

SEC Number AS095-006755
File Number _____

**TRANSPACIFIC BROADBAND GROUP
INTERNATIONAL, INC.**

(Company)

9th Floor Summit One Tower
530 Shaw Boulevard, Mandaluyong City, 1550

(Address)

717-0523

(Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(month & day)

**SEC Form 20-IS
(Definitive Information Statement)**

(Form Type)

Amendment Designation (if applicable)

**Annual Stockholders Meeting
October 14, 2015**

(Period Ended Date)

(Secondary License Type and File Number)



Transpacific Broadband Group
INTERNATIONAL, INC.

formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD, MANDALUYONG CITY,
PHILIPPINES, 1550
TEL.: (632) 718-3720, 718-3721, FAX (632) 533-4052
EMAIL: tbgi@tbgi.net.ph

SATELLITE CENTER: BLDG. 1751 CHICO ST.
CLARK SPECIAL ECONOMIC ZONE
ANGELES CITY, PAMPANGA, PHILIPPINES
TEL.: (6345) 599-3042, FAX (6345) 599-3041

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Transpacific Broadband Group International, Inc. will be held at Multi Media Center, Ground Floor, Summit One Tower Annex Bldg. 530 Shaw Blvd., Mandaluyong City on Wednesday, October 14, 2015, at 12:30 P.M. (lunch), with these agenda:

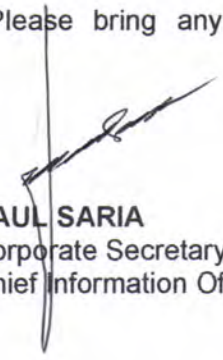
1. Proof of Notice of the Meeting
2. Proof of Presence of a quorum
3. Approval of the previous annual minutes of meeting
4. Report of the President
5. Approval of the FY December 31, 2014 Audited Financial Statements
6. Election of Directors
7. Appointment of Independent Auditors
8. Adjournment

The record date for determination of the stockholders entitled to notice of, and to vote at said meeting is fixed at the close of business hours on September 16, 2015.

The enclosed Information Statement is being distributed to stockholders of record as of September 16, 2015, in compliance with the requirements of Section 17.1-(b) of the Securities Regulation Code.

Registration starts at 12:20 in the afternoon. Please bring any form of identification to facilitate registration.

Mandaluyong City, September 3, 2015.


PAUL SARIA
Corporate Secretary
Chief Information Officer

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS**

**Information Statement Pursuant to Section 20
of the Securities Regulation Code (SRC)**

1. Check the appropriate box:

<u> </u>	Preliminary Information Statement
<u> X </u>	Definitive Information Statement

2. Name of Registrant as specified in its Charter **TRANSPACIFIC BROADBAND GROUP
INTERNATIONAL, INC.**

3. Country of Incorporation **Philippines**

4. SEC Identification Number **AS095-006755**

5. BIR Tax Identification Number **004-513-153**

6. Address of principal office **9th Floor Summit One Tower
530 Shaw Blvd. Mandaluyong City, 1550**

7. Telephone Number **(632) 717-0523**

8. Date, time and place of meeting of security holders:

Date	:	October 14, 2015, Wednesday
Time	:	12:30 o'clock lunch meeting
Place	:	Multi Media Center Ground Floor, Summit One Tower Annex Bldg. 530 Shaw Blvd., Mandaluyong City, 1550

9. Approximate date on which the Information Sheet is first to be sent or given to security holders:

September 23, 2015

10. Securities registered pursuant to Sections 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>Subscribed and Outstanding (No. of Shares)</u>	<u>Pesos</u>
Common shares	222,019,330	P222,019,330.00

11. Are any or all of these securities listed on the Philippine Stock Exchange?

YES **X** **NO**

<p>WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.</p>

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

**October 14, 2015, Wednesday
12:30 o'clock, Lunch meeting
Ground Floor, Summit One Tower Annex Bldg.
530 Shaw Blvd., Mandaluyong City, 1550**

Complete Mailing Address of Principal Office of Registrant

**9th Floor Summit One Tower
530 Shaw Boulevard, Mandaluyong City, 1550**

Approximate date on which the Information Sheet is first to be sent or given to security holders is
September 23, 2015.

Item 2. DISSENTER'S RIGHT OF APPRAISAL

There are no matters to be acted upon at the meeting involving instances set forth in Secs. 81 & 82, Title X of the Corporation Code Philippines for which a stockholder may exercise the right of appraisal.

Procedure for Exercise of Dissenter's Appraisal Right

Pursuant to the Corporation Code, the appraisal right may be exercised by any stockholders who shall have voted against the proposed corporate action, by making a written demand on the Company, within 30 days after the date on which the vote was taken for payment of the fair value of his shares; provided, that failure to make demand within such period shall be deemed a waiver of the appraisal right. After demanding payment of his shares, the dissenting stockholder shall submit the stock certificates representing his shares to the Company, for notation thereon that such shares are dissenting shares.

The price of the shares of the dissenting stockholder shall be the fair value thereof as at the day immediately prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of the proposed corporate action. If within 60 days from the date of the proposed corporate action was approved by the stockholders, the dissenting stockholders and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three disinterested persons, one of whom shall be named by the stockholder, another by the Company and the third by the two thus chosen. The findings of a majority of the appraisers shall be final, and the Company shall pay the award within 30 days after such award is made.

No payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Upon such payment, the stockholder shall forthwith transfer his shares to the company.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

The following persons have no substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office:

1. each person who has been a director or officer of the Corporation at any time since the beginning of the fiscal year;
2. each nominee for election as a director of the Corporation: and
3. each associate of any of the foregoing persons.

No member of the Board of Directors of the Corporation has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the annual meeting of the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Common Shares	222,019,330
Less: Treasury shares	437,800
Total Outstanding Shares Voting /Shares as of record date	<u>221,581,530</u>

The Company's capital stock consists of common shares only. Each share is entitled to one vote. All stockholders of record at the close of business on **September 16, 2015** shall be entitled to notice and to vote at the Annual Stockholders meeting.

The directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share equal, or by distributing such votes at the same principle among any number of candidates.

(1) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Owners of more than 5% of voting securities as of July 31, 2015:

Class	Name of Record Owner and relationship with issuer	Name of Beneficial Owner	Citizenship	Shares Owned	%
Common	1. PCD Nominee Corp. (F) 37 th F Tower 1, The Enterprise Center 6766 Ayala Avenue, Makati City	Various	Filipino	81,602,806"r"	36.75%
Common	2. PCD Nominee Corp. (NF) 37 th F Tower 1, The Enterprise Center 6766 Ayala Avenue, Makati City	Various	Non Filipino	81,646,209"r"	36.77%
Common	3. Unipage Management, Inc. (1) 9 th Floor Summit One Tower, 530 Shaw Boulevard Mandaluyong City Investor	Stockholders	Filipino	20,000,000"r"	9.03%
Common	4. Arsenio T. Ng 9F Summit One Tower, 530 Shaw Blvd. Mandaluyong City Chief Executive Officer	None	Filipino	13,256,429"b"	5.98%

The clients of PCD Nomination Corporation are the beneficial owners and have the power to decide how their shares are to be voted.

There is no Filipino and Non-Filipino holder of 5% or more under PCD Nominee Corporation.

The Board of Directors of Unipage appoints its authorized representative, Celinia Faelmoca and has the right to vote and direct or dispose of the shares held by Unipage.

(2) Security ownership of management as of July 31, 2015:

Class	Name of Beneficial Owner	No. of Shares and Nature of Beneficial Ownership	Citizenship	%
	Directors:			
Common	Arsenio T. Ng	13,256,429"d"	Filipino	5.98%
Common	Kenneth C. Co	4,259,000"d"	Filipino	1.92%
Common	Hilario T. Ng	400,804"d"	Filipino	0.18%
Common	HRH Prince Abdul Aziz Bin Talal Al Saud	100,000"r"	Saudi Arabian	0.05%
Common	Paul Saria	25,804"d"	Filipino	0.00%
Common	Simon Ung	1,000"d"	Filipino	0.00%
Common	Oscar B. Mapua	4,000"d"	Filipino	0.00%
	Officer:			
Common	Santos Cejoco	1,000"d"	Filipino	0.00
	All directors and executive officers as a group	18,048,037"d"		8.14%

Each every security holder is the beneficial owner in his own right.

(3) VOTING TRUST HOLDERS OF 5% OR MORE

There are no persons who hold more than 5% of a class under voting trust or similar agreement.

(4) CHANGES IN CONTROL

The company has no arrangements, which may result in a change in control of the Corporation.

There has been no change in control since the beginning of its last fiscal year.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) The names of the incumbent Directors, Executive officers and nominees of the Company and their respective ages and citizenship, current positions held, period of service and business experience during the past five years as required under Section 38 of the Code and SRC Rule 38.1 are as follows:

Arsenio T. Ng – President and CEO

Age 56, Filipino Citizen

Period Served September 2000 to Present

Term of office as director – one year

Holds a Masters degree in Business Management with distinction from the California State College, Stanislaus, and the University of California, Los Angeles. Mr. Ng attended special studies in Politics and Public Administration at the United States Congress in Washington D.C. He took his undergraduate studies in Business Administration and Finance at the De La Salle University (Jose Rizal honors), Philippines and at the California State College, Stanislaus (cum laude), USA.

In 1994, Mr. Ng served as President and CEO of the Energy Corporation; a company listed in the Philippine Stock Exchange and became Chief Finance Officer of Semirara Coal Corporation, the largest coal mining firm in the Philippines the following year. He is the Chairman and CEO of ATN Holdings Inc., a listed holding company in the PSE, in which he holds major equity stake. He is the Chairman and CEO of Palladian Land Development Inc., and the Chairman and Director of Unipage Management Inc. He is also the Chairman and Director of both Advanced Home Concept Development Corporation, and Hart Realty Development Inc. Mr. Ng is concurrently a Director and Treasurer of Hambrecht and Quist Philippine Ventures II, a private equity fund managed by Hambrecht and Quist, Philippines Inc., a subsidiary of US-based Hambrecht and Quist venture firm.

In 1998, Mr. Ng became the President and Chairman of Managed Care, Inc. medical complex of 150 doctors, He is also the Director of Beacon Diversified, Inc. that has investments in Skycable. Mr. Ng also acts as Vice Chairman and President of CBCP World.

HRH Prince Abdul Aziz Bin Talal Bin Abdul Aziz Al Saud - Director

Age 33, Saudi Arabian

Period Served – June 2009 to present

Term of office as director – one year

HRH Prince Abdul Aziz bin Talal Al Saud, is member of the Saudi Royal Family. He is Prince Talal bin Abdul Aziz's fifth son, son of the founding King of Saudi Arabia, Abdul Aziz Bin Saud, and Princess Majdah Al Sudairi, daughter of H.E. Turki bin Khaled Al Sudairi President of the Government Human Rights Commission, and cousin of the Sudairi Seven. HRH Prince Aziz bin Talal is the Honorary President of the Website Services and Internet Technology (WSITGC) of the Gulf Cooperation Council (GCC) and Chairman of the Arab Open University.

Hilario T. Ng – Director, Chief Finance officer and member of Remuneration and Nomination Committee

Age 54, Filipino Citizen

Period Served September 2000 to Present

Term of office as director – one year

A graduate of Bachelor of Architecture at the Southern California Institute of Architecture, Mr. Ng took his MA in Urban Design at the University of California at Los Angeles. Presently, he is President of Palladian International, Inc., Director of ATN Holdings, Inc., Executive Vice President of Palladian Land Development, Inc., Architect, and Managing Partner of HEO Group. He was previously

connected with Nadel Partnership, Inc (Architect, 1990), Figure 5, Inc (Project Director, 1988-1989), Stephen Lam & Associates (Project Director, 1987), Richard Magee & Associates (Project Architect, 1985-1986), T.W. Layman & Associates (Project Architect, 1982), Michael Ross & Associates (Project Architect, 1982), and WOU International (Project Architect, 1981).

Oscar B. Mapua, Jr. – Independent and Nomination Committee Chairman

Age 71, Filipino Citizen

Period Served May 2003 to Present

Term of office as director – one year

Mr. Mapua is a member of the Board of Trustees and Executive Vice President of the Mapua Institute of Technology and the Founding Director of the Design Center of the Philippines. He earned his BS Architecture degree from the Rhode Island University in 1969 and his Masters in Architecture from the University of the Philippines in 1987.

Simoun Ung – Director

Age 47, Filipino Citizen

Period Served May 2007 to Present

Term of office as director – one year

Mr. Ung took Master of Business Administration in the University of Western Ontario in London, in 1991-1993. He is also a graduate in Bachelor of Arts, Psychology and Economics in the University of British Columbia in Vancouver, BC. in 1989. In 1994 he finished Property Management Course, Real Estate Division, Faculty of Extension in Edmonton, AB.

Mr. Ung is the Director and President of Four Star Consulting from 1998 to present. He is also the service provider of Coutts Bank Von Ernst Ltd. in Hongkong from 2001 to present. In 2004 he was elected as Chief Executive Officer and Director of CNP Worldwide Inc., a company that processed over US\$500 million in credit card transactions as agent of Bankard, Inc., the credit card subsidiary of Rizal Commercial Banking Corporation and licensee of Visa, MasterCard and JCB International. Mr. Ung also holds the following positions such as Director of Bastion Payment Systems Corp. from 2005 to present; Business Introducer of EFG Private Bank, SA in Hong Kong, from 2005-present and a Member of Board of Advisors of Essential Innovations Technology Corp. in Bellingham, WA. From 2006 to present; President and Director of TwinCard Merchant Solutions, Inc. from 2006-present and Chairman of Century Peak Corporation from 2007 to present.

Kenneth Chua Co – Independent and Remuneration Committee Chairman

Age 42, Filipino Citizen

Period Served May 2011 to Present

Term of office as director – one year

Mr. Kenneth Co is a graduate of AB Economics at Ateneo De Manila University in 1994. At present he is the Proprietor and Owner of Dagupan Commercial, an operator of a wholesale and retail distribution family business dealing mainly with bakery supplies. From 2007 to present, he is also a Distributor of Pharmanex & Nu Skin. A distribution and multilevel network marketing business focused on introducing high quality supplements and skin care products to customers with a goal of contributing the profits significantly to the Nourish the Children Foundation. From 1996 to present, he is also the Administrator of Benito Enterprises, a business engaged mainly in real estate development and lease rental accumulation. Some of his past positions held includes Managing Director of Road on Call from 2005 to 2007 and Chamco Food Ventures Inc. from 1999-2005.

Paul B. Saria – Director, Corp. Sec., Chief Operating and Compliance Officer and member of Audit and Nomination Committee

Age 45, Filipino Citizen

Period Served September 2000 to Present

Term of office as director – one year

A graduate of Bachelor of Architecture at the University of Santo Tomas, Mr. Saria took his graduate studies in Project Management at the Royal Melbourne Institute of Technology, Australia. He is Vice President for Operations of TBGI, Operations Officer of ATN Holdings, Inc. and Project Planning Architect of the Summit One Office Tower. He is likewise Operations Manager of Palladian Land Development Inc. and Advanced Home Concept Development Corporation since 1996.

The aforementioned directors and officers have served the fiscal year ended December 31, 2013, and shall continue to serve until their successors have been duly elected at the Company's next annual stockholders' meeting. Also, none of the current directors and officers work in government.

NOMINEES FOR ELECTION AS DIRECTORS OF THE COMPANY

The nominees for election as directors of the company are the following:

HRH Prince Abdul Aziz bin Talal (Saudi)	Arsenio T. Ng (Filipino)	Simoun Ung (Filipino)
Kenneth Co (Filipino)	Hilario T. Ng (Filipino)	
Oscar B. Mapua Jr. (Filipino)	Paul B. Saria (Filipino)	

Oscar Mapua Jr., and Kenneth Co are the nominees for independent directors. In the approval of nomination for independent directors, the Nominations Committee headed by Oscar B. Mapua (Chairman) and Hilario T. Ng, (Member) has taken into consideration the guidelines prescribed under SRC Rule 38., the independent directors are nominated by Paul B. Saria (Filipino) and Hilario T. Ng (Filipino). Mr. Paul Saria and Arch. Hilario Ng have no relationship with the nominees for independent directors.

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No. 9, Series of 2011 which became effective on January 2, 2012. The Corporation's two current independent directors may serve as independent directors until 2017 in compliance with the first five-year limit.

The independent directors undertake to submit an updated Certification of Qualifications and Disqualifications thirty (30) days after the date of the Annual Stockholders' Meeting.

(2) SIGNIFICANT EMPLOYEES

The company has no significant employees.

(3) FAMILY RELATIONSHIP

The Chairman, Arsenio T. Ng, and Director Hilario T. Ng are brothers. Except for the above-mentioned directors the company does not know any other family relationship up to the fourth civil degree either by consanguinity or affinity among the directors, executive officers or persons nominated.

RESIGNATION OF OFFICER

There was no resignation, removal or election of company Directors or Officers for the past two years.

(4) INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

The Company is not aware that anyone of the incumbent directors and executive officers and persons nominated to become a director and executive officer have been the subject of bankruptcy petition or pending criminal proceedings in court or have been by judgment or decree found to have violated securities or commodities law enjoined from engaging in any business, securities, commodities or banking activities. This disclosure on legal proceedings covers the last five years up to the latest date of this Information Statement.

The Company is not involved in any litigation incidental to the conduct of its business. If there is any claim, the Company believes that the cases against it have no legal basis and that there is no pending litigation that will have a material or adverse effect on its financial position or operations.

(D) RELATED PARTY TRANSACTIONS

The Company subscribed to the increase in authorized capital of ATN Solar amounting P82.5 million. At the time of subscription, P26.25 million was paid in cash on October 31, 2014 and additional cash payment of P2.0 million was paid on March 13, 2014. The balance of P54.25 million was presented in the Statement of Financial Position as Subscription payable.

The Company is a beneficial owner of certain condominium units classified in the Statement of Financial Position as Investment properties. Title to the properties has not been released to the Company as it intends to sell the properties through PLDI. In 2014 and 2013, these properties are leased out to third parties thru PLDI. Proceeds of the rent were remitted to the Company.

A teaming agreement was executed in 2013 in an effort trim cost and rationalize operations. Certain cost expenses were advanced by a related party.

Funds were released to HRH to cover various projects. In 2014, the amount of \$35,000 was repaid back to the Company following the re-alignment of different projects.

There is no related party transaction (former employees, directors, etc.) that is not covered by this disclosure.

Key Management Compensation

Pursuant to a Teaming Agreement executed in January 2013, a 75%-25% cost sharing of cost/expenses related to technical operations was implemented. All other cost including, but not limited to salaries, utilities and associate dues shall be borne solely by Palladian. As a result of the Teaming Agreement, no expenses were incurred relating to compensation of key management personnel in 2014 and 2013.

Key management personnel have not been provided with retirement benefits.

(3) The registrant has no parent company.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Information as to the aggregate compensation during the last two (2) fiscal years paid to the Company's five (5) most highly compensated executive officers and all other officers and directors as a group and the estimated compensation for Year 2015 are as follows:

	2015 Estimated	2014	2013
Four most highly compensated Executive Officers			
1. Arsenio T. Ng – CEO			
2. Paul B. Saria – Chief Operating Officer			
3. Santos L. Cejoco – Corporate Planning Officer			
4. Christian Nucom – Network Engineer			
5. Vicente Layson – Engineer			
TOTAL	600,000	600,000	500,000
All other officers and directors	500,000	500,000	450,000
Total	1,100,000	1,100,000	950,000

The CEO and COO has not received compensation from the company during the period 2000-2014, except for the stock options mentioned above in Stock Options for the Chief Executive Officer.

No bonuses were given to directors and officers, payments were purely compensation in nature.

The By-Laws of Transpacific gives each Director a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the Directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. There are no other standard or other special arrangements regarding the compensation of the Directors of the Company.

The members of the Board are entitled to receive a reasonable per diem of P5,000 for attendance at each meeting of the Board of Directors. Other than such per diem, there is no other arrangement pursuant to which any amount of compensation is due to the directors for services rendered as such.

Warrants and Options

On May 28, 2008 the Board of Directors and Stockholders approved the grant of stock options to the Chief Executive Officer 40 Million shares at par value of P1.00. In addition, the Remuneration Committee resolved to implement additional terms and conditions specifically on the vesting date. (Note 22).

EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT, AND CHANGE-IN-CONTROL ARRANGEMENT

An employment contract between the Corporation and a named executive officer will normally include a compensation package, duties and responsibilities, and term of employment.

The Corporation has not entered into any compensatory plan or arrangement with any named executive officer which would entitle such named executive officer to receive any amount under such plan or arrangement as a result of or which will result from the resignation, retirement, or any other termination of such executive officer's employment with the Corporation and its subsidiaries, or from a change-in-control of the Corporation, or a change in the executive officer's responsibilities following a change-in-control of the Corporation.

Item 7. INDEPENDENT PUBLIC ACCOUNTANT

The audited financial position of the Company was audited by R. R. TAN & ASSOCIATES, CPAs. from December 31, 2009 to December 31, 2014.

The same accounting firm is being recommended for re-election at the scheduled annual meeting for the almost the same remuneration as in the previous year. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Pursuant to the General Requirements of SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors), the Company had engaged R. R. TAN & ASSOCIATES, CPAs as external auditor of the Company, and Ms. Sally S. Velasco has been the Partner In-Charge for CY 2011 and Mr. Domingo A. Daza, Jr. has been the Partner In-charge for audit year 2014, 2013 and 2012.

The partner at R. R. Tan & Associates, CPAs assigned to the Issuer is changed or rotated in compliance with SRC Rule 68 (3) (b) (iv).

The audit committee headed by Kenneth C. Co (Independent and Chairman) Arsenio T. Ng, and Paul B. Saria has no policies and procedures of the above services.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no events in the past wherein R. R. TAN & ASSOCIATES, CPAs, and the company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope procedures which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of disagreement in connection with its report.

