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
(Preliminary Information Statement)

(Form Type)

Amendment Designation (if applicable)

Annual Stockholders Meeting
October 4, 2017

(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 4, 2017 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, 2016 Audited Financial Statements
6. Election of Directors
7. Appointment of Independent Auditors
8. Approval for the Amendment of the Articles of Incorporation
    - Change in par value from P1.00 to P0.10 per share.
9. 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 6, 2017.

The enclosed Information Statement is being distributed to stockholders of record as of September 6, 2017, 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, August 23, 2017.

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:

_____X________ **Preliminary Information Statement**

______________ **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 **Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles City, Pampanga**
Or c/o
Unit 904, 9F 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 4, 2017, 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 13, 2017

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

Title of Each Class	Subscribed and Outstanding (No. of Shares)	Pesos
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** _______

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

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

October 4, 2017, 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

Bldg. 1751 Chico St. Clark Special Economic Zone
Angeles City, Pampanga
Or c/o
Unit 904, 9F Summit One Tower
530 Shaw Blvd. Mandaluyong City, 1550

Approximate date on which the Information Sheet is first to be sent or given to security holders is **September 13, 2017**.

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	221,581,530

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 6, 2017** 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 30, 2017:**

Class	Name of Record Owner and relationship with issuer	Name of Beneficial Owner	Citizenship	Shares Owned	%
Common	1. PCD Nominee Corp. (NF) 37thF Tower 1, The Enterprise Center 6766 Ayala Avenue, Makati City	Various	Filipino	113,752,806"r"	51.34%
Common	2. PCD Nominee Corp. (F) 37thF Tower 1, The Enterprise Center 6766 Ayala Avenue, Makati City	Various	Non-Filipino	49,496,209"r"	22.34%
Common	3. Unipage Management, Inc. (1) 9th Floor Summit One Tower, 530 Shaw Boulevard Mandaluyong City Investor	Stockholders	Filipino	50,000,000"r"	22.57%
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 30, 2017:

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 58, 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 Price Abdul Aziz Bin Talal Bin Abdul Aziz Al Saud - Director
Age 35, 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 56, 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 73, 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 49, 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 oresent; 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 44, 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 2007and 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 47, 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

ATN Solar
The Company subscribed in authorized capital of ATN Solar amounting to P112.5 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. During 2015, additional payment of P19,000,000 and P35,250,000 was paid on February 11, 2015 December 18, 2015 respectively.

PLDI
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 2016 and 2015, these properties are leased out to third parties thru PLDI. Proceeds of the rent were remitted to the Company. Rent income collected by PLDI on these properties amounted to P2.2 million in 2016 and P2.5 million in 2015.

A *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

There was no compensation paid or payable to key management personnel for the year ended December 31, 2016.

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 2017 are as follows:

	2017 Estimated	**2016**	**2015**
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	1,10,000	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 21).

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 for CY 2016 was audited by R. R. TAN & ASSOCIATES, CPAs.

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.

R. R. TAN & ASSOCIATES, CPAs has acted as the Company's external auditor since 2009 and has complied with the five-year rotation requirement under SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors). Mr. Chester Nimitz F. Salvador is the current audit partner for R. R. TAN & ASSOCIATES, CPAs. He replaced Mr. Domingo A. Daza Jr., who serves as audit partner from 2012 to 2015.

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 or procedure.

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, 2015 audited FS
   d. Election of Directors
   e. Appointment of Independent Auditors
2. Annual Report of the President
3. Fiscal Year Ending December 31, 2016 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, 2016 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, 2016 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 August 15, 2016.

Issuer : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.
Date : August 23, 2017

PAUL B. SARIA
Corporate Information Officer

BUSINESS AND GENERAL INFORMATION

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE REGISTRANT'SBUSINESS 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 Dasmariňas, 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

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, 2016.

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 Php34 Million as of 31 December 2016 covers more than twice the Php6.4 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 2016

Total assets almost the same from PHP 308.730 million to PHP 310.284 million as of December 31, 2016. The net increase of PHP 1.5 million in the total assets resulted from movements in the following:

Increase in current assets of P 13 million arising from the following changes:

a. Increase of PHP 17.421 million in cash primarily due to collection of trade receivables.
b. Decrease of PHP 4.137 million in accounts receivables due to collection.
c. Decrease of PHP 300thousand in spares inventory due to transfer to property and equipment.

Decrease in non-current assets of PHP 11.430 million due to the following:

a. Increase in advances for projects of PHP 300thousand due to adjustment in foreign exchange rate.
b. Amortization of franchise by PHP 0.6 million.
c. Decrease of PHP 16.4millionin property and equipment due to depreciation..
d. Increase of PHP5.787 million in other non-current assets due to increase in advances to related parties.

Total liabilities almost remains the same from PHP 7.7 million as of December 31, 2015 to PHP 7.8 million as of December 31, 2016. The net increase of PHP 76thousand was due to the following:

Increase in current liabilities of PHP 92thousand arising from the following changes:

a. Decrease of PHP 145thousand in accounts payable due to payment.
b. Increase of PHP 334thousand in loans payable.
c. Decrease in income tax payable of PHP 96 thousand.

