an order of the High Court effectively prohibiting any action on the assessment pending the determination by the court of the merits of GT&T's application.

In November 1997, GT&T received an assessment of approximately $14 million from the Commissioner of Inland Revenue for taxes for the years 1991 through 1996. It is GT&T's understanding that this assessment stems from the same audit commenced in May 1997 which the Guyana High Court stayed in its July 1997 order referred above. Apparently because the audit was cut short as a result of the Court's July order, GT&T did not receive notice of and an opportunity to respond to the proposed assessments as is the customary practice in Guyana, and substantially all the issues raised in the assessment appear to be based on mistaken facts. GT&T has applied to the Guyana High Court for an order prohibiting the Commissioner of Inland Revenue from enforcing the assessment on the grounds that the origin of the audit with the Minister of Trade and the failure to give GT&T notice of and opportunity to respond to the proposed assessment violated Guyana law. The Guyana High Court has issued an order effectively prohibiting any action on the assessment pending the determination by the Court of the merits of GT&T's application.

The principle issues raised by the November 1997 assessment are as follows:

(a) The disallowance of interest on intercompany debt which was accrued but not paid in relevant tax years (approximately U.S. $4.1 million of taxes);

(b) Treatment of adjustments made in GT&T's revenue estimation and accrual process as improper bad debt write-offs (approximately U.S. $2.1 million of taxes);

(c) Disallowance of five-sixths of the advisory fees payable by GT&T to the Company for the year 1995 in apparent contradiction of the High Court's decision in August 1995 referred to above (approximately U.S. $2.9 million of taxes);

(d) Disallowance of depreciation deductions arising from a disagreement as to the proper historical cost of certain of GT&T's depreciable assets (approximately U.S. $1.6 million of taxes).

Approximately U.S. $1.7 million of the assessment appears to arise from a failure to credit GT&T with the full amount of taxes paid by GT&T in one of the years under audit. GT&T believes that it should prevail on substantially all of the issues raised in the November tax assessment if given the opportunity to present the facts to the Commissioner of Inland Revenue. However, there can be no assurance as to the ultimate outcome of any of the above described pending tax issues.

F. SPLIT-UP TRANSACTION

The Company has filed a Registration Statement dated August 12, 1997 and amended October 20, 1997 and November 19, 1997 which includes a Proxy Statement-Prospectus to consider and vote upon a proposed transaction to divide the Company into two separate publicly-owned companies (the "Transaction"). Emerging Communications, Inc. (ECI) will contain all the outstanding stock of Atlantic Tele-Network Co. (ATN-VI), which owns and conducts the Company's business and operations in the U.S. Virgin Islands, and certain other assets and liabilities. The Company will retain its business and operations in Guyana and certain other assets and liabilities. The Transaction is conditioned upon, among other things, approval of the Transaction by the holders of a majority of the outstanding shares of the Company Common Stock, completion of $17.4 million of long-term financing by ECI or ATN-VI, the listing of ECI Common Stock on the American Stock Exchange and the continued listing of the Company Common Stock on the American Stock Exchange and the absence of any material adverse change in the business of the Companies. In October 1997 a tax ruling was received by the Company from the Internal Revenue Service to the effect that the transfer of assets and liabilities to ECI and the distribution of ECI common stock to shareholders of the Company will be tax free for federal income tax purposes to the Company and its shareholders. On the Effective Date of the Transaction, Atlantic Tele-Network, Inc. will record a loss on the split-off and fair valuation of the net assets of New ATN which on a pro forma basis is estimated to be $55 million. Accordingly, equity of Atlantic Tele-Network, Inc. will decrease by the loss recorded on the split-off and fair valuation of the net assets of New ATN on the Effective Date.

Atlantic Tele-Network, Inc. and Subsidiaries

Management Discussion and Analysis of Financial Conditions and Results of Operations

Introduction

The Company's revenues and income from operations are derived principally from the operations of its telephone subsidiaries, Vitelco and GT&T. Vitelco derives most of its revenues from local telephone and long-distance access services. GT&T derives almost all of its revenues from international telephone services. Other operations in the Company's Consolidated Statements of Operations include: VitelCellular, which provides cellular telephone service in the U.S. Virgin Islands; and Vitelcom, which supplies customer premises equipment in the U.S. Virgin Islands.