Item 8. COMPENSATION PLANS

In 2007, the Remuneration Committee approved the grant of stock options for 38.4 million shares at par value to the Chief Executive Officer to compensate the CEO with options of 4.8 million shares per year for the eight-year period 2000–2007.

The grant of options for the CEO was approved based on the following considerations:

1. The CEO has not received compensation since the strategic acquisition of the company in 2000 to date.
2. The CEO was responsible for (a) rehabilitation of P200 million loss arising from a bad financial structure, and (b) collection of P80 million of bad debts, bringing the company to its present state of profitable operations and strong financial position.
3. Under the leadership of the CEO, the company was able to comply with the mandate of its telecommunications franchise to successfully undertake an initial public offering (IPO) that was executed in early 2003 in the face of weak capital markets in Asia.
4. The CEO used personal bank credit lines for the (a) acquisition of majority stake in the company, (b) rehabilitation of financial position and telecommunications facilities, (c) expansion of digital data services and acquisition of institutional marketing partner for installation of IT laboratories nationwide.

5. The CEO needs the options to enable him to reimburse his personal bank credit lines that the CEO used over the years to fund the comprehensive rehabilitation and expansion of company operations.
6. The same grant of stock options for the CEO shall be approved by the Board and ratified by the shareholders.

OTHER MATTERS

Action with Respect to Reports:

The following reports/minutes shall be submitted to the stockholders for approval/ratification:

1. Minutes of the previous Annual Stockholders' Meeting
 - a. Approval of previous annual minutes of meeting
 - b. Report of the President
 - c. Approval of FY December 31, 2013 audited FS
 - d. Election of Directors
 - e. Appointment of Independent Auditors
2. Annual Report of the President
3. Fiscal Year Ending December 31, 2014 Audited Financial Statements
4. Amendment of the third article of the Corporation's Articles of Incorporation in order to reflect the address of the Corporation with particularity, in compliance with SEC's Memorandum Circular No. 6, Series of 2014.

The president reported the highlights of the audited fiscal year December 31, 2012 financial statements, and the acts of the Board and the executive officers during the above fiscal year. The corporate secretary read to the stockholders the minutes of the previous annual stockholders' meeting.

The stockholders in said meeting approved and ratified the following:

1. the minutes of the previous annual stockholders' meeting,
2. the audited December 31, 2014 financial statements,
3. the appointment of R. R. Tan & Associates, CPAs as external auditor,
4. ratified the acts of the Board and the executive officers during the above fiscal year including but not limited to memberships in (a) remuneration committee, (b) audit committee, and (c) nomination committee. Membership in said committees, which include one independent director in compliance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code are as follows:

Compensation Committee:	Audit Committee	Nomination Committee
Kenneth C. Co (Chairman)	Kenneth C. Co (Chairman)	Oscar B. Mapua (Chairman)
Arsenio T. Ng – Member	Arsenio T. Ng	Hilario T. Ng
Hilario T. Ng	Paul B. Saria	Paul B. Saria

The same sets of committee members shall apply for the coming fiscal year.

MERGERS, CONSOLIDATION, ACQUISITIONS AND SIMILAR MATTERS

No action is to be taken with respect to any transaction involving:

1. the merger or consolidation of the Corporation into or with any person, or of any other person into or with the Corporation;
2. the acquisition by the Corporation or any of its security holders of securities of another person;
3. the acquisition by the Corporation of any other going business or of the assets thereof;
4. the sale or other transfer of all or any substantial part of the assets of the Corporation; or
5. the liquidation or dissolution of the Corporation.

Item 17. AMENDMENTS OF CHARTER, BYLAWS AND OTHER DOCUMENTS

The procedures under SRC Rule 38 (Guidelines on Nomination and Elections of Independent Directors) shall be incorporated in the company's By-Laws. The Board of Directors pursuant to the

authority delegated to it by the stockholder under Article VII Section I of the By-Laws of the Registrant, shall cause the amendment of the By-Laws in a regular or special meeting called for the purpose to include the foregoing procedures on the nomination and election of independent directors.

The proposed amendments in the Articles of Incorporation of the Corporation, as included in the Agenda is stating the address of the corporation with particularity.

The proposed amendment of the indicated address of the Corporation is in compliance with SEC Memorandum Circular No. 6, Series of 2014. Currently, the address of the Corporation is indicated as "Clark Field, Angeles City".

Item 19. VOTING PROCEDURES

A majority of the subscribed capital, present in person, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transactions of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater portion.

At each meeting of the stockholders, every stockholder shall be entitled to vote in person, for each share of stock held by him, which has voting power upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to the procedural questions determined by the chairman of the meeting, shall be by viva voce or show of hands.

The directors shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share shall equal, or by distributing such votes at the same principle among any number of candidates.

The manner of counting the vote is done by viva voce unless balloting is demanded by stockholders representing at least 10% of the outstanding capital stock entitled to vote, in the presence of the corporate secretary or the assistant corporate secretary.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on September 3, 2015.

Issuer : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.

Date : September 3, 2015



PAUL B. SARIA
Corporate Information Officer

BUSINESS AND GENERAL INFORMATION

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE REGISTRANT'S BUSINESS AND ITS SUBSIDIARIES

Transpacific Broadband Group International (TBGI or Transpacific) is a domestic corporation registered with the SEC on 14 July 1995. It started commercial operation in 1996 with an authorized capital stock of Twenty-Five Million Pesos (Php25,000,000.00), divided into Two Hundred Fifty Thousand shares (250,000) with a par value of One Hundred Pesos (Php100.00) each. Its primary purpose is to engage in the business of public commercial radio, terrestrial, cable and satellite broadcast. TBGI does not have any subsidiary under it.

On 07 November 2002, the SEC approved the increase in authorized capital stock of TBGI from Twenty-Five Million Pesos (Php25,000,000.00) divided into Two Hundred Fifty Thousand shares with par value of One Hundred Pesos (Php100.00) each, to One Hundred Fifty Million Pesos (Php150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php1.00) each.

On 27 December 2002, the Company's Board of Directors and stockholders approved the following resolutions:

The conversion of additional paid-in capital amounting to Php58,341,330.00 into 58,341,330 shares of stock to be paid, as and by way of stock dividends, to all stockholders of the Company as of 31 December 2002 in proportion to the number of shares held by each stockholder and which will be issued out of the proposed increase in the authorized capital stock from One Hundred Fifty Million Pesos (Php150,000,000.00) to Three Hundred Eighty Million Pesos (Php380,000,000.00);

The increase in authorized capital stock from One Hundred Fifty Million Pesos (Php150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php1.00) per share to Three Hundred Eighty Million Pesos (Php380,000,000.00) divided into Three Hundred Eighty Million (380,000,000) shares with par value of One Peso (Php1.00) per share; and

The amendment of Article Seventh of the Amended Articles of Incorporation in relation to the proposed increase in authorized capital stock.

The Company's subscribed and paid-up capital as of 31 December 2002, after incorporating the effect of stock dividends in 2002, amounts to Php139,341,330.00.

On April 15, 2003, the SEC approved the aforesaid increase and amendments.

The Company is a duly registered Clark Special Economic Zone (CSEZ) enterprise with Registration Certificate No. 95-53 dated 29 November 1995 and has a 25-year Lease Agreement to build, maintain, and manage a satellite earth station within the CSEZ. TBGI holds a 25-year Congressional Telecom Franchise for commercial telecommunications operations under RA 8657, which the legislative body passed into law on 22 June 1998. It also has an approved Provisional Authority to transmit radio signals to satellites granted by National Telecommunication Commission (NTC).

TBGI generates revenues mainly from Internet, Intranet, and local loop services subscriptions of schools, corporate private sector and government agencies. The Company sells (1) data services to subscriber schools (at present the Company only provides services to schools) for Internet connectivity and virtual private network connectivity, and (2) video uplink services to local and foreign TV channels.

For the delivery of its services, TBGI owns and operates satellite facilities having separate buildings for transmitter and power generators at the 1.1-hectare area of former US Air Force Satellite Communication facility in CSEZ in Pampanga. TBGI's integral facility, the Clark Development Corp. (CDC) Broadcast Operations Center, houses 20 studios for media production and post-production services inside 277 square meter area of industrial-grade raised flooring, with an enclosed soundproof broadcast studio. TBGI connection to the Internet features the Asia Broadcasting Satellite 5 space segment, and UUNet fiber optic line to complete the link. As back-up connectivity, a fiber optic line is terminated at TBGI data hub.

The Company does not conduct research and development, in accordance with its policy of using existing technologies and forming alliances or supply arrangements with providers of applicable technology that come in the way to serve market opportunities better. TBGI operations do not generate waste or toxic emissions.

Properties

All of the Company's properties and equipment units have been paid for in full and fully owned by the Company.

Complementing the facilities in Clark, Pampanga is the TBGI Network Monitoring and Operations Center at the 9TH floor of Summit One Building in Mandaluyong City, Metro Manila. TBGI bought the remaining ATN financial interest in the 9th Floor of Summit One Tower Building with a total area of 853 square meters. In addition, TBGI owns a 210 square meter house inside a 248 square meter lot in Island Park Dasmariñas, Cavite. The facility is used for training, seminars and other human resource development activities.

The Company has no plan to acquire additional real estate properties within the next twelve (12) months.

Legal Proceedings

On June 1, 2011, the Company received from the International Chamber of Commerce a notice that GEM Global Yield Fund Limited filed a Request for Arbitration, under reference number 17966/CYK, pertaining to the Equity Line of Credit Agreement signed by both parties. As of to date, the Company has not executed any Terms of Reference on the abovementioned arbitration proceedings.

Other than the above-mentioned, the Company is not involved in any litigation incidental to the conduct of its business. If there is any claim against the company, the Company believes that the cases against it have no legal basis and that there is no pending litigation that will have a material or adverse effect on its financial position or operations.

Submission of Matters to a Vote of Security Holders

There was no meeting held during the 4th quarter of fiscal year ending December 31, 2014.

Management's Discussion and Analysis or Plan of Operation

(1) Plan of operation

TBGI started to establish its data services network in 2001 with the installation of a satellite main hub transmitter-receiver to link the interactive broadband requirements of educational institutions.

Aside from its new market development efforts, the Company plans to continue its business in the manner it did last year. The company's internal revenue generation, interest income from various money market placements, and the cash balance are sufficient to satisfy its cash requirements for the next twelve months. It will continue to focus on its existing principal activities and has no plan to engage in major product research and development or purchase or sell any plant and significant equipment. The company values its human resources and it has no plan to decrease the number of its employees.

There is no known trend or uncertainty that will significantly reduce TBGI's liquidity. Management expects growth in revenues to come increasingly from data services and Internet growth as the satellite data broadcast network expands with market demand. The demand of schools subscribing for Internet connectivity will require equipment purchases that will be taken out of inventory.

There is no liquidity problem foreseen in the next 12 months as current assets of Php38.5 Million as of 31 December 2014 covers more than twice the Php1.15 Million of current liabilities.

TBGI's profitability is significantly sensitive to revenues and cost of bandwidth used. While there is no known event that will materially affect revenues, the price of bandwidth has declined significantly with the sharing of the new DS3 line with various users located in Summit One Tower.

FY 2014

Total assets increased by 15% from PHP 314 million to PHP 362 million as of December 31, 2014. The net increase of PHP 48 million in the total assets resulted from movements in the following:

Decrease in current assets of P 10.59 million arising from the following changes:

- Decrease of PHP 4.45 million in cash (-52%) primarily due to additional investment in associates.
- Decrease of PHP 5 million in accounts receivables _-20%) due to collection.
- Decrease of PHP 945 thousand in other current assets (-26%) due to transfer to property and equipment.

Increase in non-current assets of PHP 56 million (22%) due to the following:

- Decrease in advances for projects of PHP 1.5 million due (-9%) to liquidation of advances.
- Increase of PHP 860thousand in property and equipment due to transfer from other current assets.
- Decrease in investment property of PHP 5 million (10%) due fair value adjustment.
- Increase in investment in associates of PHP 80 million (267%) due to additional subscription in shares of stock of ATN Phil. Solar.
- Amortization of franchise by PHP 0.6 million (-10%).
- Decrease of PHP 1.2 million in other non-current assets (-11%).

Total liabilities increased from PHP 7.3 million as of December 31, 2013 to PHP 62 million (743%) as of December 31, 2014. The net increase of PHP 55 million was due to the following:

Decrease in current liabilities of PHP 1.782 million arising from the following changes:

- Increase of PHP 0.257 million in accounts payable (31%) due to slower in payment.
- Decrease of PHP 0.109 million in current portion of interest-bearing liabilities due to payment.

Increase of non-current liabilities by PHP 54 million arising from the following changes:

- Increase of PHP 54 million in subscription payable (100%) due to additional investment in associates.
- Increase of PHP 0.123 million in pension liability (11%).

On the equity side, total equity decreased to PHP 300 million as of December 31, 2014 from PHP 307 million of December 31, 2013. The net decrease of PHP 6.8 million is due to the following:

- Decrease of PHP 4.6 million in retained earnings (11%) due to loss in operation.
- Decrease of PHP 2.22 million in revaluation increment on property and equipment.

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2014	December 31, 2013
Current Ratio	33.46	49.00
Debt-to-Equity Ratio	0.21	0.02
Gross Profit Margin	4.8%	3.9%
Net Income to Sales Ratio	-19.5%	-1.6%
Net Income (loss) in pesos	(P6,951,035)	(P532,130)

The following are important performance 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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.

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.
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Disclosure on material events and uncertainties

- 1 There is no known trend, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity
- 2 There is no event that will trigger direct or contingent financial obligation that is material to the company.
- 3 There is no material off-balance sheet transaction, arrangement, obligations and other relationships of the company.
- 4 There is no material commitment for capital expenditures.
- 5 There is no known unfavorable trend, events, or uncertainties that have material impact on net sales.
- 6 There is no significant element of income that did not arise from the issuer's operations.
- 7 There is no seasonal aspects that has material effect on the FS.

FY 2013

Total assets increased from PHP 314.022 million to PHP 314.078 million as of December 31, 2013. The net increase of PHP 56 thousand (0%) in the total assets resulted from movements in the following:

Decrease in current assets of P 6 million (-11%) arising from the following changes:

- a. Decrease of PHP 1 million in cash (-9%) primarily due to additional investment in associates.
- b. Decrease of PHP 5 million in accounts receivables (-17%) due to provision for doubtful accounts and collection.
- c. Decrease of PHP 358 thousand in spare inventory (-9%) due to transfer to property and equipment.

Increase in non-current assets of PHP 6 million (2%) due to the following:

- a. Decrease in advances for projects of PHP 7.4 million (-31%) due to liquidation of advances.
- b. Increase of PHP 4 million in property and equipment due to acquisition and transfer from spares inventory.
- c. Increase in investment in associates of PHP 18.375 million (158%) due to additional investment in ATN Phil. Solar.
- d. Amortization of franchise by PHP 0.6 million (9%).
- e. Increase of PHP 7.532 million in other non-current assets (212%).

Total liabilities increased by 7% from PHP 7.047 million as of December 31, 2012 to PHP 7.519 million as of December 31, 2013. The net increase of PHP 0.471 million was due to the following:

Decrease in current liabilities of PHP 1.782 million (82%) arising from the following changes:

- a. Increase of PHP 0.379 million in accounts payable (85%) due to slower in payment.
- b. Decrease of PHP 5 million in current portion of interest-bearing liabilities (-96%) due to transfer to long term loans.
- c. Increase of PHP 49 thousand in income tax payable (212%).

Increase of non-current liabilities by PHP 5.0 million (7%) arising from the following changes:

- a. Increase of PHP 5 million in interest-bearing liabilities due to transfer from current liability (4714%).
- b. Increase of PHP 0.083 million in pension liability (8%).
- c. Decrease of PHP 0.117 million in deferred tax liability (-40%).

On the equity side, total equity decreased to PHP 306.560 million as of December 31, 2013 from PHP 307 million of December 31, 2012. The net decrease of PHP 0.415 million (0%) is due to the following:

- a. Decrease of PHP 1.810 million in retained earnings (-4%) due to loss in operation.
- b. Decrease of PHP 2.22 million (40%) in revaluation increment on property and equipment.

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2013	December 31, 2012
Current Ratio	49.00	9.794
Debt-to-Equity Ratio	0.025	0.022
Gross Profit Margin	-5.224%	-7.75%
Net Income to Sales Ratio	-1.62%	-25.21%
Net Income (loss) in pesos	(P532,129)	(P8,059,145)

The following are important performance 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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
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.

Disclosure on material events and uncertainties

- 1 There is no known trend, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity
- 2 There is no event that will trigger direct or contingent financial obligation that is material to the company.
- 3 There is no material off-balance sheet transaction, arrangement, obligations and other relationships of the company.
- 4 There is no material commitment for capital expenditures.
- 5 There is no known unfavorable trend, events, or uncertainties that have material impact on net sales.
- 6 There is no significant element of income that did not arise from the issuer's operations.
- 7 There is no seasonal aspects that has a material effect on the FS.

FY 2012

Total assets decreased from Php 329.58 million to Php 313.87 million (-5%) as of December 31, 2012. The net decrease of Php 15.7 million in the total assets resulted from movements in the following:

Decrease in current assets of P8.4 million (-13%) arising from the following changes:

- d. Increase of PHP 7.4 million in cash (363%) primarily due to collection of loans and interest receivables.
- f. Decrease of PHP 0.713 million in accounts receivables (-2%) due to more collections.
- g. Decrease of PHP 13.5 million in loans receivable (-100%) due to collection.
- h. Decrease in other short term investments of PHP 1.4 million (-11%) due to forex rate adjustment.
- i. Decrease of PHP 0.24 million in spares inventory (-6%) due to transfer to property and equipment.

Decrease in non-current assets of PHP 7.3 (3%) million due to the following:

- a. Decrease in advances for projects of PHP 3.1 million (-12%) due to forex rate adjustment.
- b. Increase of PHP 8.2 million in property and equipment due to acquisition and transfer from spares inventory.

- c. Increase in investment in associates of PHP 4.125 million (55%) due to advances made to an associate.
- d. Amortization of franchise by PHP 0.6 million (8%).
- e. Decrease of PHP 0.213 million in other non-current assets (6%).

Total liabilities decreased from PHP 14.668 million as of December 31, 2011 to PHP 6.894 million as of December 31, 2012 (-53%). The net decrease of PHP 7.774 million was due to the following:

Decrease in current liabilities of PHP 1.782 million (-24%) arising from the following changes:

- a. Decrease of PHP 1.89 million in accounts payable (-71%) due to payment.
- b. Decrease of PHP 0.68 million in current portion of interest-bearing liabilities (-12%) due to payment.
- c. Decrease of PHP 7 thousand in income tax payable (-28%).

Decrease of non-current liabilities by PHP 6.0 million (-83%) arising from the following changes:

- a. Decrease of PHP 0.304 million in interest-bearing liabilities (-74%) due to payment.
- b. Subscription payable of PHP 5.62 million in 2011 (-100%).
- c. Increase of PHP 0.056 million in pension liability (6%).
- d. Decrease of PHP 0.12 in deferred tax liability (47%).

On the equity side, total equity decreased to PHP 307 million as of December 31, 2012 from PHP 315 million of December 31, 2011. The net decrease of PHP 7.8 million (-3%) is due to the following:

- a. Decrease of PHP 5.72 million in retained earnings due to loss in operation (-12%).
- b. Decrease of PHP 2.22 million in revaluation increment on property and equipment (-29%).

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2012	December 31, 2011
Current Ratio	9.794	8.60
Debt-to-Equity Ratio	0.022	0.047
Gross Profit Margin	-7.75%	-2.55%
Net Income to Sales Ratio	-25.21%	-13.30%
Net Income (loss) in pesos	(P8,059,145)	(P4,624,387)

The following are important performance 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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
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.

Disclosure on material events and uncertainties

- 1 There is no known trend, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity
- 2 There is no event that will trigger direct or contingent financial obligation that is material to the company.
- 3 There is no material off-balance sheet transaction, arrangement, obligations and other relationships of the company.
- 4 There is no material commitment for capital expenditures.

- 5 There is no known unfavorable trend, events, or uncertainties that have material impact on net sales.
- 6 There is no significant element of income that did not arise from the issuer's operations.
- 7 There is no seasonal aspect that has a material effects on the FS.

Information on Independent Accountant and related Matter

(1) External Audit Fees and Services

R. R. TAN & ASSOCIATES, CPAs, the external auditor of the company, audited the financial position as at December 31, 2014 and 2013 with the contract amount of P275,000 and P260,000 respectively inclusive of out of pocket expenses.

R. R. Tan & ASSOCIATES, CPAs will audit the Company's statement of financial positions and the related statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ending and will provide an audit report on the financial statements referred to above in accordance with Philippine Financial Reporting Standards.

As part of the engagement, R. R. Tan & ASSOCIATES, CPAs will also assist in the preparation of the Company's annual income tax returns for filing with the Bureau of Internal Revenue;

There were no tax fees paid for the last two fiscal years for professional services rendered on tax accounting, compliance, advice, planning and any other form of tax services.

There were no other fees paid by the company for product and other services provided by the auditor.

The audit committee headed by Kenneth C. Co (Chairman), Arsenio T. Ng (Member) and Paul B. Saria (Member) has no policies and procedures of the above services.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no events where R. R. Tan & ASSOCIATES, CPAs and the company had any disagreement on any matter of accounting principles or practices, financial statements disclosures, audit scope or procedures which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of disagreement in connection with its report.

Expansion Plans

Transpacific installed its web site www.tbgi.net.ph and is developing a portal, which form the basis for hosting of B2B and B2C e-commerce. TBGI has at its disposal the use of facilities owned by the ATN Group for the performance of broadband services. Summit One Tower hosts the fiber optic backbone with bandwidth of 1 DS3 (equivalent to 22 E1 or 44 Mbps), and the necessary tower height for WIFI transmission in Metro Manila. With the DS3 bandwidth supply now available at Summit One Tower, the TBGI WIFI network envisaged for Metro Manila will be implemented in alliance with equipment suppliers from Taiwan and the USA.