Decrease of non-current liabilities by PHP 16thousand arising from the following changes:

a. Decrease of PHP 92thousand in deposits.
b. Increase of PHP 75thousand in pension liability.

On the equity side, total equity remains almost the same as of December 31, 2016 and 2015 of PHP 302 million.

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

	December 31, 2016	December 31, 2015
Current Ratio	5.28	3.31
Debt-to-Equity Ratio	0.03	0.03
Gross Profit Margin	10.29%	11.37%
Net Income to Sales Ratio	4.12%	3.42%
Net Income (loss) in pesos	P1,477,317	P1,203,046

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 r atio e xpressed i n p ercentage o f t he g ross m argin i nto r evenues. 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.

There is no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

FY 2015

Total assets decreased from PHP 361million to PHP 308 million as of December 31, 2015. The net decrease of PHP 53million in the total assets resulted from movements in the following:

Decrease in current assets of P 6 million arising from the following changes:

a. Decrease of PHP 2.757 million in cash primarily due to additional investment in associates.
b. Decrease of PHP 6 million in accounts receivables due to collection.
c. Decrease P11.617 million in short term investment due to redemption of the investment.
d. Increase of PHP1.5 million in other current assets due to reclassification from other non-current.

Decrease in non-current assets of PHP 6 million due to the following:

e. Decrease in advances for projects of PHP 9.5 million due to liquidation of advances.
f. Increase of PHP 442 thousand in property and equipment due to transfer from other current assets.

g. Decrease in investment in associates of PHP 1.2 million.
h. Amortization of franchise by PHP 0.6 million.
i. Decrease of PHP6 million in other non-current assets due to reclassification.

Total liabilities decreased from PHP 62 million as of December 31, 2014 to PHP 7.7 million as of December 31, 2015. The net decrease of PHP 54 million was due to the following:

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

a. Increase of PHP 0.19 million in accounts payable due to slower in payment.
b. Increase of PHP 5.565 million in current portion of interest-bearing liabilities due to reclassification from non-current liabilities.
c. Increase in income tax payable of PHP 62 thousand.

Decrease of non-current liabilities by PHP 60 million arising from the following changes:

d. Decrease of PHP 54 million in subscription payable due to payment.
e. Decrease of PHP 0.449 million in pension liability.

On the equity side, total equity remains almost the same as of December 31, 2015 and 2014 of PHP 300 million.

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

	December 31, 2015	December 31, 2014
Current Ratio	2.82	33.46
Debt-to-Equity Ratio	0.26	0.21
Gross Profit Margin	.9%	4.8%
Net Income to Sales Ratio	3.1%	-19.5%
Net Income (loss) in pesos	P1,203,046	(P6,951,035)

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 r atio e xpressed i n p ercentage o f t he g ross m argin i nto r evenues. 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.

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:

f. Decrease of PHP 4.45 million in cash (-52%) primarily due to additional investment in associates.
g. Decrease of PHP 5 million in accounts receivables _-20%) due to collection.
h. 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:

j. Decrease in advances for projects of PHP 1.5 million due (-9%) to liquidation of advances.
k. Increase of PHP 860thousand in property and equipment due to transfer from other current assets.
l. Decrease in investment property of PHP 5 million (10%) due fair value adjustment.

m. Increase in investment in associates of PHP 80 million (267%) due to additional subscription in shares of stock of ATN Phil. Solar.
n. Amortization of franchise by PHP 0.6 million (-10%).
o. 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:
i. Increase of PHP 0.257 million in accounts payable (31%) due to slower in payment.
j. 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:
k. Increase of PHP 54 million in subscription payable (100%) due to additional investment in associates.
l. 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:
a. Decrease of PHP 4.6 million in retained earnings (11%) due to loss in operation.
b. 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.

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.

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, 2016 and 2015 with the contract amount of P310,000 and P295,000 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, 2016		Jan 1 to Dec 31, 2015	
	High	Low	High	Low
Qtr. 1	1.80	1.48	2.14	1.85
Qtr. 2	2.30	1.76	2.03	1.70
Qtr. 3	1.95	1.84	1.79	1.44
Qtr. 4	1.93	1.71	1.52	1.42

The price information as of the latest practicable trading date, August 18, 2017 has a high and low of P1.95.

(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 381 holders of common shares of the Company as of July 30, 2016 (bases on the number of accounts registered with the Stock Transfer Agent).

The top 20 stockholders as of July 30, 2017 are as follows:

Shareholders of Each Class	No. of Shares Held	% of Total Shares Outstanding
1. PCD Nominee Corp. (F)	113,752,806	51.34%
2. PCD Nominee Corp. (NF)	49,496,209	22.34%
3. Unipage Management Inc.	50,000,000	22.57%
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 18, 2016, 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.
formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD, MANDALUYONG CITY,
PHILIPPINES, 1550
TEL. (632) 717-0523
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

March 24, 2017

**STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management on **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2016 and 2015, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R.R. Tan and Associates, CPAs, the independent auditor appointed by the stockholders, has audited 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 audit.