The principal components of operating expenses for the Company's telephone operations are plant specific operations expenses, plant non-specific operations expenses, customer operations expenses, corporate operations expenses, long-distance expenses and taxes other than income taxes. These categories are consistent with FCC accounting practices. Plant specific operations expenses relate to support and maintenance of telephone plant and equipment and include vehicle expense, land and building expense, central office switching expense and cable and wire expense. Plant non-specific operations expenses consist of depreciation charges for telephone plant and equipment and expenses related to telephone plant and network administration, engineering, power, materials and supplies, provisioning and plant network testing. Customer operations expenses relate to marketing, providing operator services for call completion and directory assistance, and establishing and servicing customer accounts. Corporate operations expenses include Vitelco's and GT&T's expenses for executive management and administration, corporate planning, accounting and finance, external relations, personnel, labor relations, data processing, legal services, procurement and general insurance. 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. Taxes other than income taxes include gross receipts taxes, property taxes, and other miscellaneous taxes. Cellular services and product sales and rentals expense includes the operating expense of VitelCellular and Vitelcom. General and administrative expenses consist principally of parent company overheads and amortizations.

RESULTS OF OPERATIONS

Three and Nine Months ended September 30, 1996 and 1997

Operating revenues for the three months ended September 30, 1997 were $54.3 million as compared to $57.0 million for the corresponding period of the prior year, a decrease of $2.8 million, or 5%. Operating revenues for the nine months ended September 30, 1997 were $149.7 million as compared to $165.2 million for the corresponding period of the prior year, a decrease of $15.5 million, or 9%.

The decreases were principally due to a $12.7 and $31.8 million decrease in audiotext traffic revenues at GT&T for the three and nine months ended September 30, 1997, respectively.

GT&T's volume of audiotext traffic fluctuated between 9 and 10 million minutes per month in 1996. Through the first nine months of 1997, the volume of audiotext traffic has averaged about 16% less than in the comparable period of 1996. The reduction in traffic volume is estimated to account for approximately $13.6 million, or 43% of the $31.8 million decrease in audiotext revenues. Chargebacks from a carrier for the nine months ended September 30, 1997 approximated $4.3 million representing 13% of the decline in audiotext traffic. While subject to change, the Company anticipates that it will experience chargebacks in the future as a proportion of audiotext revenue similar to that experienced for the nine months ended September 30, 1997. The remaining decrease in audiotext revenues resulted from a combination of the following: the mislabeling of the origin of certain traffic, changes in the traffic mix, certain accounting rate reductions, and the strength of the U.S. dollar against certain foreign currencies. Mislabeling of the origin of traffic occurs when a carrier reports traffic as coming from one country when it actually originated in another. Changes in traffic mix refers to the mix between countries of origins which have different accounting rates and accounting rate reductions occur when the Company and a foreign administration (telephone company) agree to a change in rates. The changes in volume of traffic and lower collection rates are subject to a number of influences beyond the Company's control, and may change significantly in the future, positively or negatively. However, given the Company's recent experience, the Company expects the negative trend in audiotext revenues to continue, although it is unable to predict the magnitude with any degree of certainty. As a result of the above factors, GT&T's profit margin from this traffic also declined.

GT&T's outbound international revenues increased $10.6 and $13.2 million for the three and nine months ended September 30, 1997, respectively. This increase was principally as a result of the recognition of $9.5 million in surcharge revenues for the three and nine months ended September 30, 1997, See "Regulatory Matters" for further discussion.

Vitelco's telephone operations revenues increased $795,000 and $5.5 million for the three and nine months ended September 30, 1997, respectively. These increases are primarily the result of the recovery from Hurricane Marilyn in September 1995 and an increase in Universal Service Fund revenues of $650,000 and $2.1 million for the three and nine months ended September 30, 1997, respectively, as a result of increased investment in net fixed assets. At September 30, 1997 Vitelco had 61,326 lines in service compared to 58,431 at the corresponding date in the prior year.