TBGI expects to become a major wireless data services provider for schools in the Philippines. 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. Funding for the expansion will be sourced from borrowings and available credit facilities from local banks.

TBGI market development and business expansion are focused on energy. TBGI has made investments in ATN Philippines Solar Energy Group, Inc. (ATN Solar) in cooperation with project proponent ATN Holdings, Inc. The TBGI affiliate has secured its Solar Energy Service Contract from the Department of Energy for a 30 Megawatt Solar PV Power Plant near Metro Manila. The project is shovel ready and is undertaking financial closing with banks and private equity.

Market Price for Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

The registrant's common equity is principally traded at the Philippine Stock Exchange. TBGI high and low sales prices for the last two years are indicated in the table below.

	Jan 1 to Dec 31, 2014		Jan 1 to Dec 31, 2013	
	High	Low	High	Low
Qtr. 1	2.25	2.20	2.25	1.91
Qtr. 2	2.05	2.00	2.70	2.15
Qtr. 3	2.30	2.22	2.40	2.02
Qtr. 4	2.15	2.14	2.30	1.90

The price information as of the latest practicable trading date, August 25, 2015 has a high and low of P1.52 and P1.47 respectively.

(2) Holders

There is no acquisition, business combination or other reorganization that affect the transaction on amounts and percentage of present holdings of the registrant's common equity owned beneficially by:

- (a) more than five percent (5%) beneficial owner of registrant's common equity;
- (b) each directors and nominee; and
- (c) all directors and officers as a group, and the registrant's present commitments to such persons with respect to the issuance of shares.

There are approximately 384 holders of common shares of the Company as of July 31, 2015 (bases on the number of accounts registered with the Stock Transfer Agent).

The top 20 stockholders as of July 31, 2015 are as follows:

Shareholders of Each Class	No. of Shares Held	% of Total Shares Outstanding
1. PCD Nominee Corp. (NF)	81,646,209	36.77%
2. PCD Nominee Corp. (F)	81,602,806	36.75%
3. Unipage Management Inc.	20,000,000	9.03%
4. Ng, Arsenio T.	13,256,429	5.98%
5. Limqueco, Abraham	2,368,000	0.92%
6. Liu, Jessilyn	1,500,000	0.68%
7. Escueta, Ramon	1,409,473	0.64%
8. Eng Chin Kho Ng	800,000	0.36%
9. Yap, Rodolfo	800,000	0.36%
10. Ng, Hilario Tiu Ng	400,804	0.18%
11. Ng, Mark T.	375,000	0.17%
12. Ng, Tiffany Anne	375,000	0.17%
13. Ng, Matthew H	375,000	0.17%
14. Ng, Annie Cham	375,000	0.17%
15. Ng, Bun Kui	360,000	0.16%
16. Ng, Irene	360,000	0.16%
17. Oliva, Dulce Maria	360,000	0.16%
18. Limqueco, Margie Villaflor	350,000	0.16%
19. Reyes-Lao, Honorio O.	300,000	0.14%
20. Limqueco, Margie V.	218,000	0.10%

(3) Dividends

There was no cash dividend declared for the last three fiscal years and there are no restrictions that limit the payment of dividend on common shares.

(4) Recent Sales of Unregistered Securities

The Company has not sold any securities within the past three years that were not registered under the RSA.

Compliance with leading practice on Corporate Governance

On April 17, 2015, the Company submitted to the Securities and Exchange Commission the Revised Manual of Corporate Governance in accordance with SEC Memorandum Circular No. 9, Series of 2014. Thereafter, a Compliance Officer was appointed to undertake quarterly feedback sessions with the Chairman of the Board to discuss governance-related issues. The level of compliance of the Board is measured by their attendance in scheduled meetings for Corporate Governance in which possible violations are discussed and all attendees are reminded of their responsibilities. In all of the meetings the members attended, there was no violation identified.

The Company adopted additional leading practices on good governance in its Manual of Corporate Governance, although some of them were already practiced in the Company beforehand. On the overall, the Company has substantially complied with the rules and principles of corporate governance set out in the Company's Manual of Corporate Governance.

The Company did not deviate from the adopted Manual of Corporate Governance. and all members of the Board Directors as well as Senior Management officers completed and were duly certified to have attended a 1-day special in-house seminar on Corporate Governance. There is no additional plan to improve corporate governance of the company from the existing manual.

SEC FORM 17-A

A copy of SEC Form 17-A will be provided to any stockholder of Transpacific Broadband Group International Inc. without any charge upon written request addressed to:

Paul B. Saria

Transpacific Broadband Group International, Inc.
9th Floor Summit One Tower
530 Shaw Blvd., Mandaluyong City, Metro Manila



Transpacific Broadband Group
INTERNATIONAL, INC.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD, MANDALUYONG CITY,
PHILIPPINES, 1550
TEL. (632) 718-3720, 718-3721, FAX (632) 533-4052
EMAIL: tbgi@tbgi.net.ph

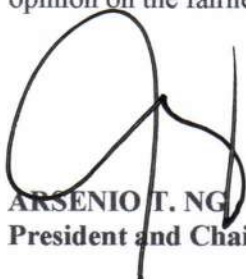
SATELLITE CENTER: BLDG. 1751 CHICO ST.
CLARK SPECIAL ECONOMIC ZONE
ANGELES CITY, PAMPANGA, PHILIPPINES
TEL.: (6345) 599-3042, FAX (6345) 599-3041

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of **TRANSPACIFIC BROADBAND GROUP INT'L., INC.** is responsible for the preparation and fair presentation of the financial statements for the year ended **December 31, 2014**, including the additional components attached therein, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and the implementing internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to stockholders.

R. R. TAN & ASSOCIATES, CPAs, the independent auditors and appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



ARSENIO T. NG
President and Chairman



PAUL B. SARIA
Chief Operating Officer



HILARIO T. NG
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this 08th day of April 2015, affiants exhibiting to me their driver's license, as follows:

NAMES	RES. CERT. NO.	EXPIRY DATE	PLACE OF ISSUE
Arsenio T. Ng	DL NO1-86-031588	03/13/2018	Manila
Paul B. Saria	DL N04-93-264992	12/15/2016	Mandaluyong
Hilario T. Ng	DL F03-89-049-506	08/23/2015	Manila

Doc. No. :

Page No. :

Book No.

Series of 2015

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14
2015


ATTY. RONALD SEGUNDINO C. CHING
NOTARY PUBLIC

ADMIN. NO. 2011-009 UNTIL DEC. 31, 2015
ROLL NO. 54899

PTR NO. 7575252 / JAN. 5, 2015 UNTIL DEC. 31, 2016

IBP NO. 4504550 / 12-19-14 UNTIL 12-31-16

1420 C. TOMAS MAPUA ST. STA. CRUZ MLA.

MCLE COMPLIANCE NO. IV-0020660 6-13-13

Report of Independent Public Accountants

The Board of Directors and Stockholders
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
9th Floor, Summit Tower 1 Bldg.,
530 Shaw Blvd., Mandaluyong City

Report on Financial Statements

We have audited the accompanying financial statements of Transpacific Broadband Group International, Inc. which comprise the statements of financial position as at December 31, 2014 and 2013, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



APR 18 2015

ANNABELLE D. ABLAZA
ADMIN. ASST. I


Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Transpacific Broadband Group International, Inc. as of December 31, 2014 and 2013, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Report on Supplementary Information Required Under Revenue Regulations (RR) 15-2010 and 19-2011 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 30 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By:  **DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 0109993

Tax Identification No. 203-917-449

PTR No. 0409887, January 17, 2015, Pasig City

SEC Accreditation No. 1088-AR-1, valid until
March 25, 2017

BIR Accreditation No. 07-000124-001-2013, valid until
October 3, 2016

April 8, 2015
Pasig City



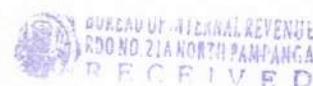
APR 13 2015

ANNABELLE D. ABLAZA
ADMIN. ASST. I

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2014 AND 2013

ASSETS	<i>Note</i>	2014	2013
Current Assets			
Cash and cash equivalents	8 P	4,148,114 P	8,598,863
Trade receivables - net	9	20,119,243	25,098,690
Short term investments	10	11,617,700	11,833,230
Other Current Assets	11	2,641,394	3,586,061
		38,526,451	49,116,844
Non-current Assets			
Advances for projects	12	14,812,844	16,299,938
Property and equipment - net	16	136,684,686	150,634,872
Investment properties	17	45,287,800	50,287,400
Investment in an associate	13	110,163,576	30,000,000
Franchise - net	14	5,542,405	6,142,405
Deferred tax asset - net	27	743,574	332,278
Other non-current assets	15	9,855,616	11,091,043
		323,090,501	264,787,936
TOTAL ASSETS	P	361,616,952 P	313,904,780
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	18 P	1,083,172 P	826,357
Current portion of interest-bearing liabilities	19	-	108,873
Income tax payable		68,101	67,112
Total Current Liabilities		1,151,273	1,002,342
Non-current Liabilities			
Interest-bearing liabilities - net of current portion	19	5,264,806	5,240,852
Pension liability	20	1,225,341	1,102,114
Subscription payable	13	54,250,000	-
Total Non-current Liabilities		60,740,147	6,342,966
Total Liabilities		61,891,420	7,345,308
Equity			
Share capital	21	222,019,330	222,019,330
Share premium		29,428,022	29,428,022
Share options outstanding	21	8,921,814	8,921,814
Revaluation increment on property and equipment	21	1,075,684	3,300,498
Retained earnings		38,718,482	43,327,608
Treasury shares	21	(437,800)	(437,800)
Total Equity		299,725,532	306,559,472
TOTAL LIABILITIES AND EQUITY	P	361,616,952 P	313,904,780

See accompanying notes to financial statements



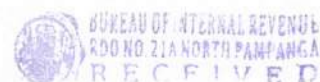
APR 1 2015

ANNABELLE D. ABLAZA
ADMIN. ASST. I

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

	Note	2014	2013	2012
REVENUES				
Service income		P 32,552,935	P 32,783,126	P 31,960,293
Other income	23	3,027,646	3,123,618	2,566,714
		35,580,581	P 35,906,744	P 34,527,007
COST AND EXPENSES				
Direct costs	22	33,859,853	34,495,728	34,436,838
Administrative expenses	24	1,305,634	1,975,755	7,797,468
Finance costs - net		153,951	181,298	232,285
Other Loss		4,999,600	-	-
		40,319,038	36,652,781	42,466,591
INCOME(LOSS) FROM OPERATION		(4,738,457)	(746,037)	(7,939,584)
EQUITY IN NET LOSS OF AN ASSOCIATE	13	(2,336,424)	-	-
LOSS BEFORE INCOME TAX		(7,074,881)	(746,037)	(7,939,584)
INCOME TAX EXPENSE(BENEFIT)	27	(123,846)	(213,908)	119,561
LOSS FOR THE PERIOD		(6,951,035)	(532,129)	(8,059,145)
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE LOSS		P (6,951,035)	P (532,130)	P (8,059,145)
LOSS PER SHARE		(0.0313)	(0.0024)	(0.0363)

*See accompanying notes to financial statements



APR 19 2015

ANNABELLE D. ABIZA
ADMIN. ASST.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

	Note	2014	2013	2012
SHARE CAPITAL	21	P 222,019,330	P 222,019,330	P 222,019,330
SHARE PREMIUM		29,428,022	29,428,022	29,428,022
SHARE OPTIONS OUTSTANDING	21	8,921,814	8,921,814	8,921,814
REVALUATION INCREMENT ON PROPERTY AND EQUIPMENT- NET OF TAX	21			
Balance, January 1		3,300,498	5,525,312	7,750,126
Revaluation increment absorbed through depreciation		(2,224,814)	(2,224,814)	(2,224,814)
Balance, December 31		1,075,684	3,300,498	5,525,312
RETAINED EARNINGS				
Balance, January 1		43,327,608	41,517,827	47,235,063
Revaluation increment in property and equipment absorbed through depreciation		2,341,909	2,341,909	2,341,909
Loss for the year		(6,951,035)	(532,129)	(8,059,145)
Balance, December 31		38,718,482	43,327,608	41,517,827
TREASURY SHARES - at cost		(437,800)	(437,800)	(437,800)
		P 299,725,532	P 306,559,472	P 306,974,505

See accompanying notes to financial statements



APR 18 2015

ANNABELLE D. ABLAZA
ADMIN. ASST. I

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

	Note	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax expense		P (7,074,881)	P (746,037)	P (7,939,584)
Adjustments for:		-		
Provisions for:				
Depreciation	16	14,809,840	15,953,643	15,712,064
Retirement benefits	20	123,227	83,349	56,382
Doubtful accounts	9	-	601,192	
Amortization of franchise	14	600,000	600,000	600,000
Unrealized foreign exchange loss (gain)	23	(238,735)	(551,287)	5,199,978
Unrealized fair value loss on investment property		4,999,600	-	-
Equity in net loss of an associate	13	2,336,424	-	-
Interest income	23	(540,038)	(524,459)	(1,016,258)
Operating income before Working Capital Changes		15,015,437	15,416,401	12,612,583
Decrease (Increase) in Operating Assets:				
Trade receivables - net		4,979,447	(120,232)	1,207,612
Prepayments and other current assets		85,011	(2,692,902)	-
Other non-current assets		1,235,427	-	(18,829)
Increase (Decrease) in Operating Liabilities:				
Accounts payable and accrued expenses		689,829	361,476	(1,089,632)
Cash generated by operations		22,005,152	12,964,744	12,711,734
Income taxes paid		(169,366)	(70,915)	(18,045)
Interest received		540,038	524,459	521,954
Net Cash Provided by Operating Activities		22,375,824	13,418,288	13,215,643
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Excess from Advances for projects		1,532,300	-	-
Loans availments		-	-	13,479,564
Investment and advances in an associate		(28,250,000)	(10,500,000)	(4,125,000)
Acquisition of property and equipment	16	-	(3,453,307)	(8,027,688)
Payment of subscription		-	-	(5,625,000)
Net Cash Used in Investing Activities		(26,717,700)	(13,953,307)	(4,298,124)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loans				
Principal		(108,873)	(303,997)	(636,207)
Interest		-	(181,298)	(232,285)
Net Cash Used in Financing Activities		(108,873)	(485,295)	(868,493)
EFFECTS OF EXCHANGE RATE CHANGES				
IN CASH AND CASH EQUIVALENTS		-	118,709	(600,328)
NET INCREASE (DECREASE) IN				
CASH AND CASH EQUIVALENTS		(4,450,749)	(901,605)	7,448,699
CASH AND CASH EQUIVALENTS, January 1		8,598,863	9,500,468	2,051,769
CASH AND CASH EQUIVALENTS, December 31		P 4,148,114	P 8,598,863	P 9,500,468

See accompanying notes to financial statements

BUREAU OF INTERNAL REVENUE
RDO NO. 21A NORTH PAMPANGA
RECEIVED
APR 19 2015
ANNABELLE D. ABLAZA
ADMIN. ASST. I

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013

1. Corporate Information

Transpacific Broadband Group International, Inc. (TBGI or the Company), a corporation duly organized and existing under the laws of Republic of the Philippines, was incorporated and registered with Securities and Exchange Commission ("SEC") on July 14, 1995, primarily to engage in the business of public commercial radio, terrestrial, cable, and satellite broadcast. The Company is 9.57% owned by Unipage Management Inc.

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communications systems for the reception and transmission of messages within the Philippines. It also has an approved Provisional Authority to transmit radio signals to satellites granted by the National Telecommunications Commission (NTC) on April 7, 1999.

In 2007, the Company received from NTC its Certificate of Registration as a value added services provider and offer Voice Over Internet Protocol (VOIP) service. In the same year, it was granted Frequency Supportability, also by NTC.

The Company is a duly registered Clark Special Economic Zone (CSEZ) enterprise and has committed to operate, manage, and maintain a satellite earth station with broadcast production and postproduction facilities and other related activities, located at Clark Field, Philippines. Pursuant to its registration with CSEZ, the Company is subject to a special tax rate of 5% on gross income.

The Company's registered office address is 9th Floor, Summit One Tower, 530 Shaw Boulevard, Mandaluyong City. Its satellite center is located at Bldg. 1751, Chico St., Clark Special Economic Zone, Angeles City, Pampanga.

The financial statements of the Company as of December 31, 2014 (including the comparative figures as of December 31, 2013 and 2012) were authorized for issue by the President on April 8, 2015.

2. Basis of Preparation and Presentation

Basis of Financial Statement Preparation and Presentation

The financial statements have been prepared on a historical cost basis except for certain property and equipment that are carried at revalued amounts.

The financial statements are presented in Philippine Peso, the Company's functional currency.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Trade Receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Financial Instruments

Date of Recognition

Financial assets and financial liabilities are recognized in the statements of financial position of the Company when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Determination of Fair Value

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Classification of Financial Instruments

The Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

A financial assets and financial liabilities are classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Company manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistently that would otherwise arise; or
- The financial asset forms part of a group of financial assets that is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

As of December 31, 2014 and 2013, there are no financial assets under this category.

(ii) Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the statement of financial position. Changes in the fair value are recognized directly in equity account as "*Revaluation reserve on AFS financial assets*". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

As of December 31, 2014 and 2013, there are no financial assets under this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category are the company's cash and cash equivalents, trade receivables, security deposits and other receivables.

(iv) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of December 31, 2014 and 2013, there are no financial assets under this category.

(v) Other Financial Liabilities

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking

into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statements of income.

Included under this category are accounts payable and accrued expenses and long term loans payable.

Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statements of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment

Financial Assets

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) Assets carried at amortized cost

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Non-Financial Assets

The Company's property and equipment are subject to impairment testing. All other individual assets' or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party.
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Prepaid Expenses

Prepaid expenses are measured at amounts paid and subsequently recognized as expense over which the prepayments apply.

Spare Parts Inventory

Spare parts inventory is stated at lower of cost or net realizable value (NRV). Cost is determined using the first-in first-out method. NRV is the selling price less the estimated cost to sell.

Property and Equipment

Transportation equipment, furniture, and fixtures are carried at cost less accumulated depreciation and impairment in value, if any. Buildings and improvements, uplink/data equipment and leasehold improvements are carried at revalued amounts less accumulated depreciation and impairment losses, if any. Appraisal was made by an independent firm appraiser with sufficient regularity to ensure that the carrying amounts of

these assets do not differ materially from their fair values. Subsequent acquisitions are stated at cost less accumulated depreciation and impairment losses, if any.

Any increase in revaluation is credited to the "Revaluation Increment" account shown under equity unless it offsets a previous decrease in value of the same asset recognized in the statements of income. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation Increment" account. The amount of revaluation increment absorbed through depreciation is transferred from revaluation increment to retained earnings. Upon disposal of the asset, the related revaluation increment is transferred to retained earnings and is taken into account in arriving at the gain or loss on disposal.

The initial cost of property and equipment consist of its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the properties have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Building and improvements	20 years
Uplink/data equipment	10-20 years
Furniture and fixtures	10 years
Transportation equipment	5 years
Lease improvements	10 years or lease term whichever is shorter

An asset's residual value, useful life, and depreciation method are reviewed periodically to ensure that the period, residual value, and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold, retired, or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

When the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Fully depreciated assets are retained in the accounts until they are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the company.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The Company reviews these valuations annually. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn or sold and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Investment in Associate

An associate is an entity in which the investor has a significant influence and which is neither a subsidiary nor a joint venture.

Investment in associate is accounted for using the equity method of accounting and initially recognized at cost, and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate.

Franchise

Franchise, which consists of directly attributable expenses, is carried at cost less accumulated amortization.

Franchise is amortized over its term of 25 years. When the carrying amount of the franchise is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount.

Franchise is derecognized either upon disposal or the right to use expired.

Deposits

Deposits are recognized at cost and are expected to be settled upon the expiration of the contract.

Equity

Share capital is determined using the par value of shares that have been issued.

Share premium represents the excess of the par value over the subscription price.

Retained earnings include all current and prior period results as disclosed in the Statements of Income.

Revaluation increment represents appraisal increase on revaluation of certain property and equipment.

Share options is measured based on the fair value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

Treasury shares are recorded at cost, which is equal to the cash payment or for noncash consideration. It is shown in the statements of financial position as a deduction from the equity.

Revenue and Costs Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Subscription fees

Revenues from uplink services and bandwidth subscriptions are recognized when services are rendered and billed. Related costs and expenses are recorded as incurred.

Rent income

Rent income is recognized on a straight line basis over the lease term.

Interest income

Interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.

Dividend income

Dividend income is recognized when the right to receive dividends is established.

Income Taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the end of reporting period.

Deferred tax asset is recognized for all temporary differences that are expected to reduce taxable profit in the future, and for the carry forward of unused tax losses and unused tax credits. Deferred tax liability is recognized for all temporary differences that are expected to increase the taxable profit in the future. Deferred tax assets and liabilities are measured using the tax rates and loss substantively enacted at the end of the reporting period.

The carrying amount of deferred tax asset is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statements of income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Employee Benefits

(i) Retirement Benefit Cost

The Company provides for estimated retirement benefits costs required to be paid under RA 7641 to qualifying employees. The cost of defined retirement benefits, including those mandated under RA 7641 is determined using the accrued benefits valuation method or projected benefit valuation method. Both methods require an actuarial valuation which the Company has not undertaken. Management believes, however, that the effect on the financial statements of the difference between the retirement cost determined under the current method used by the Company and an acceptable actuarial valuation method is not significant.

(ii) Compensated absences

Compensated absences are recognized for the number of paid leaves days (including holiday entitlement) remaining at reporting date. They are included as part of Accounts payable and accrued expenses account at the undiscounted amount the Company expects to pay as a result of the unused entitlement.