ARSENIO T. NG	**PAUL B. SARIA**	**HILARIO T. NG**
Chairman and CEO	Chief Operating Officer	Chief Financial Officer

SUBSCRIBED AND SWORN to before me this MAR 27 2017 day of March 2017, 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	12/15/2021	Mandaluyong
Hilario T. Ng	DL F03-89-049-506	08/23/2018	Manila

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Book No. 11
Series of 2017

Atty. Benjamin F. Alfonso
Notary Public
PTR No. 5636975 / 1-03-2017
Roll No. 13296
IBP No. 1017644 / CY-2016-1-03-2017
Quezon City

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 638-3430 to 32; Fax: (632) 638-3430
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until December 31, 2018
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Report of Independent Public Accountants

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** (the Company), which comprise the statements of financial position as at December 31, 2016 and 2015, 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, 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2016, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, the description of how our audit addressed the matter is provided in that context.

Recoverability of Investment in an Associate

As of December 31, 2016 and 2015, the Company has 30% equity investment in an associate amounting to P108.5 million and is accounted for using the equity method of accounting. Said associate, has not started commercial operation as of the date of our report. Management conducts an impairment testing on this investment at least annually. Given the company's amount of investment and the complex nature of the associates' operations, we consider the audit of investment in an associate as significant in our audit. Investment in associate is discussed in Note 12.

Audit procedures conducted
We obtained and reviewed the latest financial statements of the associate which includes areas where significant judgement and estimates are involved. We also verified if there are indications of impairment by reading and evaluating relevant documents related to the operation of the associate. We also met with the management and discussed to us the feasibility and significant milestones attained by the associate.

Other Information
Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2016 are expected to be made available to us after the date of auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged With Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the 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 32 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.

The engagement partner on the audit resulting in this independent auditor's report is Chester Nimitz F. Salvador

R. R. TAN AND ASSOCIATES, CPAs

By: CHESTER NIMITZ F. SALVADOR
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016, valid until June 22, 2019

March 24, 2017
Pasig City

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

ASSETS	Note		2016		2015
Current Assets					
Cash and cash equivalents	8	P	18,811,609	P	1,390,132
Receivables - net	9		13,303,367		17,440,944
Spare parts inventory	10		1,899,946		2,199,334
			34,014,922		21,030,410
Non-current Assets					
Advances for projects	11		5,628,869		5,329,758
Investment in an associate	12		108,535,216		108,957,973
Franchise - net	13		4,342,405		4,942,405
Property and equipment - net	15		103,526,313		119,935,693
Investment properties	16		45,287,800		45,287,800
Deferred tax asset - net	28		719,443		805,094
Other non-current assets	14		8,229,629		2,441,687
			276,269,675		287,700,410
TOTAL ASSETS		P	310,284,597	P	308,730,820

LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued expenses	17	P	508,549	P	654,114
Loans payable	18		5,900,000		5,565,588
Income tax payable			34,258		130,490
Total Current Liabilities			6,442,807		6,350,192
Non-current Liabilities					
Deposits	19		528,000		620,000
Pension liability	20		851,280		775,435
Total Non-current Liabilities			1,379,280		1,395,435
Total Liabilities			7,822,087		7,745,627
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
Retained earnings			42,531,144		41,053,827
Treasury shares	21		(437,800)		(437,800)
Total Equity			302,462,510		300,985,193
TOTAL LIABILITIES AND EQUITY		P	310,284,597	P	308,730,820

See accompanying notes to financial statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Note	**2016**	2015	2014
REVENUES				
Service income	22	**P 35,875,465**	P 35,218,886	P 32,552,935
Other income	24	**3,062,776**	4,177,852	3,027,646
		38,938,241	P 39,396,738	P 35,580,581
COST AND EXPENSES				
Direct costs	23	**34,929,840**	34,919,109	33,859,853
Administrative expenses	25	**1,577,606**	1,676,533	1,305,634
Finance costs	18	**336,743**	161,277	153,951
Unrealized loss on fair value adjustment on investment property	16	**-**	-	4,999,600
		36,844,189	36,756,919	40,319,038
INCOME(LOSS) FROM OPERATION		**2,094,052**	2,639,819	(4,738,457)
EQUITY IN NET LOSS OF AN ASSOCIATE	12	**(422,757)**	(1,205,603)	(2,336,424)
INCOME(LOSS) BEFORE INCOME TAX		**1,671,295**	1,434,216	(7,074,881)
INCOME TAX EXPENSE(BENEFIT)	28	**193,979**	231,170	(123,846)
INCOME(LOSS) FOR THE PERIOD		**1,477,317**	1,203,046	(6,951,035)
OTHER COMPREHENSIVE INCOME		**-**	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**P 1,477,317**	P 1,203,046	P (6,951,035)
INCOME (LOSS) PER SHARE	29	**P 0.0067**	P 0.0054	P (0.0313)