Operating expenses for the three months ended September 30, 1997 were $38.2 million, a decrease of $6.9 million, or 15%, from consolidated operating expenses of $45.1 million for the corresponding period of the prior year. Operating expenses for the nine months ended September 30, 1997 were $116.7 million, a decrease of $14.8 million, or 11%, from operating expenses of $131.5 million for the corresponding period of the prior year. These decreases were due principally to decreases in audiotext and outbound traffic expenses at GT&T of $7.5 million and $15.2 million for the three and nine months ended September 30, 1997, respectively, due to decreased traffic volumes. Somewhat offsetting these decreases were increases in plant non-specific expenses which increased as a result of increased plant in service. General and administrative expenses increased $647,000 for the three months ended September 30, 1997 and decreased $1.3 million for the nine months ended September 30, 1997. The increase for the three months ended September 30, 1997 is principally due to an increase in certain corporate expenses. The decrease for the nine months ended September 30, 1997 was principally due to a non-recurring charge of $2.8 million in the first three months of 1996 for the Companies obligation to reimburse its two Co-Chief Executive Officers for certain litigation expenses in connection with a management dispute settled in February 1996, offset by a $1.3 million charge related to the suspension of the acquisition of the Congo national phone system in the second quarter of 1997. As a percentage of operating revenues, operating expenses were approximately 70% and 78% for the three and nine month period ended September 30, 1997, respectively, as compared to approximately 79% and 80% for the corresponding periods of 1996.

Income from operations increased $4.1 million for the three months ended September 30, 1997 while income from operations decreased $690,000 for the nine months ended September 30, 1997. These changes occurred principally as a result of the factors affecting operating revenues and expenses discussed above. Including the $9.5 million of outbound international long distance revenues discussed above, GT&T's contribution to income from operations increased by $4.2 million, or 46%, for the three months ended and decreased $5.0 million, or 18%, for the nine months ended September 30, 1997. Vitelco's contribution to income from operations increased by $1.2 million, or 31%, and $4.7 million, or 38%, for the same periods. Other operations decreased $731,000, or 29% and $2.1 million, or 25% for the three and nine months ended September 30, 1997 principally from decreased cellular operations.

With decreases of $198,000 and $542,000 in net interest expense due to reduced debt, income before income taxes and minority interest increased $4.3 million for the three months ended and decreased $148,000 for the nine months ended September 30, 1997 respectively.

As discussed in Note C to the Consolidated Condensed Financial Statements, Vitelco received approval from the Virgin Islands Industrial Development Commission for a five year exemption (commencing October 1, 1998) from 90% of Virgin Islands income taxes and 100% of Virgin Islands gross receipts, excise and property taxes. In accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes", the Company has adjusted its deferred tax assets and liabilities to reflect the change in the tax rates applicable to Vitelco during the benefit period. This change has resulted in the Company recording a non-recurring credit to income tax expense of approximately $10.9 million in the nine months ended September 30, 1997. The effect of the tax exemption on future current taxes payable during the benefit period will be reflected in the Company's financial statements during the benefit period. On October 9, 1997 the Virgin Islands Public Service Commission ("PSC") instituted a proceeding to determine whether Vitelco's rates were just and reasonable in light of this tax rebate. There can be no assurance as to the outcome of this proceeding.

Before giving effect to the change in deferred taxes discussed above, the Company's effective tax rate for the three and nine months ended September 30, 1997 was 43.7% and 40.2% as compared to 39.6% and 41.2% for the corresponding periods of the prior year.

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

Regulatory Matters

Upon the acquisition of GT&T in January 1991, GT&T entered into an agreement with the government of Guyana to expand significantly GT&T's existing facilities and telecommunications operations and to improve service within a three-year period pursuant to an expansion and service improvement plan (the "Plan"). The Plan was modified in certain respects and the date for completion of the Plan was extended to February 1995. The government has referred to the Guyana Public Utilities Commission ("PUC") the failure of GT&T to complete the Plan by February 1995. The PUC is currently holding hearings on this matter. Failure to timely fulfill the terms of the Plan could result in monetary penalties, cancellation of the License, or other action by the PUC or the government which could have a material adverse affect on the Company's business and prospects.