Leases

Leases where the lessor retains substantially all the risk and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as expense on a straight line basis over the lease term.

Finance lease, which transfer to the company substantially all the risks and benefits incidental to the ownership of the leased asset, are capitalized at the lower of fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are recognized in the statements of income.

Foreign Currency Transactions and Translations

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (*the functional currency*). The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Related Party Transactions

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

Provisions

Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at end of reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. In addition, long term provisions are discounted at their present values, where time value of money is material.

Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after End of reporting period

Post year-end events that provide additional information about the Company's position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

4. Changes in Accounting Standards

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2014

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2014. The adoption however did not result to any material changes in the financial statements.

PAS 32, Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

These amendments to PAS 32 clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment does not have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendment does not have any material impact on the Company’s financial position and performance.

Amendments to PAS 36, Impairment of Assets

The amendment requires the following disclosure if the recoverable amount is fair value less costs of disposal:

- the level of the fair value hierarchy (from PFRS 13 *Fair Value Measurement*) within which the fair value measurement is categorized;
- the valuation techniques used to measure fair value less costs of disposal and
- the key assumptions used in the measurement of fair value measurements categorized within 'Level 2' and 'Level 3' of the fair value hierarchy if recoverable amount is fair value less costs of disposal.

The amendments to PAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of the standard affects disclosures only and does not affect the financial position and performance of the Company.

Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities* (effective for annual periods beginning on or after January 1, 2014)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments do not have material financial impact in the financial statements.

Philippine Interpretation IFRIC 21, *Levies* (effective for annual periods beginning on or after January 1, 2014)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that trigger payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation does not have material financial impact in the Company’s financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2014

Standards issued but not yet effective up to date of issuance of the Company’s financial statements are listed below. The listing consists of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective 2015

PAS 19, “Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19 Employee Benefits*)

The amendment clarifies that the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not

required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after 1 July 2014. The amendment will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS

The Annual Improvements to PFRS (2010 to 2012 cycle and 2011 to 2013) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. Earlier application is permitted.

Annual Improvements to PFRS (2010 to 2012 cycle)

PFRS 2, "Share-based Payments"

The amendment clarifies the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment does not apply to the Company.

PFRS 3, "Business Combinations"

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment does not apply to the Company.

PFRS 8, "Operating Segments"

The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. It also clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. The adoption of the standard will affect disclosures only and will not affect the financial position and performance of the Company.

PFRS 13, "Fair Value Measurement"

The amendment clarifies that issuing PFRS 13 and amending PFRS 9 and PAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 16, "Property, Plant and Equipment"

The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The Company is currently assessing impact of the amendments to PAS 16.

PAS 24, "Related Party Disclosures"

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 38, "Intangible Assets"

The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS (2011 to 2013 cycle)

PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards"

The amendment clarifies that an entity, in its first PFRS financial statements, has the choice between applying an existing and currently effective PFRS or applying early a new or revised PFRS that is not yet mandatorily effective, provided that the new or revised

PFRS permits early application. An entity is required to apply the same version of the PFRS throughout the periods covered by those first PFRS financial statements. The amendment does not apply to the Company as it is not a first time adopter of PFRS.

PFRS 3, "Business Combinations"

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 13, "Fair Value Measurement"

The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 includes all contracts accounted for within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* or PFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32 *Financial Instruments: Presentation*. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

PAS 40, "Investment Property"

The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in PFRS 3 *Business Combinations* and investment property as defined in PAS 40 *Investment Property* requires the separate application of both standards independently of each other. The amendment will not have any significant impact on the Company's financial position or performance.

Effective 2016

PAS 1, "Presentation of Financial Statements" – Disclosure Initiative

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 16, "Property, Plant and Equipment" and PAS 38, "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization

The amendments provide additional guidance on how the depreciation and amortization of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 28, "Investment in Associates and Joint Ventures" and PFRS 10, "Consolidated Financial Statements" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of PAS 28 and PFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 27, "Separate Financial Statements" – Equity Method in Separate Financial Statements

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 41, "Agriculture" – Agriculture: Bearer Plants

The amendments bring bearer plants, which are used solely to grow produce, into the scope of PAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any impact on the Company's financial position or performance.

PFRS 10, "Consolidated Financial Statements"; PFRS 12, "Disclosure of Interest in Other Entities" and PAS 28, "Investment in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 11, "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 14, "Regulatory Deferral Accounts"

This Standard is intended to allow entities that are first-time adopters of PFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to PFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB. The IASB has stated that by publishing this Standard, they are not anticipating the outcome of the comprehensive rate-regulated activities project which is in its early stages. The Standard is effective for annual periods beginning on or after January 1, 2016. The Standard will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS

The Annual Improvements to PFRS (2012 to 2014 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

The amendment adds specific guidance in PFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The Company does not expect the amendments will have any significant impact on its financial position or performance.

PFRS 7, "Financial Instruments: Disclosures" (with consequential amendments to PFRS 1)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies the applicability of the amendments to PFRS 7 on off-setting disclosures to condensed interim financial statements. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

PAS 19, "Employee Benefits"

The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendment will not have any significant impact on the Company's financial position or performance.

PAS 34, "Interim Financial Reporting"

The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

Effective 2017

PFRS 15, "Revenue from Contracts with Customers"

PFRS 15 specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes PAS 18 'Revenue', PAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This Standard is effective for financial statements for periods beginning on or after January 1, 2017. The Standard will not have any significant impact on the Company's financial position or performance.

Effective 2018

PFRS 9, "Financial Instruments"

This version of PFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This version also adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company will assess the impact of this standard to its financial position and performance.

5. Summary of Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Judgments

The following judgments were applied which have the most significant effect on the amounts recognized in the financial statements.

Determination of functional currency

The Company has determined that its functional currency is the Philippine peso which is the currency of the primary economic environment in which the Company operates.

Classification of leases

Judgment is exercise in determining whether substantially all the significant risk and rewards of ownership of the leased asset is transferred to the Company. Leases where the lessor transfer all the risk and rewards incidental to the ownership of the leased asset are taken up as finance leases. Leases where the lessor retains all the risk and rewards to assets are taken up as operating leases.

(ii) Estimates

The key assumptions concerning the future and other key sources of estimation of uncertainty at end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating Allowance for probable losses on receivables

The Company estimates the allowance for probable losses related to its trade receivable based on assessment of specific accounts when the Company has information that certain customers are unable to meet their financial obligation. In these cases,

management uses the best available facts and circumstances including but not limited to third party credit reports and known market factors.

In 2013, provision for probable losses amounting to P601,192 was provided for trade receivables.

No provision for probable losses on trade receivables is recognized during 2014.

Estimating Useful Lives of Property and Equipment

The Company reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

During the year, the Company assessed that fully depreciated items of transportation equipment have aggregate recoverable value amounting to P1 million when retired and/or sold to interested party. Accordingly, same amount was reversed from accumulated depreciation of property and equipment. The assessment was based on sales and listings of comparable items of the same type and condition.

The carrying value of property and equipment as at December 31, 2014 and 2013 amounted to P136,684,686 and P150,634,872, respectively.

Deferred tax assets

The Company reviews the carrying amounts of deferred tax asset at each end of reporting period and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Estimating Retirement Benefits

The determination of the Company's obligation and cost for retirement and other retirement benefits which is based on RA 7641 is dependent on the length of stay of the qualifying employees and reaching the age of 60 upon retirement. Annually, retirement benefits are computed based on existing employees and there is no assurance that the employee will still be with the Company at the age of retirement.

Retirement benefit cost recognized in the financial statements amounted to P123,227 in 2014, P83,349 in 2013, and P56,382 in 2012.

Determining fair value of financial assets and liabilities

The Company measures fair value of its assets and liabilities in a manner disclosed in Note 6.

Impairment of financial assets

The company follows the guidance of PAS 39 on determining when the investment is other than temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of non-financial asset

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

As at December 31, 2014 and 2013, management believes that no provision for impairment losses is necessary.

Measurement of stock options

The compensation resulting from stock options is measured based on the fair market value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

During 2010, the TBGI Remuneration Committee met to discuss the request of the Chief Financial Officer to indefinitely defer the Stock Option plan for the CEO. The Stock Options Plan for the CEO may be restored only upon the recommendation of the Remuneration Committee and subject to the approval of the Board of Directors.

As at December 31, 2014 and 2013, share options outstanding amounted to P8,921,814.

6. Fair Value Measurement

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable price exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and the fair value in the statements of income unless it qualifies for recognition as some other type of asset.

The company measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1

Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. An asset or liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below analyzes assets and liabilities measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

2014		Level 1		Level 2		Level 3		Total
Cash and cash equivalents	P	4,148,114	P	-	P	-	P	4,148,114
Trade receivables		20,119,243		-		-		20,119,243
Prepayments and other current assets		-		2,641,394		-		2,641,394
Other short term investments		-		11,617,700		-		11,617,700
Other non-current assets		9,855,616		-		-		9,855,616
Advances for projects		14,812,844		-		-		14,812,844
Property and equipment		-		136,684,686		-		136,684,686
Investment properties		-		45,287,800		-		45,287,800
Accounts payable and accrued expenses		-		(1,083,172)		-		(1,083,172)
Interest bearing liabilities		(5,264,806)		-		-		(5,264,806)

2013		Level 1		Level 2		Level 3		Total
Cash and cash equivalents	P	8,598,863	P	-	P	-	P	8,598,863
Trade receivables		25,098,690		-		-		25,098,690
Prepayments and other current assets		-		85,013		-		85,013
Other short term investments		-		11,833,230		-		11,833,230
Other non-current assets		6,291,043		-		-		6,291,043
Advances for projects		16,299,938		-		-		16,299,938
Property and equipment		-		150,634,872		-		150,634,872
Investment property		-		50,287,400		-		50,287,400
Accounts payable and accrued expenses		-		(826,357)		-		(826,357)
Interest bearing liabilities		(5,349,725)		-		-		(5,349,725)

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments, receivables, prepayments and other financial liabilities* – the fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Property and equipment*– fair value was based on appraiser's report. It is estimated using Market Data Approach, which is based on sales and listings of comparable property registered within the vicinity that considered factors such as locations, size and shape of the properties.
- *Investment properties* – the valuation approach used in the independent appraiser's report was Sales Comparison Approach, which estimates the value of asset by comparing similar or substitute properties and related market data.

7. Financial Risk Management Objectives and Policies

Financial Risk

The Company's activities expose it to a variety of financial risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below:

- **Credit Risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The table below shows the gross maximum exposure to credit risk of the Company as at December 31, 2014 and 2013.

		Gross Maximum Exposure	
		2014	2013
Cash and cash equivalents *	P	4,135,114	P 8,585,863
Trade receivables		27,074,601	32,054,048
Advances for projects		14,812,844	16,299,938
Other non current assets		5,055,616	6,291,043
	P	51,078,175	P 63,230,892

*excludes cash on hand

The credit risk on cash and cash equivalents are limited since funds are invested in financial institutions with high credit ratings.

Trade receivables are accounts with CBCP World Corporation and Peachtree Investment Ltd. where appropriate trade relations have been established including billings and collections processes.

Advances for projects amounting to P14.8 million in 2014 and P16.3 million in 2013 are secured by a pledge of shares of certain officer covering 10,756,429 shares of the Company's common shares with a fair value of P23,126,322 (see Note 12).

Other non-current assets are receivables from affiliated companies. These advances do not bear interest and have no fixed repayment period.

Credit quality of the Company's assets as at December 31, 2014 and 2013 is as follows:

		December 31, 2014				
		Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
		High grade	Standard grade			
Cash and cash equivalents	P	4,148,114	P -	P -	P -	P 4,148,114
Trade receivables		-	4,536,650	15,582,592	6,955,359	27,074,601
Advances for projects		-	-	14,812,844	-	14,812,844
Other non-current assets		-	-	5,055,616	-	5,055,616
	P	4,148,114	P 4,536,650	P 35,451,052	P 6,955,359	P 51,091,175

		December 31, 2013				
		Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
		High grade	Standard grade			
Cash and cash equivalents	P	8,585,863	P -	P -	P -	P 8,585,863
Trade Receivables		-	5,329,680	19,769,009	6,955,359	32,054,048
Advances for projects		-	-	16,299,938	-	16,299,938
Other non-current assets		-	-	6,291,043	-	6,291,043
	P	8,585,863	P 5,329,680	P 42,359,990	P 6,955,359	P 63,230,892

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.

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.

The aging analysis of past due but not impaired receivables is as follows:

	Trade	Advances for projects	Other Non-Current Assets	Total
61-90 days past due	6,780,750	-	-	6,780,750
over 90 days	13,338,493	14,812,844	5,055,616	33,206,953
	P 20,119,243	P 14,812,844	P 5,055,616	P 39,987,703

December 31, 2013				
	Trade	Advances for projects	Other Non-Current Assets	Total
61-90 days past due	5,181,480	-	-	5,181,480
over 90 days	14,587,529	16,299,938	6,291,043	37,178,510
	P 19,769,009	P 16,299,938	P 6,291,043	P 42,359,990

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. Either liquidity risk may result from the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The Company manages its liquidity profile to (i) ensure that adequate funding is available at all times; (ii) meet commitments as they arise without incurring unnecessary costs; (iii) to be able to access funding when needed at the least possible cost, and (iv) maintain an adequate time spread of financing maturities.

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2014 and 2013.

December 31, 2014								
	< 1 month	> 1 month & < 3 months	> 3 months & < 1 year	> 1 year & < 3 years	Total			
Accounts payable and accrued expenses	P 414,274	P 243,898	P 425,000	P -	P	1,083,172		
Interest-bearing liabilities								
Loans payable	-	-	-	5,264,806		5,264,806		
	P 414,274	P 243,898	P 425,000	P 5,264,806	P	6,347,978		

December 31, 2013								
	< 1 month	> 1 month & < 3 months	> 3 months & < 1 year	> 1 year & < 3 years	Total			
Accounts payable and accrued expenses	P 644,228	P 71,879	P 110,250	P -	P	826,357		
Interest-bearing liabilities								
Loans payable	-	-	-	5,240,852		5,240,852		
Obligations under finance lease	-	81,285	27,588	-		108,873		
	P 644,228	P 153,164	P 137,838	P 5,240,852	P	6,176,082		

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to

the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk is the risk to an institution's financial condition from volatility in the price movements of the assets contained in a portfolio. Market risk represents what the Company would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

i. Currency risk

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's functional currency. Significant fluctuations in the exchanges rates could significantly affect the Company's financial position.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at reporting date are as follows:

	2014				2013			
	US Dollar		Peso Equivalent		US Dollar		Peso Equivalent	
Cash and cash equivalents	\$	1,818	P	81,109	\$	5,415.00	P	240,502
Advances for projects		332,000		14,812,844		367,000		16,299,938
Bank loans		(118,000)		(5,264,806)		(118,000)		(5,240,852)
	\$	215,818	P	9,629,147	\$	254,415.00	P	11,299,588

The following table demonstrates the sensitivity to a reasonable change in the US\$ exchange rate, with all other variables held constant, the Company's income before tax for the years ended December 31, 2014 and 2013:

Increase/decrease in Peso to US Dollar Rate	Effect on Income Before Taxes			
	2014		2013	
+P5.00	P	1,079,090	P	1,272,075
-P5.00		(1,079,090)		(1,272,075)

There is no other impact on the Company's equity other than those affecting profit and loss.

ii. Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Exposure to interest rate risk is as follows:

	2014				2013			
	Principal		Interest rates		Principal		Interest rates	
Foreign currency loans	P	5,264,806	1M LIBOR + 2.50%		P	5,240,852	1M LIBOR + 2.70%	
Obligation under finance lease		-		-		108,873	11%-19%	
	P	5,264,806			P	5,349,725		

The sensitivity analyses have been determined based on the exposure to interest rates for foreign currency loans that are subject to repricing. If interest rates had been 200

basis points higher/ lower and all other variables were held constant, the Company's profit before taxes would decrease/ increase by P105,296 in 2014 and P106,995 in 2013. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial assets.

Operational risk

Operational risk is the risk of loss from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risk but initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education, and assessment processes. Business risk such as changes in environment, technology, and industry are monitored through the Company's strategic planning and budgeting processes.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The capital structure of the Company consists of issued capital, additional paid-in capital, revaluation increment and retained earnings.

The financial ratio at the year-end, which is within the acceptable range of the Company, is as follows:

		2014		2013
Equity	P	299,725,532	P	306,559,472
Total Assets		361,616,952		313,904,780
Ratio		0.829		0.977

8. Cash and cash equivalents

As at December 31, 2014 and 2013, cash and cash equivalents represent cash on hand and cash in banks of P4,148,114 and P 8,598,863, respectively.

Cash in bank represents current accounts and US dollar account that earn interests at prevailing bank interest rates.

9. Trade receivables

The composition of this account is as follows:

		2014		2013
Trade	P	27,074,601	P	32,054,048
Less: Allowance for probable losses		(6,955,358)		(6,955,358)
	P	20,119,243	P	25,098,690

The movements in allowance for probable losses is as follows:

		2014		2013
Balance, January 1	P	7,556,550	P	6,955,358
Provision		-		601,192
Balance, December 31	P	7,556,550	P	7,556,550

Trade accounts have credit terms of 30-90 days.

In 2013, the Company recognized allowance for probable loss amounting to P601,192.

10. Short-term investments

Short-term investments are foreign currency deposits earmarked for the acquisition of capital equipment to augment the Company's expansion plans.

These investments with carrying value of P11,617,700 in 2014 and P11,833,230 in 2013 earn interest ranging from 5% to 5.5% annually.

11. Other current assets

This account consists of the following:

		2014		2013
Spare Parts Inventory	P	2,641,394	P	3,501,048
Prepayments		-		85,013
	P	2,641,394	P	3,586,061

Spare parts inventory consists of communication supplies and materials that are normally provided to the customers in the delivery of services. Spare parts inventory amounting to P 2,641,394 in 2014 and P3,501,048 in 2013 are carried at cost which approximates its net realizable value.

Spare parts inventory costing P859,654 and P358,189 was transferred to property and equipment in 2014 and 2013, respectively (see Note 16).

The balance of prepayments in 2013 represents payment of rental for the month of January 2014.

12. Advances for projects

In accordance with the memorandum of agreement (MOA) entered into between His Royal Highness Prince Abdul Aziz Bin Talal (HRH of Kingdom of Saudi Arabia) and the Company dated November 5, 2008, the latter made advances to the Company for purposes of re-investing the same in E-commerce including media, telecoms, internet and education technology services which will promote global understanding, mutual respect and openness to humanity and to further gain a foothold in Asia providing bridge in Saudi Culture and friendship in the Philippines and other Asian nations.

These advances is monitored through an annual assessment which contains the description, progress and allocation of the investment. Funds are allocated to different projects laid out in separate report. The funds cannot be expended and considered "in-trust" until such time the investment of HRH in TBGI is effected. In the event that such re-investment would not push through, the entire funds will be returned to TBGI.

Initially, total funds allocated to these projects amounted to US \$ 367,000 (P16,299,938) which is broken down as follows:

HRH - TBGI Middle East Project	US \$	Peso amount
1. TBGI Media Sattelite Project	\$ 82,000	P 3,641,948
2. AGFund Microfinance Bank Project for OFW	68,000	3,020,152
3. TBGI - ESI Webeoc Project for MMDA	80,000	3,553,120
4. TBGI - ESI Webeoc Project for Office of the Executive Secretary	80,000	3,553,120
5. TBGI - ESI Webeoc Project for the Department of Justice	57,000	2,531,598
	\$ 367,000	P 16,299,938

Brief descriptions of these projects are as follows:

- (i) *TBGI Media/Satellite Project*
With an allocation of US \$82,000, the project aims to provide video and online content from Middle East to educate and create a social development in Mindanao following the Bangsamoro Framework Agreement.
- (ii) *OFW Assistance Project*
In partnership with the AGFund Microfinance Bank, the project aims to help the less fortunate citizens to have access to microfinance. The project has a total allocation of US \$68,000
- (iii) *TBGI-ESI Webeoc Project for (a) Metropolitan Manila Development Authority (b) Office of the Executive Secretary and (c) Department of Justice*
With total project allocation of US\$217,000, TBGI intends to provide WebEOC system for MMDA, Office of the Executive Secretary and the Department of Justice concerning security, military, transportation, disaster management among others to these government agencies.

In 2014, a re-alignment was made based on the following allocation in view of the Country's looming power crisis.

HRH - TBGI Middle East Project	US \$	Peso amount
1. TBGI Media/Sattelite Project	\$ 52,000	P 2,320,084
2. TBGI - ESI Webeoc Project for MMDA and Office of Exec. Sec.	70,000	3,123,190
3. ATN Phils Solar Energy Group Inc. 30 MW PV Project	113,000	5,041,721
4. 42,000 MW Solar PV project in Kingdom Saudi Arabia	97,000	4,327,849
	\$ 332,000	P 14,812,844

New project allocation comprises the following:

- *TBGI Media/Satellite Project*
From a total project fund of US\$332,000, US\$52,000 were allocated to this project, which aims to assist and complement the Department of Education's Digital Internet Connectivity Program to service almost 2,000 public schools in remote areas of Mindanao and also aims to expand its International Internet Exchange Node landing gateway in Batangas.
- *TBGI-ESI Webeoc Project for (a) Metropolitan Manila Development Authority and (b) Office of the Executive Secretary*
With allocation of US\$70,000, TBGI intends to provide WebEOC system for MMDA, and Office of the Executive concerning security, military, transportation, disaster management to these government agencies.

- *ATN Solar 30 MW Solar PV Project in Rodriguez, Rizal*
Apportionment of US\$113,000 has been given to this project to construct a 30MW Solar PV in Rodriguez, Rizal, where civil works and site development works are scheduled to commence in March 2015. This is apart from the Company's additional subscription of P105 million common shares in ATN Solar.
- *42,000 MW Solar PV project in Kingdom of Saudi Arabia*
The project aims to participate in harnessing solar energy to power Saudi Arabia's new cities by construction of 42,000 MW Solar PV. This project has allocation of US\$97,000.