**See accompanying notes to financial statements*

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Note	**2016**	2015	2014
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		-	1,075,684	3,300,498
Revaluation increment absorbed through depreciation		-	(1,075,684)	(2,224,814)
Balance, December 31		-	-	1,075,684
RETAINED EARNINGS				
Balance, January 1		**41,053,827**	38,718,482	43,327,608
Revaluation increment in property and equipment absorbed through depreciation		-	1,132,299	2,341,909
Income(Loss) for the year		**1,477,317**	1,203,046	(6,951,035)
Balance, December 31		**42,531,144**	41,053,827	38,718,482
TREASURY SHARES - ***at cost***	21	**(437,800)**	(437,800)	(437,800)
		P 302,462,510	P 300,985,193	P 299,725,532

See accompanying notes to financial statements

TRANSPACIFIC BROADBRAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	Note	**2016**	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before income tax expense		**P 1,671,295**	P 1,434,216	P (7,074,881)
Adjustments for:				
Provisions for:				
Depreciation and amortization	*15, 13*	**17,308,768**	17,791,053	15,409,840
Retirement benefits	*20*	**75,845**	(449,906)	123,227
Probable loss on trade receivable	*9*	**446,811**	193,623	-
Foreign exchange gain	*24*	**(636,566)**	(1,193,039)	(238,735)
Gain on sale of short-term investment		**-**	(82,300)	-
Unrealized fair value loss on investment property	*16*	**-**	-	4,999,600
Equity in net loss of an associate	*12*	**422,757**	1,205,603	2,336,424
Interest income	*24*	**(184,057)**	(380,475)	(540,038)
Operating income before Working Capital Changes		**19,104,853**	18,518,775	15,015,437
Decrease (Increase) in Operating Assets:				
Receivables		**1,978,090**	7,004,370	5,064,458
Other non-current assets		**(2,809,278)**	(4,088,445)	(1,834,792)
Increase in Operating Liabilities:				
Accounts payable and accrued expenses		**(145,565)**	(4,058)	375,079
Deposits		**(92,000)**	195,000	314,750
Cash generated by operations		**18,036,100**	21,625,642	18,934,932
Income taxes paid		**(204,560)**	(173,686)	(169,366)
Interest received		**6,121**	3,469	4,470
Net Cash Provided by Operating Activities		**17,837,661**	21,455,425	18,770,036
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Return of funds from advances for projects		**-**	9,732,750	1,532,300
Sale of short-term investments		**-**	11,700,000	-
Collection of advances of related parties		**2,000,000**	7,815,074	3,800,000
Additional security deposit		**-**	902,324	-
Collection from sale of communication device		**1,929,639**	1,501,410	-
Advances of related parties		**(4,919,640)**	(1,996,623)	(729,781)
Payment of stock subscription to associate		**-**	(54,250,000)	(28,250,000)
Interest received		**-**	-	535,570
Net Cash Used in Investing Activities		**(990,001)**	(24,595,065)	(23,111,911)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loan availments	*18*	**6,000,000**	-	-
Loan maturities		**(5,622,700)**	-	-
Repayment of loans				
Principal		**(100,000)**	-	(108,873)
Interest received		**177,936**	377,006	-
Net Cash Provided by (Used in) Financing Activities		**455,236**	377,006	(108,873)
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**118,581**	4,652	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**17,421,477**	(2,757,982)	(4,450,749)
CASH AND CASH EQUIVALENTS, January 1		**1,390,132**	4,148,114	8,598,863
CASH AND CASH EQUIVALENTS, December 31		**P18,811,609**	P 1,390,132	P 4,148,114

See accompanying notes to financial statements

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, NTC granted Frequency Supportability to the Company.

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% of gross income on registered activities.

The Company's registered office is located at the 9th Floor of 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, 2016 (including the comparative figures as of December 31, 2015 and 2014) were authorized for issue by the President on March 24, 2017.

2. Basis of Preparation and Presentation

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

Basis of Financial Statement Preparation and Presentation
The accompanying financial statements have been prepared on a historical cost basis except for certain property and equipment and investment properties that are carried at fair value or revalued amounts.

The financial statements are presented in Philippine Peso, the Company's functional currency and all values represent absolute amount except when otherwise indicated.

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.

Current versus non-current classification
The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

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.

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 these 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 statement of comprehensive 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. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset and financial liability is 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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 and 2015, 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 statement of comprehensive income.

Included under this category are accounts payable and accrued expenses and 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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Impairment of 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.

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.

<u>Prepaid Expenses</u>
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 the lower of cost and 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 initially and subsequently 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 remaining balance of 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	6 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. Investment properties are initially measured at cost, including transaction costs.