In October 1995, the Guyana Public Utilities Commission ("PUC") issued an order that rejected the request of GT&T for substantial increases in all telephone rates and temporarily reduced rates for outbound long-distance calls to certain countries. In most cases, the existing rates were already less than GT&T's payment obligations to foreign carriers. In January 1997, on an appeal by GT&T, the Guyana High Court voided the PUC's order in regard to rates and the rates were returned to the rates in existence in October 1995. The lost revenue was approximately $9.5 million for the period when the order was effective. GT&T initially instituted such a surcharge effective May 1, 1997, but temporarily withdrew it when the Guyana Consumers Advisory Bureau (a non-governmental group in Guyana) instituted a suit to block it. In May 1997 the Consumer Advisory Bureau sought an injunction from the Guyana High Court restoring telephone rates to those imposed by the PUC in its October 1995 order. The Consumer Advisory Bureau's application is still pending. In September 1997, the Guyana High Court denied an order which the Consumer Advisory Bureau had sought to temporarily enjoin GT&T from putting into effect a surcharge to recover the approximately $9.5 million over a period of 18 months. GT&T put such surcharge into effect on October 1, 1997 pending an ultimate trial on the merits, and the Company recognized the approximately $9.5 million of lost revenues in the third quarter of 1997.

In January 1997, the PUC ordered GT&T to cease paying advisory fees to the Company and to recover from the Company approximately $25 million of such fees paid by GT&T to the Company since January 1991. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

At December 31, 1996, GT&T owed the Company approximately $23 million for advances made from time to time for the working capital and capital expenditure needs of GT&T. GT&T's indebtedness to the Company was evidenced by a series of promissory notes. In March 1997, the PUC voided all of the promissory notes then outstanding for failure to comply with certain provisions of the PUC law. The PUC ordered that no further payments be made on any of the outstanding notes and that GT&T recover from the Company all amounts theretofore paid. The order also provided that the PUC would be willing to authorize the payment of any amounts properly proven to the satisfaction of the PUC to be due and payable from GT&T to the Company. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

In late April 1997, the PUC applied to the Guyana High Court for orders prohibiting GT&T from paying any monies to the Company on account of intercompany debt, advisory fees or otherwise pending the determination of GT&T's appeals from the January 1997 and March 1997 orders mentioned above. The PUC's application is still pending.

In October 1997, the PUC ordered GT&T to increase the number of telephone lines in service to a total of 69,278 lines by the end of 1998, 89,054 lines by the end of 1999 and 102,126 by the end of the year 2000, to allocate and connect an additional 9,331 telephone lines before the end of the 1998 and to provide to subscribers who request them facilities for call diversion, call waiting, reminder call and three-way calling by the end of the year 1998. In issuing this order, the PUC did not hear evidence or make any findings on the cost of providing these lines and services, the adjustment in telephone rates which may be necessary to give GT&T a fair return on its investment or the ways and means of financing the requirements of the PUC's order. GT&T has appealed the PUC's order to the Guyana High Court and obtained a stay of the PUC's order pending determination of that appeal.

In June 1997, GT&T received an assessment of approximately $3.9 million from the Commissioner of Inland Revenue for taxes for the current year based on the disallowance as a deduction for income tax purposes of five-sixths of the advisory fees payable by GT&T to the Company. The deductibility of these advisory fees in an earlier year had been upheld in a decision of the High Court in August 1995. In July 1997, GT&T applied to the High Court for an order prohibiting the Commissioner of Inland Revenue from further proceeding with this assessment on the grounds that the assessment was arbitrary and unreasonable and capriciously contrary to the August 1995 decision of the Guyana High Court, and GT&T obtained an order of the High Court effectively prohibiting any action on the assessment pending the determination by the court of the merits of GT&T's application.

In November 1997, GT&T received an assessment of approximately $14 million from the Commissioner of Inland Revenue for taxes for the years 1991 through 1996. It is GT&T's understanding that this assessment stems from the same audit commenced in May 1997 which the Guyana High Court stayed in its July 1997 order referred above. Apparently because the audit was cut short as a result of the Court's July order, GT&T did not receive notice of and an opportunity to respond to the proposed assessments as is the customary practice in Guyana, and substantially all the issues raised in the assessment appear to be based on mistaken facts. GT&T has applied to the Guyana High Court for an order prohibiting the Commissioner of Inland Revenue from enforcing the assessment on the grounds that the origin of the audit with the Minister of Trade and the failure to give GT&T notice of and opportunity to respond to the proposed assessment violated Guyana law. The Guyana High Court has issued an order effectively prohibiting any action on the assessment pending the determination by the Court of the merits of GT&T's application.