Following the re-alignment of project funds, the Company received US \$35,000 representing return of funds from HRH of Kingdom of Saudi Arabia

To ensure the completion of the investment or the return of the deposit in the event the investment is not completed, a share pledge agreement was executed on December 15, 2009 by the Company and Mr. Arsenio T. Ng, a proponent of the investment project, whereby the latter pledges his 10,756,429 shares of TBGI as security with a fair value of P23,126,322 (see Note 7).

13. Investment in an Associate

Details of this account are as follows:

		2014		2013
Balance at beginning of year	P	30,000,000	P	7,500,000
Additions during the year:				
Debt conversion		-		4,125,000
Cash subscription		82,500,000		18,375,000
Equity in net loss during the year		(2,336,424)		-
Balance at the end of the year	P	110,163,576	P	30,000,000

Transactions during 2013 and 2014 involving investment in an associate are as follows:

- On December 15, 2013, additional 4.125 million shares of ATN Solar was issued to the Company in satisfaction of the latter's cash advance to the former amounting to P4.125 million;
- In November 2013, following the re-alignment of project advances, P7,875,000 was used to subscribed to an additional 7,875,000 shares of ATN Solar;
- On December 13, 2013 and December 20, 2013, additional cash subscription to ATN Solar amounting to P5 million and P5.5 million, respectively, were made. As of December 31, 2013, the Company holds 41.17% equity interests in ATN Solar.
- During 2014 following the increase in authorized capital of ATN Solar, the Company subscribed to a total of 82.5 million shares for P82.5 million. As of December 31, 2014, the Company holds 30% equity interests in ATN Solar.

Summarized financial information of ATN Solar follows:

		2014		2013
Total assets	P	317,684,650	P	68,778,748
Total liabilities		90,639,268		3,126,000
Net loss		(6,984,314)		(578,111)

ATN Solar is a grantee by Department of Energy of the 30-MW Rodriguez Solar Power Project.

14. Franchise-net

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communication systems for the reception and transmission of messages within the Philippines with a cost of P15M.

The movement in this account is as follows:

		2014		2013
Balance, January 1	P	6,142,405	P	6,742,405
Amortization		(600,000)		(600,000)
Balance, December 31	P	5,542,405	P	6,142,405

15. Other non-current assets

This account consists of:

		2014		2013
Advances to:				
Palladian Land Development Inc. (PLDI) (see note 25)	P	3,538,037	P	4,773,464
ATN Holdings, Inc. (ATN) (see note 25)		1,062,074		1,062,074
Security deposit		455,505		455,505
Other asset		4,800,000		4,800,000
	P	9,855,616	P	11,091,043

Advances to PLDI and ATN Holdings generally consist of cash advances.

The company, PLDI and ATN are all affiliated companies.

The aforementioned receivables are not subject to interest and have no fixed repayment period.

Other asset represents communication device (Rohn Tower) received by the Company from a client in settlement for its outstanding receivable.

16. Property and equipment - net

The movement in this account is as follows:

2014	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2014	P 23,893,402	P 251,599,388	P 5,180,726	P 19,145,709	P 14,675,284	P 314,494,509
Reclassification from spare parts inventory	-	859,654	-	-	-	859,654
Additions	-	-	-	-	-	-
At December 31, 2014	23,893,402	252,459,042	5,180,726	19,145,709	14,675,284	315,354,163
Accumulated depreciation						
At January 1, 2014	16,045,068	126,688,911	1,784,641	8,801,264	10,539,753	163,859,637
Provisions	1,069,671	12,509,083	213,069	898,846	119,171	14,809,840
At December 31, 2014	17,114,739	139,197,994	1,997,710	9,700,110	10,658,924	178,669,477
Net Book Value						
At December 31, 2014	P 6,778,663	P 113,261,048	P 3,183,016	P 9,445,599	P 4,016,360	P 136,684,686

2013	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2013	P 21,393,402	P 250,287,892	P 5,180,726	P 19,145,709	P 14,675,284	P 310,683,013
Reclassification from spare parts inventory	-	358,189	-	-	-	358,189
Additions	2,500,000	953,307	-	-	-	3,453,307
At December 31, 2013	23,893,402	251,599,388	5,180,726	19,145,709	14,675,284	314,494,509
Accumulated depreciation						
At January 1, 2013	14,975,396	114,179,825	1,571,572	7,902,418	9,276,782	147,905,993
Provisions	1,069,672	12,509,086	213,069	898,846	1,262,971	15,953,644
At December 31, 2013	16,045,068	126,688,911	1,784,641	8,801,264	10,539,753	163,859,637
Net Book Value						
At December 31, 2013	P 7,848,334	P 124,910,477	P 3,396,085	P 10,344,445	P 4,135,531	P 150,634,872

Building and improvements, uplink equipment, leasehold improvements and data equipment were revalued on October 28, 2002 by a firm of independent appraisers at market prices. The net appraisal increment resulting from the revaluation is credited to the "Revaluation Increment" account shown under equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings. Management believes that fair value has not significantly changed since date of initial valuation.

Had the building and improvements, uplink equipment, leasehold improvements and data equipment been carried at cost less accumulated depreciation, amortization and impairment losses, if any, their carrying amounts would have been as follows:

	2014	2013
Building and improvements	P 573,637	P 615,144
Uplink/data equipment	28,364,139	30,246,510

17. Investment properties

As of December 31, 2014 and 2013, the breakdown of the Company's investment properties is shown below:

	2014	2013
Condominium units	P 38,368,800	P 43,368,400
Land and improvements	6,919,000	6,919,000
	P 45,287,800	P 50,287,400

The fair market value of the condominium units is based on the appraisal made by a firm of independent appraisers on March 4, 2014.

The fair market value of the land and improvement is based on the latest available appraisal made by a firm of independent appraisers on January 23, 2003. The assigned value was estimated using the Market Data Approach, which is based on sales and listing of comparable property registered within the vicinity that considered factors such as location, size and shape of the properties.

Appraisal of condominium units resulted in smaller fair value recognized in the balance sheet compared to last year's fair value. Change in fair value of the asset resulted in fair value loss which is recognized in current year's Statement of Comprehensive Income.

Portion of the condominium unit is rented out without incurring additional expense on the part of the Company. Rent income earned on investment properties amounted to P2,248,872 in 2014, P2,047,872 in 2013 and P1,550,456 in 2012.

The zonal values of the Company's investment properties based on the latest valuation dates are as follows:

Condominium units	P 42,632,000
Land and improvements	2,315,520
	P 44,947,520

18. Accounts payable and accrued expenses

This account consists of:

	2014	2013
Trade Payables	P 243,897	P 71,879
Accrued and other liabilities	414,275	644,228
Deposits	425,000	110,250
	P 1,083,172	P 446,836

Trade payables which include transponder lease and internet services are settled on a 1-3 months term. Accrued expenses are settled on a 30-day term. Other liabilities include statutory liabilities payable in subsequent month.

Deposits are amounts paid by clients as guarantee to agreements entered into by the Company. The amount is expected to be settled upon the termination of the contract.

19. Interest-bearing liabilities

Details of this account as at December 31 are as follows:

		2014		2013
Foreign currency loans	P	5,264,806	P	5,240,852
Obligation under finance lease		-		108,873
		5,264,806		5,349,725
Less: current portion		-		108,873
	P	5,264,806	P	5,240,852

Foreign currency loans

Foreign currency loans were obtained from China Banking Corporation. The original principal amounting to \$118,000 matured in 2013 and was renewed for another 3 years which is payable in full in 2016. Annual interest rate is 1M LIBOR + 2.5% and is payable monthly in arrears. The loan is secured by real estate mortgages executed by related parties, namely, Palladian Land Development, Inc. and ATN Holdings, Inc.

The proceeds of the loans were used for working capital requirements. Interest expense paid and accrued during the year amounted to P153,951.

Obligation under finance lease

On various dates, the Company acquired transportation equipment availed under financing terms of the banks, which requires monthly amortization of principal plus interest ranging from 10% to 12% per annum.

The finance lease was fully paid in April 2014. Principal and interest payments during the year amounts to P108,873 and P2,479, respectively.

The carrying value of the transportation equipment under the finance lease amounted to P882,285 and P1,023,428 as of December 31, 2014 and 2013, respectively.

Future minimum lease commitments for obligation under the finance leases are as follows:

		2014		2013
Due within 1 year	P	-	P	108,873
Due after 1st year up 5th year		-		-
Total		-		108,873
Amount representing interest		-		2,479
Present value of lease payments	P	-	P	111,352

20. Retirement benefits

Retirement benefits paid under RA 7641 amounted to P270,403 in 2011. Retirement benefit cost recognized in the financial statements amounted to P123,227 in 2014, P83,349 in 2013 and P56,382 in 2012. The movement in Liability for Retirement benefits for the year ended December 31, 2014 and 2013 is as follows:

		2014		2013
Balance, January 1	P	1,102,114	P	1,018,765
Expense recognized		123,227		83,349
	P	1,225,341	P	1,102,114

Management believes that retirement benefits computed under RA 7641 does not materially differ from that of PAS 19.

21. Equity

Share capital

The Company's capital structure is as follows:

	Shares	Amount
Authorized - P1 par value per share	380,000,000	P 380,000,000
Issued and outstanding	222,019,330	222,019,330
Shares held in treasury	437,800	437,800

Issued capital held in treasury totaled 437,800 shares.

The Company's shares are listed and traded at the Philippine Stock exchange ("PSE"). The listing of the offer shares was approved by the Board of Directors of the PSE on October 22, 2003. The listing date is on December 12, 2003.

The Company has committed to issue to ATN Holdings Inc., a related party, 13,000,000 common shares in consideration for the acquisition of investment property and the payment of loan to ATN amounting to P2.5 million in 2007. These shares were to become available after the listing of 170,980,670 unissued common shares. The additional listing of subject shares has not been carried out as of December 31, 2014.

Documentary requirements are still being collated for the Company's application for exemption from the registration of new shares with the Securities and Exchange Commission.

Share options

On May 28, 2008, the Company' BOD approved the grant of Share options to its Chief Executive Officer (CEO). The CEO has been largely responsible for bringing the Company to present financial condition. Furthermore, the CEO has not been compensated since his assumption of management in 2000. Hence, the grant of share options to the CEO will be in order.

The share option comprises the following:

- (i) 35 million shares of TBGI at par value of P1.00 per share as compensation for services rendered as CEO of the Company during the period 2001 to 2007, and;
- (ii) 5 million shares of TBGI at par value of P1.00 per share as compensation for services rendered as CEO of the Company during 2008 and onwards, provided, that the subject shares will not be sold in quantities exceeding 20% of the trading volume of Philippine Stock Exchange in any single business day.

The stock options were measured using the intrinsic value method since the fair value of the options cannot be measured reliably.

On April 23, 2009 in a special meeting of the BOD, additional terms of conditions was agreed defining the vesting schedule of the options as management believe that a one-time recognition of the options cannot be afforded in 2008 alone. The vesting period was stretched up to 2023 of which 500,000 shares may be exercised starting 2013 up to 2022. Another 5.5 million shares in 2022 and finally, 30 million shares in 2023

During 2010, the Company's BOD through the Remuneration Committee approved the indefinite deferment of the aforementioned stock options to the CEO. No options were exercised prior to the said deferment.

As of December 31, 2014 and 2013, the stock options has a carrying value of P8,921,814.

Revaluation increment

The movement of this account as at December 31 is as follows:

		2014		2013
Balance, January 1	P	3,300,498	P	5,525,312
Cumulative amount of revaluation absorbed through depreciation		(2,224,814)		(2,224,814)
Balance, December 31	P	1,075,684	P	3,300,498

22. Direct costs

This account consists of:

		2014		2013		2012
Depreciation (see Note 16)	P	14,809,840	P	15,953,644	P	15,712,064
Transponder lease (see Note 29)		11,444,662		10,860,851		10,853,268
Rental (see Note 29)		2,286,219		2,067,267		1,923,220
Salaries, wages & other benefits		1,452,251		1,238,481		1,712,913
Utilities and communication		988,473		837,304		1,027,837
Taxes and licenses		810,448		776,933		770,395
Transportation and travel		631,642		1,190,720		823,417
Amortization of franchise		600,000		600,000		600,000
Security services		310,177		387,667		418,638
Insurance		234,763		222,624		262,808
Office supplies		168,151		276,888		275,897
Provision for retirement (see Note 20)		123,227		83,349		56,382
	P	33,859,853	P	34,495,728	P	34,436,838

23. Other Revenues

The composition of this account is as follows:

		2014		2013		2012
Rent income (see Note 17)	P	2,248,872	P	2,047,872	P	1,550,456
Interest income		540,038		524,459		1,016,258
Unrealized forex gain		238,735		551,287		-
	P	3,027,646	P	3,123,618	P	2,566,714

24. Administrative expenses

This account consists of:

		2014		2013		2012
Legal and professional fees	P	395,000	P	460,000	P	445,000
Permits, taxes and licenses		385,740		404,697		444,430
Representation and entertainment		318,922		250,500		154,030
Transportation and travel		154,716		115,628		21,027
Provision for probable losses		-		601,192		-
Unrealized foreign exchange loss		-		-		5,199,978
Power, utilities and communication		-		-		776,401
Salaries, wages and other benefits		-		-		755,609
Miscellaneous		51,256		143,738		993
	P	1,305,634	P	1,975,755	P	7,797,468

Pursuant to a *Teaming Agreement* executed in January 2013, a 75%-25% cost sharing of cost/expenses related to technical operations was implemented. All other cost including, but not limited to salaries, utilities and associate dues shall be borne solely by Palladian.

Accordingly, certain cost and expenses of the Company were significantly reduced during 2013 and 2014.

The teaming agreement is effective until December 31, 2014 subject to re-negotiation in 2015.

25. Related party transactions

The following are transactions with related parties during the year:

Category	Ref.	Amount	Outstanding Balance	Terms	Conditions
Associate					
ATN Philippines Solar Energy Group Inc.					
Subscription Payable	(i)	28,500,000	54,250,000	Not subject to any payment terms	Not delinquent
Other Related Parties					
Palladian Land Development Inc.					
Rent Income	(ii)	1,299,388	3,538,037	Non-interest bearing receivable	Unsecured, no impairment
Expenses	(iii)	1,265,185			
Collection		(3,800,000)			
ATN Holdings Inc.		-	1,062,074	Non-interest bearing receivable	Unsecured, no impairment
HRH Prince Abdul Aziz Bin Talal (see Note 12)	(iv)	(1,487,094)	14,812,844	Based on project allocation	To be expended only based on project allocation

Details of these transactions are as follows:

- (i) As discussed in Note 13, the Company subscribed to the increase in authorized capital of ATN Solar amounting P82.5 million. At the time of subscription, P26.25 million was paid in cash on October 31, 2014 and additional cash payment of P2.0 million was paid on March 13, 2014. The balance of P54.25 million was presented in the Statement of Financial Position as Subscription payable.
- (ii) The Company is a beneficial owner of certain condominium units classified in the Statement of Financial Position as Investment properties. Title to the properties has not been released to the Company as it intends to sell the properties using the marketing expertise of PLDI. In 2014 and 2013, these properties are leased out to third parties thru PLDI. Proceeds of the rent were remitted to the Company.
- (iii) As discussed in Note 24, a teaming agreement was executed in 2013 in an effort trim cost and rationalize operations. Certain cost expenses were advanced by a related party.
- (iv) As discussed in Note 12, funds were released to HRH to cover various projects. In 2014, the amount of \$35,000 was repaid back to the Company following the re-alignment of different projects.

26. Registration with Clark Special Economic Zone

The Company is a duly registered Clark Special Economic Zone ("CSEZ") enterprise with Registration Certificate No. C2013-683 issued last January 10, 2014. This certificate supersedes Certificate of Registration No. 2002-065 dated July 25, 2002 and 95-53 dated November 29, 1995, issued by Clark Development Corporation ("CDC") to the Company, and shall be valid until December 15, 2016 unless earlier revoked by CDC.

Pursuant to Section 15 of Republic Act No. 7227, Section 5 of Executive Order No. 80 and Proclamation 163, and as further confirmed by BIR Ruling No. 046-95 dated March 3, 1995, the Company is entitled to all incentives available to a CSEZ-registered enterprise, including but not limited to exemption from customs and import duties and national and internal revenues taxes on importation of capital of goods, equipment, raw materials, supplies and other articles including household and personal items;

Subject to compliance with BIR Revenue Regulations and such other laws on export requirements, exemption from all local and national taxes, including but not limited to corporate withholding taxes and value added taxes ("VAT"). In lieu of paying taxes, the enterprise shall pay 3% of gross income earned to the national government, 1% to the local government units affected by the declaration of the CSEZ and 1% to the development fund to be utilized for the development of the municipalities contiguous to the base area; and

Exemption from inspection of all importations at the port of origin by the Societe Generale de Surveillance ("SGS"), if still applicable, pursuant to Chapter III, C.1 of Customs Administrative Order No. 6-94.

However, in cases where the Company generated income from its sale of services to customs territory customers exceeding 30% of its total income, the entire income from all sources is subjected to the regular corporate income tax of 30% based on net income (e.i. gross income less allowable deductions) rather than the 5% preferential tax based on gross income.

27. Income tax expense (benefit)

The major components of provision for income tax for the years ended December 31, 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Current	170,355	138,026 P	122,380
Deferred	(294,201)	(351,934)	(2,819)
	P (123,846) P	(213,908) P	119,561

The components of deferred taxes that were recognized in the statements of financial position are as follows:

		2014		2013		2012
Deferred tax assets						
Unrealized loss on fair value adjustment						
on investment property - net	P	403,092	P	103,116	P	103,116
Pension liability		61,267		55,106		50,938
Allowance for probable losses		347,768		347,768		-
		812,127		505,990		154,054
Deferred tax liability						
Revaluation increment		(56,616)		(173,712)		(290,807)
Unrecognized Income on foreign exchange		(11,937)		-		-
		(68,553)		(173,712)		(290,807)
Net	P	743,574	P	332,278	P	215,183

The reconciliation of tax on pretax income computed at the applicable statutory rates to Income tax expense is as follows:

		2014		2013		2012
Loss before income tax	P	(7,074,881)	P	(746,036)	P	(7,939,584)
Statutory income tax (@5%)		(353,744)		(37,302)		(396,979)
Adjustment for:						
Interest income subject to final tax		(27,001)		(26,223)		(50,813)
Depreciation on revaluation increment		117,095		117,095		117,095
Permanent difference		189,800		(267,478)		450,258
Unrealized fair value loss						
on investment property		(49,996)		-		-
Actual provision for income tax	P	(123,846)	P	(213,908)	P	119,561

28. Earnings (loss) per share

Earnings (Loss) per share is computed by dividing the profit (loss) for the year by the weighted average number of common shares as follows:

		2014		2013		2012
Profit (loss) for the year (a)	P	(6,951,035)	P	(532,129)	P	(8,059,145)
Weighted average number of shares						
Outstanding during the year (b)		222,019,330		222,019,330		222,019,330
Earnings (loss) per share		(0.0313)		(0.0024)		(0.0363)

As at December 31, 2014, 2013, and 2012, there are no potential ordinary shares with dilutive effect.

29. Lease commitments

Company as a Lessee

- (a) Transponder lease with ABS Global, Ltd. (formerly known as Asia Broadcast Satellite Ltd)

In June 2011, the Company entered into a transponder lease agreement with Asia Broadcast Satellite, Ltd which requires monthly payment of US\$20,445 over the lease term of three (3) years.

The agreement expired on June 2014 and was renewed for another one year with monthly lease payment of US\$20,790.

Transponder lease recognized in the statements of income amounted to P11,444,662 in 2014, P10,860,851 in 2013, and P10,853,268 in 2012. None of these leases includes contingent lease rental.

- (b) Lease Agreement with Clark Development Corporation
The Company leases a land it presently occupies in Clarkfield, Pampanga with Clark Development Corporation for a period of twenty-five years starting July 10, 1995 to July 10, 2020.
- (c) Staff Housing and Guest House
The Company leases its staff houses and a residential unit in Clarkfield, Pampanga. Both leases have minimum term of one year and renewable within one year upon mutual agreement of both parties.

Rent expense recognized in the statements of income amounted to P2,286,219 in 2014, P2,067,267 in 2013 and P1,923,220 in 2012.

Future minimum lease payments from these lease contracts are as follows:

	2014	2013
within 12 months	11,517,933	13,531,937
more than 12 months	22,954,549	34,472,482
	34,472,482	48,004,419

Company as a Lessor

- (d) Lease Agreement with Microcircuits, Ruru Global Recruitment Services, Inc. and Comodo Security Philippines, Inc. with TBGI as lessor.
The Company has short-term lease agreements with the aforementioned tenants with varying rates. The rent income from these leases does not have direct operating expenses.

Rent income recognized in the statements of income amounted to P2,248,872 in 2014, P2,047,872 in 2013 and P1,550,456 in 2012.

30. Supplementary information required under Revenue Regulations 15-2010 and 19-2011

The Bureau of Internal Revenue (BIR) issued Revenue Regulations (RR) 15-2010 and 19-2011, which require additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the calendar year ended December 31, 2014 is presented in compliance thereto.

(i) Supplementary information required under RR 15-2010

- The Company is a CSEZ-registered entity subject to zero-rated value-added tax. Pursuant to Section 15 of Republic Act No. 7227, Section 5 of Executive Order No. 80 and Proclamation 163, the Company is entitled to all incentives available to a CSEZ-registered enterprise.
- The amounts of withholding taxes paid and accrued, by category are as follows:

Tax on compensation	P	18,350
Creditable withholding taxes		25,761

- As of December 31, 2014, the Company has no pending tax cases within and outside the administration of the BIR.