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
Investment in an associate is neither a subsidiary nor a joint venture in which the Company exercises significant influence and is accounted for under the equity method of accounting. The equity method of accounting for investment in associate recognizes the changes in the Company's share of net assets of the associate. The share in the net results of the operations of the associate is reported as *Equity in Net Loss/Earnings of an Associate* reported in the Statement of Comprehensive Income. If a change is recognized directly in equity of associate, the Company recognizes its share of any changes in the Statement in Changes in Equity. If significant influence is lost over the associate, the Company measures the carrying value of investment at its fair value. The difference, if any, upon the loss of significant influence over its associate is reported in the Statement of Comprehensive Income.

Franchise
The Company holds a congressional franchise for the operation of telecommunication service. All cost and expenses directly related to its initial acquisition that meets the definition of an intangible asset is capitalized as Franchise. After the initial recognition, Franchise is carried at cost less accumulated depreciation and any impairment losses. Franchise is amortized using the straight line method over its congressional term of 25 years. The amortization period and amortization method is reviewed at each financial year-end. If the expected useful life of the asset is different from previous estimate, the amortization period is changed accordingly. When the carrying amount of Franchise is greater that its estimated recoverable amount, the cost is written down to its recoverable amount. Franchise is derecognized either upon disposal or the right to use expired.

Other non-current assets
Other non-current assets of the Company include advances to affiliates, security deposit, other receivable, rent receivable and other asset.

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.

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.

Cost is recognized in the statement of comprehensive income when the related revenue is earned (e.g. when goods are sold or services have been performed). Expenses are recognized upon utilization of the service or when they are incurred.

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 laws 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 statement of comprehensive 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 statement of comprehensive income.

Impairment of Non-Financial Assets
Property and equipment, Franchise, and Investment in an associate are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable or the recoverable amount is less than its carrying amount. Recoverable amount is the higher of the assets' fair value less cost of disposal or value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life. The following impairment assessment approach are used for each non-financial assets.

Spare parts inventory
The impairment is measured if NRV is less than the acquisition cost. Assessment is made at each reporting period whether there is an indication that previously recognized impairment may no longer exists or may have decreased.

Property and equipment
When carrying amount of the asset is greater than its estimated recoverable amount, the cost of the asset is written down immediately to its recoverable amount.

Franchise
Franchise is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the franchise relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Investment in an associate
The Company determines at each Statement of Financial Position date whether there is any objective evidence that investment in an associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the recoverable amount of the investment in an associate and the carrying amount of the investment, and recognizes the amount in the Statement of Comprehensive Income.

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.

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.

Operating segment
Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available.

Management has determined that the Company has only one segment which is the provision of uplink and broadband system to its clientele.

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 financial 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, 2016
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, 2016.

Amendments to PAS 1, *Presentation of Financial Statements – Disclosure Initiative*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. These clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information or aggregating material items that have different natures or functions;
- That specific line items in the Statements of Income and OCI and the Statements of Financial Position may be disaggregated;
- That entities have flexibility as to the order in which they present the Notes to Financial Statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any impact on the Company.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Company's financial position or performance.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and either the cost model or revaluation model (after maturity). The amendments also require that produce growing on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact to the Company as the Company does not have any bearer plants.

Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate

financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Company's financial position or performance.

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*.
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when it measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Company's financial position or performance.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard does not apply since the Company is not a first-time adopter of PFRS.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have any material impact to the Company's financial statements. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2016

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2016 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective 2017

Amendments to PAS 7, *Statement of Cash Flows*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

Amendments to PAS 12, *Income taxes – Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Company.

Effective 2018

Amendments to PAS 40, *Investment Property – Transfers of Investment Property*
The amendments clarify when an entity should transfer property, including property under construction or development, into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. The amendments are effective for annual periods beginning on or after July 1, 2018. Retrospective application is only permitted if that is possible without the use of hindsight. The amendments are not expected to have any impact on the Company.

Philippine IFRIC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the interpretation on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

The Company does not expect the adoption of this interpretation to have any significant impact on the financial statements.

Amendments to PFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
The amendments are intended to clarify following:

- Accounting for cash-settled share-based payment transactions that include a performance condition;
- Classification of share-based payment transactions with net settlement features; and
- Accounting for modifications of share-based payment transactions from cash-settled to equity settled

They are effective for annual periods beginning on or after January 1, 2018. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application of the amendment is permitted.

Amendments to PFRS 4, *Insurance Contracts – Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'*
The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard, before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021. The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9. The amendments are not applicable to the Company since there are no activities that are predominantly connected with insurance or issue insurance contracts. They are effective for annual periods beginning on or after January 1, 2018.

PFRS 9, *Financial Instruments (2014)*
PFRS 9 (2014) replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements (in 2009 and 2010) and a new hedge accounting model (in 2013). PFRS 9 includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, guidance on own credit risk on financial liabilities measured at fair value and supplements the new general hedge accounting requirements published in 2013. PFRS 9 incorporates new hedge accounting requirements that represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management. The new standard is to be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is still assessing the potential impact on its financial statements resulting from the application of PFRS 9.