The principle issues raised by the November 1997 assessment are as follows:

(a) The disallowance of interest on intercompany debt which was accrued but not paid in relevant tax years (approximately U.S. $4.1 million of taxes);

(b) Treatment of adjustments made in GT&T's revenue estimation and accrual process as improper bad debt write-offs (approximately U.S. $2.1 million of taxes);

(c) Disallowance of five-sixths of the advisory fees payable by GT&T to the Company for the year 1995 in apparent contradiction of the High Court's decision in August 1995 referred to above (approximately U.S. $2.9 million of taxes);

(d) Disallowance of depreciation deductions arising from a disagreement as to the proper historical cost of certain of GT&T's depreciable assets (approximately U.S. $1.6 million of taxes).

Approximately U.S. $1.7 million of the assessment appears to arise from a failure to credit GT&T with the full amount of taxes paid by GT&T in one of the years under audit. GT&T believes that it should prevail on substantially all of the issues raised in the November tax assessment if given the opportunity to present the facts to the Commissioner of Inland Revenue. However, there can be no assurance as to the ultimate outcome of any of the above described pending tax issues.

As a result of the decline in GT&T's revenues and profits from audiotext traffic in 1997 as previously discussed, GT&T is preparing to file an application with the PUC for a significant increase in local and outbound international rates. There can be no assurance as to whether or when GT&T will receive any such rate increase.

Liquidity and Capital Resources

The Company depends upon funds received from subsidiaries to meet its capital needs, including servicing existing debt and its ongoing program of seeking to acquire telecommunications licenses and businesses. The major sources of funds for the Company has been advisory fees received from GT&T and interest payments by GT&T and ATN-VI on intercompany debt.

The Company has filed a Registration Statement dated August 12, 1997 and amended October 20, 1997 and November 19, 1997, which includes a Proxy Statement-Prospectus to consider and vote upon a proposed transaction to divide the Company into two separate publicly-owned companies (the "Transaction"). Emerging Communications, Inc. (ECI) will contain all the outstanding stock of Atlantic Tele-Network Co. (ATN-VI), which owns and conducts the Company's business and operations in the U.S. Virgin Islands, and certain other assets and liabilities. The Company will retain its business and operations in Guyana and certain other assets and liabilities. The Transaction is conditioned upon, among other things, approval of the Transaction by the holders of a majority of the outstanding shares of the Company Common Stock, completion of $17.4 million of long-term financing by ECI or ATN-VI, the listing of ECI Common Stock on the American Stock Exchange and the continued listing of the Company Common Stock on the American Stock Exchange and the absence of any material adverse change in the business of the Companies. In October 1997 a tax ruling was received by the Company from the Internal Revenue Service to the effect that the transfer of assets and liabilities to ECI and the distribution of ECI common stock to shareholders of the Company will be tax free for federal income tax purposes to the Company and its shareholders.

As a result of the Transaction, the Company's liquidity and capital resources may change significantly, and the Company will have fewer resources and significantly reduced operations. On the Effective Date of the Transaction, Atlantic Tele-Network, Inc. will record a loss on the split-off and fair valuation of the net assets of New ATN which on a pro forma basis is estimated to be $55 million. Accordingly equity of Atlantic Tele-Network, Inc. will decrease by the loss recorded on the split-off and fair valuation of the net assets of New ATN on the Effective Date. The Company's primary sources of funds will be advisory fees, repayment of loans, and interest from GT&T. The PUC orders in January, March, and October 1997, discussed above under "Regulatory Matters", 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. However, GT&T's own capital needs and debt service obligations have precluded GT&T from paying any significant funds to the Company other than the advisory fees and interest on intercompany debt mentioned above.