(ii) *Supplementary information required under RR 19-2011*

- The Company's revenue for income tax purposes amounted to P32,552,935.
- The Company's other taxable income represents rental income amounting to P2,248,872.
- Details of Company's direct cost are as follows:

Depreciation and amortization	P	12,467,931
Transponder lease		11,444,662
Rental expense		2,286,219
Salaries, wages and other benefits		1,452,251
Utilities and communication		988,473
Taxes and licenses		810,448
Transportation and travel		631,642
Amortization of franchise fee		600,000
Security services		310,177
Insurance		234,763
Office supplies		168,151
	P	31,394,717

- Taxes and licenses presented in the statements of comprehensive income are as follows:

<i>Direct costs</i>		
Supervision and regulatory fee - NTC	P	753,390
Other licenses - NTC		17,045
		770,435
<i>Administrative expenses</i>		
Annual listing fee - PSE		258,000
Business permits and licenses		7,146
Real property tax		160,107
Other permits and licenses		500
	P	425,753

31. Other significant matters

(i) Non-cash investing activities

The following are the Company's non-cash investing activities

- On December 15, 2013, the Company received a total of 4.125 million shares of ATN Solar amounting to P4.125 million as a result of the debt-to-equity conversion of the Company's advances to ATN Solar amounting to P4.125 million. The same was excluded in the preparation of Statement of Cash Flows;
- In 2013, the Company received a communication device (Rohn Tower) with fair market value of P4.8 million. The same was used in settlement of the Company's outstanding receivable from a third party for the same amount. This transaction was excluded in the Statement of Cash Flows for that period.
- During 2014 and 2013, additions to property and equipment amounting to P859,654 and P358,189 was made via reclassification from spare parts inventory. The same did not involve any cash outflow and was excluded in the preparation of Statement of Cash Flows.

- In accordance with PAS 40, certain investment properties which are carried at fair values recognized a decrease of P4,999,600 million as result of an appraisal made on March 27, 2014. The decrease in value did not involve any cash transaction.

(ii) Contingencies

The Company is a defendant in certain cases which are still pending in court and the outcome of criteria cannot be ascertained at this time. The management, in consultation with its legal counsel believes that liabilities, if any, which may result from the outcome of the case, will not have a material effect on the financial position and results of operation of the Company.

(iii) Subsequent events

On March 6, 2015, a deed of sale was executed by the Company with a third party for the sale of a communication device (Rohn Tower) at a contract price of P4.8 million payable over a period of 30 months with subject to an interest rate of 7.5% per annum computed based on the diminishing balance.

(iv) Reclassification

Certain accounts in 2014 financial statements were reclassified to conform to 2013 financial statement presentation.

PRC-BOA Reg. No. 0132, valid until December 31, 2015
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-000125-001-2013, valid until Oct. 3, 2016

Independent Auditors' Report on Supplementary Schedules

The Board of Directors and Stockholders
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
9TH Floor, Summit Tower 1 Bldg.,
530 Shaw Blvd., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** (the Company) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated April 8, 2015. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

R.R.TAN AND ASSOCIATES, CPAs

By:  **DOMINGO A. DAZA, JR.**

Partner

CPA Certificate No. 0109993

Tax Identification No. 203-917-449

PTR No. 0409887, January 17, 2015, Pasig City

SEC Accreditation No. 1088-AR-1,

Valid until March 25, 2017

BIR Accreditation No. 07-000124-1-2013,

Valid until October 3, 2016

April 8, 2015
Pasig City

Transpacific Broadband Group International, Inc.
Index to Supplementary Schedules
Under SEC Rule 68, As Amended (2011)

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Transpacific Broadband Group International, Inc.
Schedule I - Tabular Schedule of All Effective Standards and
Interpretations Pursuant to SRC Rule 68, as Amended
December 31, 2014

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND Effective as of December 31, 2013		Adopted	Not adopted	Not applicable
Framework for the Preparation and Presentation of Financial Statements		x		
Conceptual Framework Phase A: Objectives and qualitative characteristics				
PFRS's Practice Statement Management Commentary		x		
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First time adoption of Philippine Financial Reporting Standards			x
	Amendments to PFRS 1 and PAS 27: Cost of an investment in a Subsidiary; Jointly Controlled entity or Associate			x
	Amendments to PFRS 1: Additional exemptions for First Time Adopters			x
	Amendments to PFRS 1: Limited exemptions from Comparative PFRS 7 Disclosures for First Time Adopters			x
	Amendments to PFRS 1: Severe Hyperinflation and removal of Fixed Date for First Time Adopters			x
	Amendments to PFRS 1: Government Loans			x
PFRS 2	Share - Based Payment	x		
	Amendments to PFRS 2: Vesting Conditions and Cancellations			x
	Amendments to PFRS 2: Group Cash - settled Share - Based payment Transactions			x
PFRS 3 (Revised)	Business Combinations			x
PFRS 4	Insurance Contracts			x
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
PFRS 5	Non-current assets held for sale and discontinued operations			x
PFRS 6	Exploration for and Evaluation of Mineral Resources			x
PFRS 7	Financial Instruments: Disclosures	x		
	Amendments to PFRS 7: Transition	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to PFRS 7: Improving Disclosures about financial instruments	x		
	Amendments to PFRS 7: Disclosures - Transfers of Financial assets	x		
	Amendments to PFRS 7: Disclosures - Offsetting financial assets and financial liabilities			x
	Amendments to PFRS 7: mandatory effective date of PFRS 9 and transition disclosures	Not early adopted		
PFRS 8	Operating segments			x
PFRS 9	Financial Instruments	x		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial statements			x
PFRS 11	Joint Arrangements			x
PFRS 12	Disclosure of Interest in Other Entities	x		
PFRS 13	Fair Value Measurement	x		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS		Adopted	Not adopted	Not applicable
Effective as of December 31, 2013				
Philippine Accounting Standards				
PAS 1	Presentation of Financial Statements	x		
(Revised)	Amendment to PAS 1: Capital Disclosures	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendments to PAS 32 and PAS 1: Presentation of items of Other Comprehensive Income	x		
PAS 2	Inventories	x		
PAS 7	Statement of Cash flows	x		
PAS 8	Accounting Policies, Changes in Accounting estimates and errors	x		
PAS 10	Events after the Balance Sheet Date	x		
PAS 11	Construction Contracts			x
PAS 12	Income Taxes	x		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	x		
PAS 16	Property, Plant and Equipment	x		
PAS 17	Leases	x		
PAS 18	Revenue	x		
PAS 19	Employee benefits			x
	Amendments to PAS 19: Actuarial Gains and Losses; Group plans and disclosures			x
PAS 19	Employee benefits	x		
(Amended)	Employee benefits: Employee Contributions	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			x
PAS 21	The effects of changes in Foreign Exchange rates	x		
	Amendment: Net investment in a Foreign Operation			x
PAS 23	Borrowing Costs	x		
(Revised)				
PAS 24	Related Party disclosures	x		
(Revised)				
PAS 26	Accounting and Reporting by Retirement benefit plans			x
PAS 27	Separate Financial Statements			x
(Revised)				
PAS 28	Investment in Associates			x
PAS 28		x		
(Amended)	Investment in Associates and Joint Ventures			
PAS 29	Financial Reporting in Hyperinflationary Economies			x
PAS 31	Interest in Joint Ventures			x
PAS 32	Financial Instruments: Disclosure and Presentation	x		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			x
	Amendment to PAS 32: Classification of Rights issues			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	Not early adopted		
PAS 33	Earnings per share	x		
PAS 34	Interim Financial Reporting			x
PAS 36	Impairment of Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND Effective as of December 31, 2013		Adopted	Not adopted	Not applicable
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PAS 39	Financial Instruments: Recognition and Measurement	x		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	x		
	AmendmentS TO pas 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			x
	Amendments to PAS 39: The Fair Value Option	x		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			x
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	x		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	x		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			x
	Amendment to PAS 39: Eligible Hedged Items			x
PAS 40	Investment Property	x		
PAS 41	Agriculture			x

Philippine Interpretations				
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IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			x
IFRIC 2	Member's share in Co-operative entities and Similar Instruments			x
IFRIC 4	Determining whether an Arrangement contains a Lease			x
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			x
IFRIC 6	Liabilities Arising from Participating in a Specific Market-Waste Electrical and Electronic Component			x
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting under Hyperinflationary Economies			x
IFRIC 8	Scope of PFRS 2			x
IFRIC 9	Reassessment of Embedded Derivatives			x
	Amendments to Philippine Interpretations IFRIC-9 and PAS 39: Embedded Derivatives			x
IFRIC 10	Interim Financial Reporting and Impairment			x
IFRIC 11	PFRS 2-Group and Treasury share transactions			x
IFRIC 12	Service Concession Arrangements			x
IFRIC 13	Customer Loyalty Programmes			x
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirement and Their Interaction			x
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement			x
IFRIC 16	Hedges of a Net Investment in Foreign Operation			x
IFRIC 17	Distribution of Non Cash Assets to Owners			x
IFRIC 18	Transfers of Assets from Customers			x
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			x
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			x
IFRIC 21	Levies			x
SIC - 7	Introduction of the Euro			x
SIC - 10	Government Assistance - No specific relation to Operating Activities			x
	Consolidation - Special purpose entities			x
SIC - 12	Amendment to SIC - 12: Scope of SIC - 12			x
	Jointly Controlled Entities - Non Monetary Contributions by Venturers			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND		Adopted	Not adopted	Not applicable
Effective as of December 31, 2013				
SIC - 15	Operating Leases - Incentives	x		
SIC - 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	x		
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			x
SIC - 27	Evaluating the Substance of Transactions Involving the Legal form of a Lease			x
SIC - 29	Service Concession Arrangements - Disclosures			x
SIC - 31	Revenue - Barter Transactions Involving Advertising Services			x
SIC - 32	Intangible Assets - Web Site Costs			x

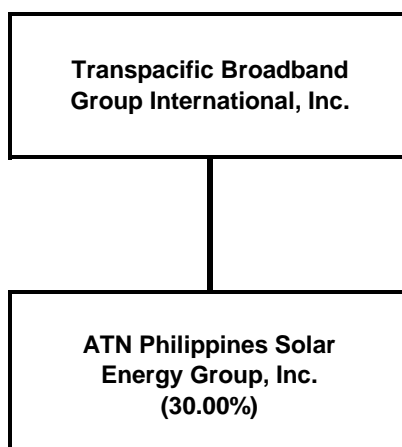
Transpacific Broadband Group International, Inc.
Schedule II - Financial Soundness
Pursuant to SRC Rule 68, As Amended

	2013	2013
A. Current/liquidity ratios		
Current ratio	33.46	45.01
Quick ratio	31.17	41.52
Cash ratio	13.69	20.38
B. Solvency ratio/Debt-to-equity ratio		
Solvency ratio	2.39	2.18
Debt-to-Equity ratio	0.20	0.02
C. Asset-to-Equity ratios	1.20	1.02
D. Interest rate coverage ratio	(12.48)	(4.11)
E. Profitability ratios		
Net profit margin analysis	-6.92%	-1.62%
Return on assets	-0.66%	-0.17%
Return on equity	-0.74%	-0.07%
Return on capital employed	-0.66%	-0.17%

Transpacific Broadband Group International, Inc.
Schedule III - Retained Earnings Available for Dividend Declaration
December 31, 2014

Retained Earnings as at December 31, 2013	P	43,327,608
Adjustments:		<u>-</u>
Retained Earnings as at December 31, 2013, as adjusted	P	43,327,608
Net loss during the period closed to Retained Earnings		<u>(6,951,035)</u>
Less: Non-actual/unrealized income net of tax		-
Equity in net income of associate/joint venture		-
Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents)		238,735
Unrealized actuarial gain		-
Fair value adjustment (mark-to-market gains)		-
Fair value adjustment of investment property resulting to gain		-
Recognized deferred tax asset that increased the net income		294,201
Adjustment due to deviation from PFRS/GAAP - gain		-
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS		-
Subtotal		<u>532,936</u>
Add: Non-actual losses		-
Depreciation on revaluation increment (after tax)		2,224,814
Unrealized actuarial loss		-
Fair value adjustment (mark-to-market losses)		-
Adjustment due to deviation from PFRS/GAAP - loss		-
Loss on fair value adjustment of investment property (after tax)		4,699,624
Subtotal		<u>6,924,438</u>
Net income actually earned during the period		<u>(559,533)</u>
Add(less):		
Dividend declarations during the period		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Deemed cost adjustment on investment property		-
Treasury shares		437,800
Subtotal		<u>(437,800)</u>
Retained Earnings as at December 31, 2014	P	<u><u>42,330,275</u></u>

Transpacific Broadband Group International, Inc.
Schedule IV - A map showing the relationship between and among the Company
and its ultimate Parent Company, subsidiaries and associates
Pursuant to Rule 68 as Amended
December 31, 2014



Transpacific Broadband Group International, Inc.
Schedule A - Marketable Securities
December 31, 2014

Name of Issuing entity and association of each issue	Number of share or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Bank of Singapore	Not applicable	P 11,617,700	P 11,617,700	P 540,038

Transpacific Broadband Group International, Inc.
Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and
Principal Stockholders (other than related parties)
December 31, 2014

Name and designation of Debtor	Balance at beginning of period	Additions	Amounts collected/ liquidated	Amounts written off	Current	Non current	Balance at end of period
HRH Prince Abdul Aziz - Director *	16,299,938	45,206	1,532,300	-	-	14,812,844	14,812,844
ATN Holdings Inc. - Related Party	1,062,074	-	-	-	-	1,062,074	1,062,074
Palladian Land Development Inc. - Related Party	4,773,465	2,564,573	3,800,000	-	-	3,538,038	3,538,038
	P 22,135,477	P 2,609,779	P 5,332,300	P -	P -	P 19,412,956	P 19,412,956

* - additions represent unrealized foreign exchange gain

Transpacific Broadband Group International, Inc.
Schedule D: Intangible Assets- Other assets
December 31, 2014

Description	Baginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending Balance
Franchise	P 6,142,405	P -	P 600,000	P -	P -	P 5,542,405

Transpacific Broadband Group International, Inc.
Schedule F: Long Term Debt
December 31, 2014

Title issue and type of obligation	Amount authorized by indenture	Amount shown under current portion of long term debt in related balance sheet	Amount shown under caption "Long term Debt" in the balance sheet
China Banking Corporation	\$ 118,000.00	-	P 5,264,806.00

Transpacific Broadband Group International, Inc.
Schedule H: Share Capital
December 31, 2014

Title of issue	Number of Shares Authorized	Number of shares Issued and Outstanding as Shown Under Related Balance Sheet Caption	Number of Shares Reserved for Options Warrants, Conversion and Other Rights	Number of shares held by affiliates	Directors, Officers and Employees	Others
Share Capital	380,000,000	222,019,330	40,000,000	20,000,000	18,048,037	183,533,493

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 June 30, 2015
2. Commission identification no. AS095-006755 3.BIR Tax Identification No. 004-513-153
4. TRANSPACIFIC BROADBAND GROUP INT'L., INC.
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga
(Satellite Center)
8. Telephone No. (0632) 717-0523
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	222,019,330
11. These securities are 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.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

			(Unaudited) 30-Jun	(Audited) 31-Dec
	Notes		2015	2014
ASSETS				
Current Assets				
Cash and cash equivalents	4	P	3,415,683 P	4,148,114
Trade receivables	5		20,482,962	20,119,243
Short term investments	6		8,917,700	11,617,700
Other current assets	7		2,641,394	2,641,394
Total Current Assets			35,457,739	38,526,451
Noncurrent Assets				
Advances for projects	8		10,512,844	14,812,844
Property and equipment - net	9		128,779,764	136,684,686
Investment properties	10		45,287,800	45,287,800
Investment in an associate	11		109,746,079	110,163,576
Franchise - net	12		5,242,405	5,542,405
Deferred tax asset - net			800,188	743,574
Other non-current assets	13		6,308,281	9,855,616
			306,677,360	323,090,501
		P	342,135,099 P	361,616,952
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	14	P	1,020,797 P	1,083,172
Income tax payable			62,591	68,101
Total Current Liabilities			1,083,388	1,151,273
Noncurrent Liabilities				
Bank loans	15		5,264,806	5,264,806
Pension liability			1,225,341	1,225,341
Subscription payable			35,250,000	54,250,000
Total Noncurrent Liabilities			41,740,147	60,740,147
Total Liabilities			42,823,534	61,891,420
Equity				
Share capital			222,019,330	222,019,330
Share premium			29,428,022	29,428,022
Share option outstanding			8,921,814	8,921,814
Revaluation increment on property and equipment			0	1,075,684
Retained earnings			39,380,199	38,718,482
Treasury shares			(437,800)	(437,800)
Total Stockholders' Equity			299,311,565	299,725,532
		P	342,135,099 P	361,616,952

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ending		Six (6) month ending	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
REVENUES				
Service income	9,033,437	8,062,650 P	17,013,764 P	16,481,435
Other Income	575,776	465,633	1,221,150	847,102
	9,609,213	8,528,283	18,234,914	17,328,537
COST AND EXPENSES				
Direct cost	8,905,793	7,873,601	17,255,497	16,600,189
Administrative expenses	520,528	290,000	851,205	642,704
Finance costs - net	37,325	39,186	75,712	79,763
	9,463,646	8,202,787	18,182,414	17,322,656
INCOME (LOSS) FROM OPERATION	145,568	325,496	52,501	5,881
EQUITY IN NET LOSS OF AN ASSOCIATE	61,214	404,044	417,497	404,044
PROFIT (LOSS) BEFORE INCOME TAX	84,354	(78,548)	(364,996)	(398,163)
INCOME TAX EXPENSE	62,590	21,664	105,586	54,536
PROFIT (LOSS) FOR THE PERIOD	21,764	(100,212)	(470,582)	(452,699)
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME (LOSS)	21,764	(100,212) P	(470,582) P	(452,699)
EARNINGS PER SHARE			(0.0021)	(0.0020)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CHANGES IN EQUITY

Six (6) month ending

30-Jun-15 30-Jun-14

SHARE CAPITAL	P	222,019,330	P	222,019,330
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SHARE PREMIUMS		29,428,022		29,428,022
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SHARE OPTIONS OUTSTANDING

Balance, January 1		8,921,814		8,921,814
Options granted		-		-
Balance, June 30		8,921,814		8,921,814

**REVALUATION INCREMENT ON PROPERTY AND
AND EQUIPMENT - NET OF TAX**

Balance, January 1		1,075,684		3,300,498
Revaluation increment absorbed through depreciation		(1,075,684)		(1,112,407)
Balance, June 30		0		2,188,091

RETAINED EARNINGS (DEFICIT)

Balance, January 1		38,718,482		43,327,608
Revaluation increment absorbed through depreciation		1,132,299		1,170,955
Prior year adjustment		-		(292,770)
Profit (loss)		(470,582)		(452,699)
Balance, June 30		39,380,199		43,753,094

TREASURY SHARES		(437,800)		(437,800)
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	P	299,311,565	P	305,872,551
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See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CASH FLOWS

	Quarter ending		Six (6) month ending	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) profit before income tax	P (21,232)	P 447,533	P (470,582)	P (452,699)
Adjustments for:				
Depreciation and amortization	3,952,461	3,916,516	7,904,922	7,976,824
Amortization of franchise	150,000	150,000	300,000	300,000
Equity in net loss of an associate	61,214	-	417,497	404,044
Interest expense	39,752	126,330	78,139	79,763
Interest income	(865)	(151)	(2,427)	(1,861)
Operating income before working capital changes	4,181,330	4,640,228	8,227,549	8,306,071
Decrease (increase) in Operating Assets:				
Trade receivables	(4,458,346)	(4,233,290)	(363,719)	(9,223,082)
Other current assets	(0)	(17,638)	(0)	45,000
Decrease (increase) in Other non-current assets	(107,862)	(1,738,038)	3,547,335	(2,315,901)
Increase/(decrease) in Operating liabilities				
Accounts payable and accrued expenses	922	276,704	(62,375)	(83,082)
Income taxes payable	62,590.59	(45,698)	(5,510)	(45,698)
Net Cash Provided by/(Used in) Operating Activities	(321,365)	(1,117,732)	11,343,280	(3,316,692)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from short term investment	-	-	2,700,000	-
Excess from Advances for projects	-	-	4,300,000	-
Investment in an associates	-	-	0	(2,000,000)
Payment of subscription	-	-	(19,000,000)	-
Interest received	865	151	2,427	1,861
Net Cash Used in Investing Activities	865	151	(11,997,573)	(1,998,139)
CASH FLOWS FROM FINANCING ACTIVITIES				
Debt servicing:				
Principal	72,942	(35,931)	-	(108,873)
Interest	(39,752)	(126,330)	(78,139)	(79,763)
Net Cash Provided by(used in) Financing Activities	33,190	(162,261)	(78,139)	(188,636)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>(287,310)</u>	<u>(1,279,842)</u>	(732,432)	(5,503,467)
CASH AT THE BEGINNING OF THE YEAR			4,148,114	8,598,863
CASH AT END OF YEAR			P 3,415,683	P 3,095,396

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1. Corporate Information

Transpacific Broadband Group International, Inc. (TBGI or the Company), a corporation duly organized and existing under the laws of Republic of the Philippines, was incorporated and registered with Securities and Exchange Commission ("SEC") on July 14, 1995, primarily to engage in the business of public commercial radio, terrestrial, cable, and satellite broadcast. The Company is 9.57% owned by Unipage Management Inc.

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communications systems for the reception and transmission of messages within the Philippines. It also has an approved Provisional Authority to transmit radio signals to satellites granted by the National Telecommunications Commission (NTC) on April 7, 1999.

In 2007, the Company received from NTC its Certificate of Registration as a value added services provider and offer Voice Over Internet Protocol (VOIP) service. In the same year, it was granted Frequency Supportability, also by NTC.