PFRS 15, *Revenue from Contracts with Customers*
PFRS 15 replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes,* IFRIC 18, *Transfer of Assets from Customers* and SIC-31, Revenue - *Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) a company transfers control of goods or services to a customer at the amount to which the company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRSs. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a

contract with a customer is partly in the scope of another IFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

The new standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

Annual Improvements to PFRSs (2014-2016 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2018 and will not have any material impact to the Company's financial statements. They include:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards*
  The amendment deleted the short-term exemptions in paragraphs E3-E7 of PFRS 1, because they have now served their intended purpose.

- PFRS 12, *Disclosure of Interests in Other Entities*
  The amendment clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations.*

- PAS 28, *Investments in Associates and Joint Ventures*
  The amendment clarified that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

Effective 2019

PFRS 16, *Leases*
On January 13, 2016, the IASB issued its new standard, PFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating lease or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or loss or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective application, with options to use certain transition reliefs.

Deferred

PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are originally effective from annual periods beginning on or after January 1, 2016. This mandatory adoption date was later on deferred indefinitely pending the final outcome of the IASB's research project on International Accounting Standards 28. Adoption of these amendments when they become effective will not have any impact on the financial statements.

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.

Determination of Control
Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As of December 31, 2016 and 2015, the Company has 30% equity interest in an associate where the Company has significant influence over the associate's financial and operating policies.

Classification of leases
The Company has entered into various leases to third parties. 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.

Operating lease payment is reported in the Statement of Comprehensive Income.

Determination of fair value of assets and liabilities
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. Assets and liabilities are 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)

Fair value measurement is disclosed in Note 6.

(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 trade 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.

The Company recognized an allowance of P446,811 in 2016 and P193,623 in 2015. (*See Note 9*).

Estimating NRV of spare parts inventories
The carrying value of inventories is carried at lower of cost and NRV. The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

The carrying value of spare part inventory amounted to P1,899,946 in 2016 and P2,199,334 in 2015. (*See Note 10*)

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.

The carrying value of property and equipment as at December 31, 2016 and 2015 amounted to P103,526,313 and P119,935,693, respectively. (*See Note 15*)

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.

The carrying value of Deferred tax assets (net of Deferred tax liabilities of P126,625 in 2016 and P14,841 in 2015) as at December 31, 2016 and 2015 amounted to P719,443 and P805,094, respectively. (*See Note 28*)

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 P75,845 in 2016, P123,228 in 2015 and P123,227 in 2014. (*See Note 20*)

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, 2016 and 2015, 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, 2016 and 2015, share options outstanding amounted to P8,921,814. (*See Note 21*)

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 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.

2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**P -**	**P 18,811,609**	**P -**	**P 18,811,609**
Receivables - net	**-**	**13,303,367**	**-**	**13,303,367**
Advances for projects	**-**	**5,628,869**	**-**	**5,628,869**
Property and equipment	**-**	**103,526,313**	**-**	**103,526,313**
Investment properties	**-**	**38,368,800**	**6,919,000**	**45,287,800**
Other non-current assets	**-**	**8,229,629**	**-**	**8,229,629**
Accounts payable and				**-**
accrued expenses	**-**	**(508,549)**	**-**	**(508,549)**
Loans payable	**-**	**(5,900,000)**	**-**	**(5,900,000)**
Deposits	**-**	**(528,000)**	**-**	**(528,000)**

2015	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	P -	P 1,390,132	P -	P 1,390,132
Receivables - net	-	17,440,944	-	17,440,944
Advances for projects	-	5,329,758	-	5,329,758
Property and equipment	-	119,935,693	-	119,935,693
Investment property	-	38,368,800	6,919,000	45,287,800
Other non-current assets	-	2,441,687	-	2,441,687
Accounts payable and				
accrued expenses	-	(654,114)	-	(654,114)
Loans payable	-	(5,565,588)	-	(5,565,588)
Deposits	-	(620,000)	-	(620,000)

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments, receivables 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, 2016 and 2015.

	Gross Maximum Exposure			
		2016		2015
Cash and cash equivalents *	**P**	**18,798,609**	P	1,377,132
Trade receivables		**19,530,211**		21,291,335
Non-trade receivable		**1,368,948**		3,298,590
Advances for projects		**5,628,869**		5,329,758
Other non current assets**		**7,463,151**		2,309,742
	P	**52,789,788**	P	33,606,557

excludes cash on hand of P13,000 in 2016 and 2015

***excludes prepayments of transponder rent and real estate tax*

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 its customer where appropriate trade relations have been established including billings and collections processes.
The credit quality of the Company's assets as at December 31, 2016 and 2015 is as follows:

	December 31, 2016									
	Neither past due nor impaired				Past due but not impaired		Past due and impaired			
		High grade		Standard grade						Total
Cash and cash equivalents	**P**	**18,798,609**	**P**	**-**	**P**	**-**	**P**	**-**	**P**	**18,798,609**
Trade receivables		**-**		**5,411,858**		**6,522,561**		**7,595,792**		**19,530,211**
Non-trade receivable		**-**		**1,368,948**		**-**		**-**		**1,368,948**
Advances for projects		**-**		**5,628,869**		**-**		**-**		**5,628,869**
Other non-current assets		**-**		**7,463,151**		**-**		**-**		**7,463,151**
	P	**18,798,609**	**P**	**19,872,826**	**P**	**6,522,561**	**P**	**7,595,792**	**P**	**52,789,788**

	December 31, 2015									
	Neither past due nor impaired				Past due but not impaired		Past due and impaired			
		High grade		Standard grade						Total
Cash and cash equivalents	P	1,377,132	P	-	P	-	P	-	P	1,377,132
Trade receivables		-		5,410,100		8,732,254		7,148,981		21,291,335
Non-trade receivables		-		3,298,590		-		-		3,298,590
Advances for projects		-		5,329,758		-		-		5,329,758
Other non-current assets		-		2,309,742		-		-		2,309,742
	P	1,377,132	P	16,348,190	P	8,732,254	P	7,148,981	P	33,606,557

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 trade receivables is as follows:

		2016		2015
61-90 days past due	**P**	**2,490,650**	P	2,358,300
over 90 days		**4,031,911**		6,373,954
	P	**6,522,561**	P	8,732,254

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, 2016 and 2015.

	December 31, 2016				
	< 1 month	> 1 month& <3 months	>3 months & < 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	**P 508,549**	**P -**	**P -**	**P -**	**P 508,549**
Interest-bearing liabilities					
Loans payable	**-**	**-**	**5,900,000**	**-**	**5,900,000**
	P 508,549	**P -**	**P 5,900,000**	**P -**	**P 6,408,549**

	December 31, 2015				
	< 1 month	> 1 month& <3 months	>3 months &< 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	P 651,114	P -	P -	P -	P 651,114
Interest-bearing liabilities					
Loans payable	-	5,565,588	-	-	5,565,588
	P 651,114	P 5,565,588	P -	P -	P 6,216,702

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:

	2016		2015	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Cash and cash equivalents	**$ 58,130**	**P 2,895,640**	$ 1,293	P 61,003
Advances for projects	**113,000**	**5,628,869**	113,000	5,329,758
Bank loans	**-**	**-**	(118,000)	(5,565,588)

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, 2016 and 2015:

	Effect on Income Before Taxes	
Increase/decrease in Peso to US Dollar Rate	**2016**	2015
+ P5.00	**P 855,650**	P (18,535)
- P5.00	**(855,650)**	18,535

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 interest 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 due to a peso-denominated bank loan with interest of 5% per annum for 2016 and foreign currency denominated bank loan with interest of 1-month LIBOR + 2.5% with principal amounting to USD118,000 for 2015.

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 P111,312 in 2015. This is mainly attributable to the Company's exposure to interest rates on its variable rate financial liabilities. No sensitivity analysis is provided in 2016 since the financial liability is not subject to a floating interest rate.

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, share premium, revaluation increment and retained earnings.

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

	2016	2015
Equity	**P 302,462,510**	P 300,985,193
Total Assets	**310,284,597**	308,730,820
Ratio	**0.975**	0.975

8. Cash and cash equivalents

As at December 31, 2016 and 2015, cash and cash equivalents represent cash on hand and cash in banks of P18,811,609 and P1,390,132, respectively.

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

Interest income on these deposits amounted to P6,121 in 2016 and P3,469 in 2015.

9. Receivables

The composition of this account is as follows:

		2016		2015
Trade				
In local currency	**P**	**9,366,785**	P	9,629,727
In foreign currency		**10,163,426**		11,661,608
		19,530,211		21,291,335
Less: Allowance for probable losses		**(7,595,792)**		(7,148,981)
		11,934,419		14,142,354
Non-trade		**1,368,948**		3,298,590
	P	**13,303,367**	P	17,440,944

Trade receivable in foreign currency represents US dollar subscription on uplink services from a customer based in Hong Kong. Unrealized foreign exchange gain on this account amounted to P1,440,970 in 2016 and P155,529 in 2015.

Non-trade receivable represents receivable from Summit One Condominium Corporation on the sale of a communication tower bearing an interest rate of 7.5% per annum.

Breakdown of allowance for probable losses is as follows:

		2016		2015
Balance, January 1	**P**	**7,148,981**	P	6,955,358
Provision		**446,811**		193,623
Balance, December 31	**P**	**7,595,792**	P	7,148,981

10. Spare parts inventory

Spare parts inventory consists of communication supplies and materials that are normally provided to customers in the delivery of services. Spare parts inventory amounting to P1,899,946 in 2016 and P2,199,334 in 2015 are carried at cost which approximates its net realizable value.