If and when the Company settles outstanding issues with the Guyana government and the PUC with regard to GT&T's Expansion Plan and its rates for service, 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, but 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 anticipates that GT&T's foreign currency earnings will enable GT&T to service its debt and pay its hard currency tax obligations. There are no Guyana legal restrictions on the conversion of Guyana's currency into U.S. dollars or on the expatriation of foreign currency from Guyana.

Until the effective date of the Transaction, other potential sources of funds to the Company are from repayment of loans or dividends from ATN - VI. However, the RTFC Loan limits the payment of dividends by ATN - VI unless ATN - - VI meets certain financial ratios (which were not met at September 30, 1997). Consequently ATN - VI was restricted from paying dividends at that date. At September 30, 1997, the Company also holds a note of ATN - VI in the amount of approximately $24 million which may be repaid by ATN - VI in whole or in part without regard to the limit on the payment of dividends by ATN - VI.

However, ATN - VI's ability to service its debt is dependent on funds from its parent or its subsidiaries . The RUS loan and applicable RUS regulations restrict Vitelco's ability to pay dividends based upon certain net worth tests except for limited dividend payments authorized when specific security instrument criteria are unable to be met. Settlement agreements made in 1989 and 1991 with the PSC also contain certain restrictions on dividends by Vitelco which, in general, are more restrictive than those imposed by the RUS. Dividends by Vitelco are generally limited to 60% of its net income, although additional amounts are permitted to be paid for the sole purpose of servicing ATN-VI's debt to the RTFC. Under the above restrictions, at September 30, 1997, Vitelco's dividend paying capacity was approximately $8.8 million in excess of the amounts permitted for servicing ATN-VI debt.

The RTFC Loan and RUS Loan agreements also require, among other things, maintenance of minimum debt service and times interest earned coverage and restrictions on issuance of additional long-term debt. As of September 30, 1997, the Company was in compliance with all covenants contained in its long-term debt agreements.

At September 30, 1997, Vitelco had outstanding $5 million of borrowings under a $5 million line of credit with the RTFC expiring in March 2000, and an additional $5 million under a $15 million line of credit with the RTFC expiring in October 1998. These borrowings were incurred to finance part of the costs of repairing damage to Vitelco's telephone plant caused by Hurricane Marilyn in September 1995. Vitelco has also received approval from the RUS for $35.7 million of long-term financing, which may be used to repay Vitelco's outstanding line of credit borrowings from the RTFC. Borrowings under Vitelco's $5 million line of credit are required to be repaid within 12 months of the date of the borrowing, but may be repaid from the proceeds of borrowings under the $15 million line of credit. Borrowings under Vitelco's $15 million line of credit will mature on October 31, 1998, at which date, if long-term loan funds from RUS have not yet been made available to Vitelco, Vitelco will have the option of rolling the outstanding amount borrowed under that line of credit into a 15-year term loan from RTFC having terms substantially similar to those contained in Vitelco's existing long-term loan from the RTFC.

The Company's short term bank credit facility, under which the Company has $5.5 million of loans outstanding, expired on October 1, 1994. The bank has orally agreed to renew this facility until October 1, 1998 and to waive the prohibition on borrowing under the facility during the first thirty days of the renewal period.

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, however, the Guyana dollar has declined in value to the current rate of approximately 142 to the U.S. dollar, and it has remained relatively stable at approximately that rate since 1994.

The effect of inflation on the Company's financial results of telephone operations in the U.S. Virgin Islands has not been significant in recent years. The effect of inflation on the cost of providing telephone service in the U.S. Virgin Islands has generally been offset (without any increase in local subscribers' rates) by increased revenues resulting from growth in the number of subscribers and from regulatory cost recovery practices in determining access revenues.

Part II- 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.

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: December 5, 1997

/s/ Craig A. Knock

Chief Financial Officer and Vice-President signing both in his capacity as Vice- President on behalf of the Registrant and as Chief Financial Officer of the Registrant

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE
ACCOMPANYING FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.
*** (COLUMNAR AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA) ***

9-MOS
DEC-31-1997
SEP-30-1997
15,150
0
57,948
0
9,570
88,226
380,387
128,739
391,819
66,180
106,469
0
0
123
174,348
391,819
149,725
149,725
116,683
116,683
0
0
7,979
25,299
(739)
24,680
0
0
0
24,680
2.01
2.01