The Company is a duly registered Clark Special Economic Zone (CSEZ) enterprise and has committed to operate, manage, and maintain a satellite earth station with broadcast production and postproduction facilities and other related activities, located at Clark Field, Philippines. Pursuant to its registration with CSEZ, the Company is subject to a special tax rate of 5% on gross income.

The Company's registered office address is 9th Floor, Summit One Tower, 530 Shaw Boulevard, Mandaluyong City. Its satellite center is located at Bldg. 1751, Chico St., Clark Special Economic Zone, Angeles City, Pampanga.

2. Basis of Preparation and Presentation

Basis of Financial Statement Preparation and Presentation

The financial statements have been prepared on a historical cost basis except for certain property and equipment that are carried at revalued amounts.

The financial statements are presented in Philippine Peso, the Company's functional currency.

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Cash and Cash Equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Trade Receivables

Trade receivables are recognized initially at the transaction price. They are subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence

that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Financial Instruments

Date of Recognition

Financial assets and financial liabilities are recognized in the statements of financial position of the Company when it becomes a party to the contractual provisions of the instrument.

Initial Recognition

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets and financial liabilities at FVPL, the initial measurement of financial instruments includes transaction costs.

Determination of Fair Value

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable prices exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and fair value in the statements of income unless it qualifies for recognition as some other type of asset.

Classification of Financial Instruments

The Company classifies financial assets into the following categories, (i) At fair value through profit or loss (FVPL), (ii) Available-for-sale, (iii) Held-to-maturity and (iv) Loans and receivable. The Company classifies its financial liabilities into financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired or liabilities incurred and whether they are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

(i) Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

A financial assets and financial liabilities are classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- It is part of an identified portfolio of financial instruments that the Company manages together and has recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets that is managed and its performance is evaluated on a fair value basis.
- It forms part of a contract containing one or more embedded derivatives.

As of June 30, 2015 and December 31, 2014, there are no financial assets under this category.

(ii) Available-for-sale (AFS)

AFS are non-derivative financial assets that are either designated on this category or not classified in any of the other categories. Subsequent to initial recognition, AFS assets are carried at fair value in the statement of financial position. Changes in the fair value are recognized directly in equity account as "*Revaluation reserve on AFS financial assets*". Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in equity is included in profit or loss for the period.

As of June 30, 2015 and December 31, 2014, there are no financial assets under this category.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate.

Included under this category are the company's cash and cash equivalents, trade receivables, security deposits and other receivables.

(iv) Held-to-maturity (HTM)

HTM investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Company has the positive intention and ability to hold to maturity. After initial measurement, HTM assets are carried at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Any changes to the carrying amount of the investment are recognized in statements of income.

As of June 30, 2015 and December 31, 2014, there are no financial assets under this category.

(v) Other Financial Liabilities

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the effective interest rate. Any effects of restatement of foreign currency-denominated liabilities are recognized in the statements of income.

Included under this category are accounts payable and accrued expenses and long term loans payable.

Reclassification of Financial Assets

A financial asset is reclassified out of the FVPL category when the following conditions are met (i) the financial asset is no longer held for the purpose of selling or repurchasing it in the near term; and (ii) there is a rare situation.

A financial asset that is reclassified out of the FVPL category is reclassified at its fair value on the date of reclassification. Any gain or loss already recognized in the statements of income is not reversed. The fair value of the financial asset on the date of reclassification becomes its new cost or amortized cost, as applicable.

Impairment

Financial Assets

The Company assesses at each end of the reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) *Assets carried at amortized cost*

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The amount of the loss is recognized in the profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed.

Any subsequent reversal of an impairment loss is recognized in the profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

(ii) *Assets carried at cost*

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) *Available-for-sale financial assets*

Available-for-sale financial assets are subject to impairment review at each end of the reporting period. Impairment loss is recognized when there is objective evidence such as significant financial difficulty of the issuer/obligor, significant or prolonged decline in market prices and adverse economic indicators that the recoverable amount of an asset is below its carrying amount.

Non-Financial Assets

The Company's property and equipment are subject to impairment testing. All other individual assets' or cash generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is recognized for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less cost to sell and value in use, based on an internal discounted cash flow evaluation. Impairment loss is charged pro-rata to the other assets in the cash generating unit.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Derecognition of Financial Instruments

Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party.
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred the control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Prepaid Expenses

Prepaid expenses are measured at amounts paid and subsequently recognized as expense over which the prepayments apply.

Spare Parts Inventory

Spare parts inventory is stated at lower of cost or net realizable value (NRV). Cost is determined using the first-in first-out method. NRV is the selling price less the estimated cost to sell.

Property and Equipment

Transportation equipment, furniture, and fixtures are carried at cost less accumulated depreciation and impairment in value, if any. Buildings and improvements, uplink/data equipment and leasehold improvements are carried at revalued amounts less accumulated depreciation and impairment losses, if any. Appraisal was made by an independent firm appraiser with sufficient regularity to ensure that the carrying amounts of these assets do not differ materially from their fair values. Subsequent acquisitions are stated at cost less accumulated depreciation and impairment losses, if any.

Any increase in revaluation is credited to the "Revaluation Increment" account shown under equity unless it offsets a previous decrease in value of the same asset recognized in the statements of income. A decrease in value is recognized in profit or loss where it exceeds the increase previously recognized in the "Revaluation Increment" account. The amount of revaluation increment absorbed through depreciation is transferred from revaluation increment to retained earnings. Upon disposal of the asset, the related revaluation increment is transferred to retained earnings and is taken into account in arriving at the gain or loss on disposal.

The initial cost of property and equipment consist of its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the properties have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Building and improvements	20 years
Uplink/data equipment	10-20 years
Furniture and fixtures	10 years
Transportation equipment	5 years
Lease improvements	10 years or lease term whichever is shorter

An asset's residual value, useful life, and depreciation method are reviewed periodically to ensure that the period, residual value, and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold, retired, or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

When the carrying amount of an asset is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount. Fully depreciated assets are retained in the accounts until they are no longer in use.

Investment Properties

Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the company.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The Company reviews these valuations annually. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value.

Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn or sold and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Investment in Associate

An associate is an entity in which the investor has a significant influence and which is neither a subsidiary nor a joint venture.

Investment in associate is accounted for using the equity method of accounting and initially recognized at cost, and is subsequently adjusted to reflect the investor's share of the net profit or loss of the associate.

Franchise

Franchise, which consists of directly attributable expenses, is carried at cost less accumulated amortization.

Franchise is amortized over its term of 25 years. When the carrying amount of the franchise is greater than its estimated recoverable amount, the cost is written down immediately to its recoverable amount.

Franchise is derecognized either upon disposal or the right to use expired.

Deposits

Deposits are recognized at cost and are expected to be settled upon the expiration of the contract.

Equity

Share capital is determined using the par value of shares that have been issued.

Share premium represents the excess of the par value over the subscription price.

Retained earnings include all current and prior period results as disclosed in the Statements of Income.

Revaluation increment represents appraisal increase on revaluation of certain property and equipment.

Share options is measured based on the fair value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

Treasury shares are recorded at cost, which is equal to the cash payment or for noncash consideration. It is shown in the statements of financial position as a deduction from the equity.

Revenue and Costs Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Subscription fees

Revenues from uplink services and bandwidth subscriptions are recognized when services are rendered and billed. Related costs and expenses are recorded as incurred.

Rent income

Rent income is recognized on a straight line basis over the lease term.

Interest income

Interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.

Dividend income

Dividend income is recognized when the right to receive dividends is established.

Income Taxes

Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the end of reporting period.

Deferred tax asset is recognized for all temporary differences that are expected to reduce taxable profit in the future, and for the carry forward of unused tax losses and unused tax credits. Deferred tax liability is recognized for all temporary differences that are expected to increase the taxable profit in the future. Deferred tax assets and liabilities are measured using the tax rates and loss substantively enacted at the end of the reporting period.

The carrying amount of deferred tax asset is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statements of income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Employee Benefits

(i) Retirement Benefit Cost

The Company provides for estimated retirement benefits costs required to be paid under RA 7641 to qualifying employees. The cost of defined retirement benefits, including those mandated under RA 7641 is determined using the accrued benefits valuation method or projected benefit valuation method. Both methods require an actuarial valuation which the Company has not undertaken. Management believes, however, that the effect on the financial statements of the difference between the retirement cost determined under the current method used by the Company and an acceptable actuarial valuation method is not significant.

(ii) Compensated absences

Compensated absences are recognized for the number of paid leaves days (including holiday entitlement) remaining at reporting date. They are included as part of Accounts payable and accrued expenses account at the undiscounted amount the Company expects to pay as a result of the unused entitlement.

Leases

Leases where the lessor retains substantially all the risk and benefits of ownership of the asset are classified as operating lease. Operating lease payments are recognized as expense on a straight line basis over the lease term.

Finance lease, which transfer to the company substantially all the risks and benefits incidental to the ownership of the leased asset, are capitalized at the lower of fair value of the leased asset or the present value of the minimum lease payments at the inception of the lease. Lease payments are apportioned between the finance charges and reduction of the lease liability. Finance charges are recognized in the statements of income.

Foreign Currency Transactions and Translations

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (*the functional currency*). The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of income.

Related Party Transactions

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

Provisions

Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at end of reporting period, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in

settlement is determined by considering the class of obligation as a whole. In addition, long term provisions are discounted at their present values, where time value of money is material.

Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events after End of reporting period

Post year-end events that provide additional information about the Company's position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Earnings (Loss) Per Share

Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

4. Changes in Accounting Standards

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2014

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amendments to PFRS effective beginning January 1, 2014. The adoption however did not result to any material changes in the financial statements.

PAS 32, Financial Instruments: Presentation - Offsetting of Financial Assets and Financial Liabilities

These amendments to PAS 32 clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. While the amendment does not have any impact on the net assets of the Company, any changes in offsetting is expected to impact leverage ratios and regulatory capital requirements. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014. The amendment does not have any material impact on the Company's financial position and performance.

Amendments to PAS 36, Impairment of Assets

The amendment requires the following disclosure if the recoverable amount is fair value less costs of disposal:

- the level of the fair value hierarchy (from PFRS 13 *Fair Value Measurement*) within which the fair value measurement is categorized;
- the valuation techniques used to measure fair value less costs of disposal and
- the key assumptions used in the measurement of fair value measurements categorized within 'Level 2' and 'Level 3' of the fair value hierarchy if recoverable amount is fair value less costs of disposal.

The amendments to PAS 36 are effective for annual periods beginning on or after January 1, 2014. The adoption of the standard affects disclosures only and does not affect the financial position and performance of the Company.

Amendments to PFRS 10, PFRS 12 and PAS 27, *Investment Entities* (effective for annual periods beginning on or after January 1, 2014)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments do not have material financial impact in the financial statements.

Philippine Interpretation IFRIC 21, *Levies* (effective for annual periods beginning on or after January 1, 2014)

IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that trigger payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The interpretation does not have material financial impact in the Company's financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2014

Standards issued but not yet effective up to date of issuance of the Company's financial statements are listed below. The listing consists of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt these standards when they become effective. The Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its financial statements.

Effective 2015

PAS 19, "Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19 Employee Benefits*)

The amendment clarifies that the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in that contribution, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered. These amendments are effective for annual periods beginning on or after 1 July 2014. The amendment will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS

The Annual Improvements to PFRS (2010 to 2012 cycle and 2011 to 2013) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. Earlier application is permitted.

Annual Improvements to PFRS (2010 to 2012 cycle)

PFRS 2, "Share-based Payments"

The amendment clarifies the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition'). The amendment does not apply to the Company.

PFRS 3, "Business Combinations"

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date. The amendment does not apply to the Company.

PFRS 8, "Operating Segments"

The amendment requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments. It also clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if

the segment assets are reported regularly. The adoption of the standard will affect disclosures only and will not affect the financial position and performance of the Company.

PFRS 13, "Fair Value Measurement"

The amendment clarifies that issuing PFRS 13 and amending PFRS 9 and PAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 16, "Property, Plant and Equipment"

The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The Company is currently assessing impact of the amendments to PAS 16.

PAS 24, "Related Party Disclosures"

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 38, "Intangible Assets"

The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The amendment will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS (2011 to 2013 cycle)

PFRS 1, "First-time Adoption of Philippine Financial Reporting Standards"

The amendment clarifies that an entity, in its first PFRS financial statements, has the choice between applying an existing and currently effective PFRS or applying early a new or revised PFRS that is not yet mandatorily effective, provided that the new or revised PFRS permits early application. An entity is required to apply the same version of the PFRS throughout the periods covered by those first PFRS financial statements. The amendment does not apply to the Company as it is not a first time adopter of PFRS.

PFRS 3, "Business Combinations"

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 13, "Fair Value Measurement"

The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 includes all contracts accounted for within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* or PFRS 9 *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32 *Financial Instruments: Presentation*. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

PAS 40, "Investment Property"

The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in PFRS 3 *Business Combinations* and investment property as defined in PAS 40 *Investment Property* requires the separate application of both standards independently of each other. The amendment will not have any significant impact on the Company's financial position or performance.

Effective 2016

PAS 1, "Presentation of Financial Statements" – Disclosure Initiative

The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgment in presenting their financial reports. They are effective for annual periods beginning on or after 1 January 2016, with earlier application being permitted. The

amendment will not have any significant impact on the Company's financial position or performance.

PAS 16, "Property, Plant and Equipment" and PAS 38, "Intangible Assets" – Clarification of Acceptable Methods of Depreciation and Amortization

The amendments provide additional guidance on how the depreciation and amortization of property, plant and equipment and intangible assets should be calculated. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 28, "Investment in Associates and Joint Ventures" and PFRS 10, "Consolidated Financial Statements" – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address a conflict between the requirements of PAS 28 and PFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 27, "Separate Financial Statements" – Equity Method in Separate Financial Statements

The amendments reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PAS 41, "Agriculture" – Agriculture: Bearer Plants

The amendments bring bearer plants, which are used solely to grow produce, into the scope of PAS 16 so that they are accounted for in the same way as property, plant and equipment. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any impact on the Company's financial position or performance.

PFRS 10, "Consolidated Financial Statements"; PFRS 12, "Disclosure of Interest in Other Entities" and PAS 28, "Investment in Associates and Joint Ventures" – Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities. They are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 11, "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations

The amendments clarify the accounting for acquisitions of an interest in a joint operation when the operation constitutes a business. The amendments are effective for annual periods beginning on or after January 1, 2016, with earlier application being permitted. The amendment will not have any significant impact on the Company's financial position or performance.

PFRS 14, "Regulatory Deferral Accounts"

This Standard is intended to allow entities that are first-time adopters of PFRS, and that currently recognize regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to PFRS. The Standard is intended to be a short-term, interim solution while the longer term rate-regulated activities project is undertaken by the IASB. The IASB has stated that by publishing this Standard, they are not anticipating the outcome of the comprehensive rate-regulated activities project which is in its early stages. The Standard is effective for annual periods beginning on or after January 1, 2016. The Standard will not have any significant impact on the Company's financial position or performance.

Annual Improvements to PFRS

The Annual Improvements to PFRS (2012 to 2014 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after January 1, 2016. Earlier application is permitted.

PFRS 5, "Non-current Assets Held for Sale and Discontinued Operations"

The amendment adds specific guidance in PFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued. The Company does not expect the amendments will have any significant impact on its financial position or performance.

PFRS 7, "Financial Instruments: Disclosures" (with consequential amendments to PFRS 1)

The amendment adds additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of determining the disclosures required. The amendment also clarifies the applicability of the amendments to PFRS 7 on off-setting disclosures to condensed interim financial statements. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

PAS 19, "Employee Benefits"

The amendment clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid (thus, the depth of the market for high quality corporate bonds should be assessed at currency level). The amendment will not have any significant impact on the Company's financial position or performance.

PAS 34, "Interim Financial Reporting"

The amendment clarifies the meaning of 'elsewhere in the interim report' and requires a cross-reference. The amendments will affect disclosures only and will have no impact on the Company's financial position or performance.

Effective 2017

PFRS 15, "Revenue from Contracts with Customers"

PFRS 15 specifies how and when a PFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes PAS 18 'Revenue', PAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all PFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. This Standard is effective for financial statements for periods beginning on or after January 1, 2017. The Standard will not have any significant impact on the Company's financial position or performance.

Effective 2018

PFRS 9, "Financial Instruments"

This version of PFRS 9 'Financial Instruments' brings together the classification and measurement, impairment and hedge accounting phases of the IASB's project to replace PAS 39 'Financial Instruments: Recognition and Measurement'. This version also adds a new expected loss impairment model and limited amendments to classification and measurement for financial assets. The Standard supersedes all previous versions of IFRS 9 and is effective for periods beginning on or after January 1, 2018. The Company will assess the impact of this standard to its financial position and performance.

5. Summary of Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Judgments

The following judgments were applied which have the most significant effect on the amounts recognized in the financial statements.

Determination of functional currency

The Company has determined that its functional currency is the Philippine peso which is the currency of the primary economic environment in which the Company operates.

Classification of leases

Judgment is exercise in determining whether substantially all the significant risk and rewards of ownership of the leased asset is transferred to the Company. Leases where the lessor transfer all the risk and rewards incidental to the ownership of the leased asset are taken up as finance leases. Leases where the lessor retains all the risk and rewards to assets are taken up as operating leases.

(ii) Estimates

The key assumptions concerning the future and other key sources of estimation of uncertainty at end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating Allowance for probable losses on receivables

The Company estimates the allowance for probable losses related to its trade receivable based on assessment of specific accounts when the Company has information that certain customers are unable to meet their financial obligation. In these cases, management uses the best available facts and circumstances including but not limited to third party credit reports and known market factors.

No provision for probable losses on trade receivables is recognized during 2014.

Estimating Useful Lives of Property and Equipment

The Company reviews annually the estimated useful lives of property and equipment, based on the period on which the assets are expected to be available for use. It is possible that future results of operation could be materially affected by changes in these estimates. A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

During the year, the Company assessed that fully depreciated items of transportation equipment have aggregate recoverable value amounting to P1 million when retired and/or sold to interested party. Accordingly, same amount was reversed from accumulated depreciation of property and equipment. The assessment was based on sales and listings of comparable items of the same type and condition.

The carrying value of property and equipment as at June 30, 2015 and December 31, 2014 amounted to P128,779,764 and P136,684,686, respectively.

Deferred tax assets

The Company reviews the carrying amounts of deferred tax asset at each end of reporting period and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Estimating Retirement Benefits

The determination of the Company's obligation and cost for retirement and other retirement benefits which is based on RA 7641 is dependent on the length of stay of the qualifying employees and reaching the age of 60 upon retirement. Annually, retirement benefits are computed based on existing employees and there is no assurance that the employee will still be with the Company at the age of retirement.

Retirement benefit cost recognized in the financial statements amounted to P123,227 in 2014.

Determining fair value of financial assets and liabilities

The Company measures fair value of its assets and liabilities in a manner disclosed in Note 6.

Impairment of financial assets

The company follows the guidance of PAS 39 on determining when the investment is other than temporarily impaired. This determination requires significant judgment. In making this

judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of non-financial asset

The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

As at June 30, 2015 and December 31, 2014, management believes that no provision for impairment losses is necessary.

Measurement of stock options

The compensation resulting from stock options is measured based on the fair market value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

During 2010, the TBGI Remuneration Committee met to discuss the request of the Chief Financial Officer to indefinitely defer the Stock Option plan for the CEO. The Stock Options Plan for the CEO may be restored only upon the recommendation of the Remuneration Committee and subject to the approval of the Board of Directors.

As at June 30, 2015, share options outstanding amounted to P8,921,814.

6. Fair Value Measurement

The fair value for instruments traded in active market at the reporting date is based on their quoted market price. For all other financial instruments not listed in an active market, the fair value is determined by using appropriate techniques or comparison to similar instruments for which market observable price exists.

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instruments or based on a valuation technique, the Company recognizes the difference between the transaction price and the fair value in the statements of income unless it qualifies for recognition as some other type of asset.

The company measures fair value of assets and liabilities using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1

Included in the Level 1 category are assets and liabilities that are measured in whole or in part by reference to published quotes in an active market. An asset or liability is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The table below analyzes assets and liabilities measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized.

<i>June 30, 2015</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	3,415,683	-	-	3,415,683
Trade receivables	20,482,962	-	-	20,482,962
Short term investments	-	8,917,700	-	8,917,700
Other current assets	-	2,641,394	-	2,641,394
Advances for projects	10,512,844	-	-	10,512,844
Property and equipment	-	128,779,764	-	128,779,764
Investment properties	-	45,287,800	-	45,287,800
Other non-current assets	6,308,281	-	-	6,308,281
Accounts payable and accrued expenses	-	(1,020,797)	-	(1,020,797)
Bank loans	(5,264,806)	-	-	(5,264,806)

<i>December 31, 2014</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	4,148,114	-	-	4,148,114
Trade receivables	20,119,243	-	-	20,119,243
Short term investments	-	11,617,700	-	11,617,700
Other current assets	-	2,641,394	-	2,641,394
Advances for projects	14,812,844	-	-	14,812,844
Property and equipment	-	136,684,686	-	136,684,686
Investment properties	-	45,287,800	-	45,287,800
Other non-current assets	9,855,616	-	-	9,855,616
Accounts payable and accrued expenses	-	(1,083,172)	-	(1,083,172)
Interest-bearing liabilities	(6,264,806)	-	-	(6,264,806)

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments, receivables, prepayments and other financial liabilities* – the fair values are approximately the carrying amounts at initial recognition due to their short-term nature.
- *Property and equipment*– fair value was based on appraiser's report. It is estimated using Market Data Approach, which is based on sales and listings of comparable property registered within the vicinity that considered factors such as locations, size and shape of the properties.
- *Investment properties* – the valuation approach used in the independent appraiser's report was Sales Comparison Approach, which estimates the value of asset by comparing similar or substitute properties and related market data.

7. Financial Risk Management Objectives and Policies

Financial Risk

The Company's activities expose it to a variety of financial risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below:

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties, and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The table below shows the gross maximum exposure to credit risk of the Company as at June 30, 2015 and December 31, 2014.

	Gross Maximum Exposure	
	Jun-15	Dec-14
Cash and cash equivalents	3,415,683	4,148,114
Trade receivables	20,482,962	20,119,243
Advances for projects	10,512,844	14,812,844
Other non-current assets	6,308,281	9,855,616
	<u>39,375,234</u>	<u>48,935,817</u>

The credit risk on cash and cash equivalents are limited since funds are invested in financial institutions with high credit ratings.

Trade receivables are accounts with CBCP World Corporation and Peachtree Investment Ltd. where appropriate trade relations have been established including billings and collections processes.

Advances for projects amounting to P10.5 million in June 30, 2015 and P14.8 million on December 2014 are secured by a pledge of shares of certain officer covering 10,756,429 shares of the Company's common shares with a fair value of P18,823,750 (see Note 12).

Other non-current assets are receivables from affiliated companies. These advances do not bear interest and have no fixed repayment period.

Credit quality of the Company's assets as at June 30, 2015 and December 31, 2014 s as follows:

	June 30, 2015				
	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	3,415,683	-	-	-	3,415,583
Trade receivables	-	3,196,820	17,286,142	6,955,358	27,438,320
Advances for projects	-	-	10,512,844	-	10,512,844
Other non-current assets	-	-	6,308,281	-	6,308,281
	<u>3,415,683</u>	<u>3,198,820</u>	<u>34,107,268</u>	<u>6,955,358</u>	<u>47,675,127</u>

	December 31, 2014				
	Neither past due nor impaired		Past due but not impaired	Past due and impaired	Total
	High grade	Standard grade			
Cash and cash equivalents	4,148,114	-	-	-	4,148,114
Trade receivables	-	4,536,651	15,582,592	6,955,358	27,074,601
Advances for projects	-	-	14,812,844	-	14,812,844
Other non-current assets	-	-	5,055,616	-	5,055,616
	<u>4,148,114</u>	<u>4,536,651</u>	<u>35,461,052</u>	<u>6,955,358</u>	<u>51,091,175</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.

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.

The aging analysis of past due but not impaired receivables is as follows:

	June 30, 2015			
	Trade	Advances for projects	Other non Current Assets	Total
61-90 days past due	5,577,288	-	-	5,877,288
Over 90 days	11,408,853	10,512,844	6,308,281	28,229,978
	<u>17,286,142</u>	<u>10,512,844</u>	<u>6,308,281</u>	<u>34,107,266</u>

31-Dec-14				
	Trade	Advances for projects	Other non Current Assets	Total
61-90 days past due	4,207,300	-	-	4,207,300
Over 90 days	11,375,292	14,812,844	5,055,616	31,243,752
	15,582,592	14,812,844	5,055,616	35,451,052

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. Either liquidity risk may result from the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

The Company manages its liquidity profile to (i) ensure that adequate funding is available at all times; (ii) meet commitments as they arise without incurring unnecessary costs; (iii) to be able to access funding when needed at the least possible cost, and (iv) maintain an adequate time spread of financing maturities.

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2015 and December 31, 2014.

June 30, 2015					
	<1 month	>1 month & <3 months	>3 months & < 1 year	>1 year & <3 years	Total
Accounts payable and accrued expenses	540,497	255,300	225,000		1,020,797
Interest-bearing liabilities				5,264,806	5,264,806
	540,497	255,300	225,000	5,264,806	6,285,603

December 31, 2014					
	<1 month	>1 month & <3 months	>3 months & < 1 year	>1 year & <3 years	Total
Accounts payable and accrued expenses	414,274	243,898	425,000	-	1,083,172
Interest-bearing liabilities	-	-	-	5,264,806	5,264,806
	414,274	243,898	425,000	5,264,806	6,347,978

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

Market risk is the risk to an institution's financial condition from volatility in the price movements of the assets contained in a portfolio. Market risk represents what the Company would lose from price volatilities. Market risk can be measured as the potential gain or loss in a position or portfolio that is associated with a price movement of a given probability over a specified time horizon.

i. Currency risk

The Company is exposed to foreign exchange risk arising from currency exposures primarily with respect to the US Dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the company's functional currency. Significant fluctuations in the exchanges rates could significantly affect the Company's financial position.

The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at reporting date are as follows:

	June 30, 2015		December 31, 2014	
	US Dollar	Peso	US Dollar	Peso
Cash and cash equivalents	\$ 4,463	199,166	\$ 1,818.00	81,109
Advances for projects	235,624	10,512,844	332,000	14,812,844
Bank loans	(118,000)	(5,264,806)	(118,000)	(5,264,806)
	\$ 122,087	5,447,204	\$ 215,818.00	9,629,147

The following table demonstrates the sensitivity to a reasonable change in the US\$ exchange rate, with all other variables held constant, the Company's income before tax for the period ended March 31, 2015 and year ended December 31, 2014.

Increase/decrease in Peso to US Dollar Rate	Effect on Income Before Taxes	
	June 30, 2015	31-Dec-14
+P5.00	269,773	1,079,090
-P5.00	(269,773)	(1,079,090)

There is no other impact on the Company's equity other than those affecting profit and loss.

ii. Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the Company to fair value interest risk.

The Company's interest risk policy requires it to manage interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments. The policy also requires it to manage the maturities of interest bearing financial assets. Interest on fixed interest rate instruments is priced at inception of the financial instrument and is fixed until maturity.

Exposure to interest rate risk is as follows:

	June 30, 2015		December 31, 2014	
	Principal	Interest rates	Principal	Interest rates
Foreign currency loans	5,264,806	1MLIBOR+2.5%	5,264,806	1MLIBOR+2.5%

The sensitivity analyses have been determined based on the exposure to interest rates for foreign currency loans that are subject to repricing. If interest rates had been 200 basis points higher/ lower and all other variables were held constant, the Company's profit before taxes would decrease/ increase by P105,296 in 2014 and P106,995 in 2013. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial assets.

Operational risk

Operational risk is the risk of loss from system failure, human error, fraud, or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risk but initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorization and reconciliation procedures, staff education, and assessment processes. Business risk such as changes in environment, technology, and industry are monitored through the Company's strategic planning and budgeting processes.

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the

Company may adjust the dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The capital structure of the Company consists of issued capital, additional paid-in capital, revaluation increment and retained earnings.

The financial ratio at the year-end, which is within the acceptable range of the Company, is as follows:

	June 30, 2015	December 31, 2014
Equity	299,311,565	299,725,532
Total assets	342,135,099	361,616,952
ratio	0.875	0.829

8. Cash and cash equivalents

As at June 30, 2015 and December 31, 2014, cash and cash equivalents represent cash on hand and cash in banks of P3,415,683 and P4,148,114, respectively.

Cash in bank represents current accounts and US dollar account that earn interests at prevailing bank interest rates.

9. Trade receivables

The composition of this account is as follows:

	June 30, 2015	December 31, 2014
Trade	P27,438,319.90	P27,074,601
Less: Allowance for doubtful accounts	6,955,358	6,955,358
	P20,482,961.90	P20,119,243

As of June 30, 2015 and Dec. 31, 2014, management believes that amounts are fully collectible and no provision for doubtful accounts is necessary.

10. Short-term investments

Short-term investments are foreign currency deposits earmarked for the acquisition of capital equipment to augment the Company's expansion plans.

These investments with carrying value of P8,917,700 as of June 30, 2015 and P11,617,700 as of December 31, 2014 earn interest ranging from 5% to 5.5% annually.

11. Other current assets

Other current assets consist of spare parts inventory of communication supplies and materials that are normally provided to customers in the delivery of services. Spare parts inventory amounting to P2.641 million are carried at cost which approximately its net realizable value.

12. Advances for projects

The funds amounting to P10.512 million as of June 30, 2015 and P14.812 million as of December 31, 2014 have been released to HRH to cover projects in the pipeline that HRH and the company are pursuing. The proposed projects have not been commenced and the funds remained unspent.

13. Investment in an Associate

Details of this account are as follows:

	June 30, 2015	December 31, 2014
ATN Phil's. Solar Energy Inc:		
Beginning of the year	P112,500,000	P30,000,000
Addition during the year	-	82,500,000
	112,500,000	112,500,000
Equity in net losses		
Beginning of the year	2,336,424	-
Addition during the year	417,497	2,336,424
	2,753,921	2,336,424
	P109,746,079	P110,163,576

14. Franchise-net

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communication systems for the reception and transmission of messages within the Philippines with a cost of P15M.

The movement in this account is as follows:

	June 30, 2015	December 31, 2014
Balance, January 1	P5,542,405	P6,142,405
Amortization	3000,000	600,000
	P5,242,405	P5,542,405

15. Other non-current assets

This account consists of:

	June 30, 2015	December 31, 2014
Advances to:		
ATN Holdings	P1,062,074	P1,062,074
Managed Care Phils. Inc.	115,226	-
Palladian Land Dev. Inc.	287,992	3,538,0137
Security deposit	455,505	455,505
Other assets	4,387,483	4,800,000
	P6,308,281	P9,855,616

Advances to PLDI and ATN Holdings generally consist of cash advances. The company, PLDI and ATN are all affiliated companies. The aforementioned receivables are not subject to interest and have no fixed repayment period.

Other asset represents communication device (Rohn Tower) received by the Company from a client in settlement for its outstanding receivable.

16. Property and equipment - net

The movements within this account as of June 30, 2015 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportation Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	23,893,402	P252,459,042	P14,675,284	P5,180,726	P19,145,709	P315,354,163
Additions						
Transfers/Sold						
Balance	23,893,402	252,459,042	14,675,284	5,180,726	19,145,709	315,354,163
Accumulated dep'n:						
Balance, January 1	17,114,739	139,197,994	10,658,924	1,997,710	9,700,110	178,669,477
Provisions	534,836	6,254,542	559,588	106,535	449,423	7,904,923
Balance	17,649,575	145,452,536	11,218,512	2,104,245	10,149,533	186,574,400
Net Book Value	P6,243,828	P107,006,507	P3,456,772	P3,076,482	P8,996,176	P128,779,764

The movements within this account as of December 31, 2014 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportatio n Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	P23,893,402	P251,599,388	P14,675,284	P5,180,726	P19,145,709	P314,494,509
Reclassification from Spare parts inventory		859,654				859,654
Additions						
Balance	23,893,402	252,459,042	14,675,284	5,180,726	19,145,709	315,354,163
Accumulated dep'n:						
Balance, January 1	16,045,068	126,688,911	10,539,753	1,784,641	8,801,264	147,905,993
Provisions	1,069,672	12,509,086	119,171	213,069	898,846	15,953,644
Balance	17,114,736	139,197,994	10,658,924	1,997,710	9,700,110	178,669,477
Net Book Value	P6,778,663	P113,261,048	P4,016,360	P3,183,016	P9,445,599	P136,684,686

Building and improvements, uplink equipment, leasehold improvements and data equipment were revalued on October 28, 2002 by a firm of independent appraisers at market prices. The net appraisal increment resulting from the revaluation is credited to the "Revaluation Increment" account shown under equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings. Management believes that fair value has not significantly changed since date of initial valuation.

17. Investment properties

As of June 30, 2015 and December 31, 2014, the breakdown of the Company's investment properties is shown below:

9F Condominium at Summit	P38,368,800
Land and Improvements in Cavite	6,919,000
	P45,287,800

The fair market value of the condominium units is based on the appraisal made by a firm of independent appraisers on March 4, 2014.

The fair market value of the land and improvement is based on the latest available appraisal made by a firm of independent appraisers on January 23, 2003. The assigned value was estimated using the Market Data Approach, which is based on sales and listing of comparable property registered within the vicinity that considered factors such as location, size and shape of the properties.

Portion of the condominium unit is rented out without incurring additional expense on the part of the Company. Rent income earned on investment properties amounted to P1,221,150 in June 2015, and P845,241 in June 2014.

18. Accounts payable and accrued expenses

This account consists of:

	June 30, 2015	December 31, 2014
Trade payables	P287,423	P243,897
Accruals	225,874	414,275
Security deposit	507,500	425,000
	<u>P1,020,797</u>	<u>P1,083,172</u>

Trade payables which include transponder lease and internet services are settled on a 1-3 months term. Accrued expenses are settled on a 30-day term. Other liabilities include statutory liabilities payable in subsequent month.

Deposits are amounts paid by clients as guarantee to agreements entered into by the Company. The amount is expected to be settled upon the termination of the contract.

19. Bank loans

This account consist of foreign currency loan with principal amount of P5,264,806 as of June 30, 2015 and December 31, 2014.

Foreign currency loans

Foreign currency loans were obtained from China Banking Corporation. The original principal amounting to \$118,000 matured in 2013 and was renewed for another 3 years which is payable in full in 2016. Annual interest rate is 1M LIBOR + 2.5% and is payable monthly in arrears. The loan is secured by real estate mortgages executed by related parties, namely, Palladian Land Development, Inc. and ATN Holdings, Inc.

The proceeds of the loans were used for working capital requirements. Interest expense paid as of June 30, 2015 and June 30, 2014 is P75,712 and P79,763 respectively.

20. Retirement benefits

The movement in Liability for Retirement benefits is as follows:

	June 30, 2015	December 31, 2014
Balance, January 1	P1,225,341	P1,102,114
Expense recognized	-	123,227
	<u>P1,225,341</u>	<u>P1,225,341</u>

Management believes that retirement benefits computed under RA 7641 does not materially differ from that of PAS 19.

21. Equity

Share capital

The Company's capital structure is as follows:

	Shares	Amount
Authorized - P1 par value per share	380,000,000	380,000,000
Issued and Outstanding	222,019,330	222,019,330
Shares held in treasury	437,800	437,800

22. Direct costs

This account consists of:

	June 30, 2015	June 33, 2014
Depreciation	P 7,904,922	P7,976,624
Transponder lease	5,553,321	5,266,605
Rental expense	1,233,930	1,088,413
Salaries, wages and other benefits	830,595	869,295
Utilities and communication	525,422	323,755
Amortization of franchise fee	300,000	300,000
Transportation and travel	364,255	400,230
Security services	206,657	164,849
Insurance	131,541	136,538
Taxes and licenses	17,045	40,031
Office supplies	207,808	34,648
	P 17,255,497	P 16,600,188

23. Other Revenues

The composition of this account is as follows:

	June 30, 2015	June 30,, 2014
Rent Income	P1,221,150	P845,241
Interest Income	2,427	861
	P1,223,577	P847,102

24. Administrative expenses

This account consists of:

	June 30, 2015	June 30, 2014
Permits, taxes and licenses	P340,677	P 322,704
Legal and professional fees	335,000	320,000
Miscellaneous	175,496	-
	P851,236	P 642,704

25. Related party transactions

The following are transactions with related parties as of June 30, 2015.

Category	Amount	Outstanding Balance	Terms	Conditions
(Associate				
(i)ATN Philippines Solar Energy Group Inc.				
Subscription Payable	19,000,000	(35,250,000)	Not subject to any payment term	Not delinquent
Other Related parties				
(ii) Palladian land Dev. Inc.			Non - interest bearing payable	Not delinquent
Rent Income	1,105,653	287,992		
(iii)Expenses	444,572			
Collection/Advances from	(4,800,000)			
ATN Holdings, Inc.		1,062,074	Non - interest bearing receivable	Unsecured, no impairment
Managed Care Phils., Inc.	115,226	115,226	Non - interest bearing receivable	Unsecured, no impairment
(iv)HRH Prince Abdul Aziz Bin Talal	(4,300,000)	10,512,844	Based on project allocation	To be expended only based on project allocation

Details of these transactions are as follows:

- (i) As discussed in Note 13, the Company subscribed to the increase in authorized capital of ATN Solar amounting P112.5 million. An additional cash payment of P19 million was paid on February, 2015. The balance of P35.25 million was presented in the Statement of Financial Position as Subscription payable.
- (ii) The Company is a beneficial owner of certain condominium units classified in the Statement of Financial Position as Investment properties. Title to the properties has not been released to the Company as it intends to sell the properties using the marketing expertise of PLDI. In 2014 and 2013, these properties are leased out to third parties thru PLDI. Proceeds of the rent were remitted to the Company.
- (iii) Certain cost expenses were advanced by a related party.
- (iv) As discussed in Note 12, funds were released to HRH to cover various projects. In 2015 the amount of P4.3 million was repaid back to the Company and \$35,000 in 2014 following the re-alignment of different projects.

26. Earnings (loss) per share

Earnings (Loss) per share is computed by dividing the profit (loss) for the year by the weighted average number of common shares as follows:

	June 30, 2015	June 30, 2014
Profit (loss) for the period	P(470,582)	P(452,699)
Weighted average number of shares		
Outstanding during the year	222,019,330	222,019,330
	(0.0021)	(0.0020)

Management Discussion and Analysis of Operation

The earnings per share (EPS) are computed based on the following number of outstanding shares:

	June 30, 2015	June 30, 2014
Profit (Loss) for the period	(P470,582)	(P452,699)
Number of Outstanding Shares	222,019,330	222,019,330
Earnings per Share	(0.0021)	(P0.0020)

Disclosures on the issuer's interim financial report, in compliance with Philippine Financial Reporting Standards:

1. The same accounting policies and methods of computation are followed in the interim financial statements as compared to the most recent and previous financial statements.
2. There is no seasonality or cyclicity of interim operations.
3. There is no item that has unusual effect on asset, liabilities, equity, net income and cash flows.
4. There is no change in the nature and amounts reported in prior interim periods of the current financial year or prior financial year.
5. There is no issuance, repurchase nor repayment of debt and equity securities during the interim period.
6. There is no dividend paid for ordinary or other shares.
7. Disclosure on segment revenue is not required.
8. There is no material event subsequent to the end of the interim period that has not been reflected in the financial statements.
9. 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.
10. There is no change in contingent assets or contingent liabilities since the last annual balance sheet date.
11. There is no seasonal effect that had material effect on financial condition or result of operation.

Disclosure on material events and uncertainties

1. There is no known trend, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity
2. There is no event that will trigger direct or contingent financial obligation that is material to the company.
3. There is no material off-balance sheet transaction, arrangement, obligations and other relationships of the company.
4. There is no material commitment for capital expenditures.
5. There is no known unfavorable trend, events, or uncertainties that have material impact on net sales.
6. There is no significant element of income that did not arise from the issuer's operations.

Vertical and Horizontal Analysis

Total corporate assets almost remain the same from Php361.317 million in December 31, 2014 compared to Php342 million as of June 30, 2015. The net decrease of Php19 million (-6%) in total assets arose from the following items:

1. Decrease in cash by Php732 thousand (-18%).
2. Decrease in short-term investment by Php2.7 million (-23%) due to maturity of investment.
3. Decrease in advances for projects by Php4.3 million (-29%) due to pay-back and re-alignment of projects.
4. Decrease in other non-current assets by Php3.547 million (-36%) due to collection of advances to affiliates.

Total liabilities decreased by Php19.130 million (-31%) from Php61.891 million in December 2014 to Php42.8 million in June 30, 2015. The net decrease in liabilities resulted from the following significant items:

1. Decrease in accounts payable and accrued expenses by Php63 thousand (-6%) due to payment.
2. Decrease in subscription payable by Php19 million (-35%) due to payment made.

Stockholders' equity remains the same as of June 30, 2015 and December 31, 2014.

Total revenue decreased by Php0.812 million (5%) from Php16.48million as of March 31, 2014 to Php15.669 million as of June 30, 2015.

Direct costs almost remain the same from Php16.600 million in the 2nd quarter ending June, 2014 to Php17.255 million (-4%) in the 2nd quarter ending June 30, 2015. The net decrease arose from the following accounts:

1. Transponder lease increase by Php288 thousand (5%) from Php50266 million to Php5.553 million due to foreign rate adjustment.
2. Rent expense increased by Php145 thousand (13%) from Php01.088 million to Php1.233 million due to increase in monthly rent.
3. Salaries, wages and other benefits decreased by Php39 thousand (-4%) from Php869 thousand to Php831 thousand due to decrease in overtime rendered.
4. Utilities and communication increased by Php27 thousand (15%) from Php182 thousand to Php209 thousand.
5. Transportation and travel decreased by Php201 thousand (-64%) from Php313 thousand to Php112 thousand due to lesser errands.
6. Security services increased by Php4 thousand (5%) from Php85 thousand to Php90 thousand due to increase in contract price.
7. Insurance decreased by Php2 thousand (-11%) from Php26 thousand to Php23 thousand due to adjustment in the principal amount of the insured property.
8. Office supplies increased by Php12 thousand (56%) from Php21 thousand to Php9 thousand due to bulk purchases.

Administrative expenses increased from Php642 thousand for the 2ndt quarter ending June 30, 2014, to Php851 thousand (32%) in the 2nd quarter ending June 30, 2015. The net increase arose from the following accounts:

- 1 Increase in permits, taxes and licenses by Php18 thousand (6%) from Php322 thousand to Php340 thousand.
- 2 Increase in legal and professional fees by Php15 thousand (5%) from Php320 thousand to Php335 thousand.
- 3 Increase in miscellaneous expenses toPhp175 thousand.

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.

Computed performance indicators are as follows:


	June 30, 2015	June 30, 2014
Current Ratio	33	33
Debt-to-Equity Ratio	0.144	0.206
Asset-to-Equity Ratio	1.14	1.21
Interest Rate Coverage Ratio	1.69	1.07
Gross Profit Margin	5.37%	4.20%
EBITDA	P8,333,135	P8,362,468
Net Income to Sales Ratio	-2.58%	-2.61%


SIGNATURES

Pursuant to the requirements of the Regulation Code, the company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPANY : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.

Signature and Title:


PAUL B. SARIA
Principal Operating Officer
August 19, 2015


CELINIA FAELMOCA
Principal Accounting Officer
August 19, 2015