Spare parts inventory costing P299,388 and P442,060 was transferred to property and equipment in 2016 and 2015, respectively. (*See Note 15*)

11. Advances for Projects

In previous year, the Company advanced an officer a certain amount of fund intended for identifying, researching and exploring feasible projects. After several re-alignments, the fund is now earmarked or focused on the development of a 30MW solar PV plant in Rodriguez, Rizal of ATN Philippines Solar Energy Group, Inc. (ATN Solar). These advances are not subject to interest and the Company intends to convert the outstanding balance into the shares of stock of ATN Solar once commercial operation of the latter starts. No impairment loss was provided since management believes that the advances are fully recoverable in the form of shares of stock of ATN Solar. ATN Solar is an associate of the Company. (*See Note 12*)

The movement of this account is as follows:

		2016		2015
Balance at beginning of year	**P**	**5,329,738**	P	14,812,844
Return of funds		**-**		(9,732,750)
Effect of changes in foreign exchange		**299,111**		249,644
	P	**5,628,849**	P	5,329,738

During 2015, P9.7 million was returned as a result of re-alignment of funds to focus on exploring the expansion of its Solar Energy Project to 120MW in the coming years.

12. Investment in an Associate

Investment in an Associate pertains to a 30% equity interest in ATN Philippines Solar Energy Group, Inc. (ATN Solar). Management believes that it exercises significant influence over the financial and operating policies of ATN Solar.

The composition of this accounts is as follows:

		2016		2015
Cost	**P**	**112,500,000**	P	112,500,000
Equity in net loss				
Beginning		**(3,542,027)**		(2,336,424)
Share in net loss for the year		**(422,757)**		(1,205,603)
		(3,964,784)		(3,542,027)
	P	**108,535,216**	P	108,957,973

ATN Solar is a grantee of Solar Energy Service Contract with the Philippine Government through the Department of Energy to develop, own and operate a 30MW solar power plant in Rodriguez, Rizal. As of December 31, 2016, ATN Solar is still in pre-operating stage and commercial operation is expected to commence in the next 1-2 years.

As of March 24, 2017, significant milestones have been successfully achieved by ATN Solar including a loan facility from a local lender for the purchase and installation of solar panels. Once it become operational, ATN Solar can sell electricity to power distributors of up to P6.10/kWh.

The financial information of ATN Solar as of and for year ended December 31, 2016 and 2015 is as follows:

		2016		2015
Total current assets	P	**29,920,245**	P	46,937,960
Total non-current assets		**707,646,347**		526,541,363
Total current liabilities		**3,420,988**		4,854,260
Total non-current liabilities		**47,533,588**		205,603,857
Net loss		**(1,409,190)**		(4,018,679)
Cash flow from investing activities		**(181,634,984)**		(243,529,271)
Cash flow from financing activities		**167,932,509**		255,257,676

13. 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:

		2016		2015
Balance, January 1	P	**4,942,405**	P	5,542,405
Amortization		**(600,000)**		(600,000)
Balance, December 31	P	**4,342,405**	P	4,942,405

The amortization of franchise is shown as part of direct costs in the Statement of Comprehensive Income. Management believes that the carrying amount of franchise is recoverable in full and no impairment loss in necessary.

14. Other non-current assets

This account consists of:

		2016		2015
Advances to (see Note 26):				
Palladian Land Development Inc. (PLDI)	P	**1,863,657**	P	910,483
Managed Care Philippines, Inc.		**345,678**		-
ATN Phils. Solar Energy Group Inc. (Solar)		**3,826,957**		24,017
Security deposits		**1,426,859**		1,375,242
Other asset		**766,478**		131,945
	P	**8,229,629**	P	2,441,687

Details of these accounts are as follows:

- Security deposits are made to secure leasing arrangement on transponders. These deposits are refundable at the expiration of lease term.
- Other asset significantly consist of rent receivable arising from application of straight-line method of PAS17 and the payment schedule of the lease contract.

15. Property and equipment - net

The movement in this account is as follows:

2016	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2016	P 23,893,402	P 252,901,102	P 5,180,726	P 19,145,709	P 14,675,284	P 315,796,223
Reclassification from spare parts inventory	-	299,388	-	-	-	299,388
Additions	-	-	-	-	-	-
At December 31, 2016	23,893,402	253,200,490	5,180,726	19,145,709	14,675,284	316,095,611
Accumulated depreciation						
At January 1, 2016	18,309,408	151,044,240	2,779,543	11,848,102	11,879,237	195,860,530
Provisions	1,194,669	11,846,246	781,833	2,147,992	738,028	16,708,768
At December 31, 2016	19,504,077	162,890,486	3,561,376	13,996,094	12,617,265	212,569,298
Net Book Value						
At December 31, 2016	P 4,389,325	P 90,310,004	P 1,619,350	P 5,149,615	P 2,058,019	P 103,526,313

2015	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2015	P 23,893,402	P 252,459,042	P 5,180,726	P 19,145,709	P 14,675,284	P 315,354,163
Reclassification from spare parts inventory	-	442,060	-	-	-	442,060
Additions	-	-	-	-	-	-
At December 31, 2015	23,893,402	252,901,102	5,180,726	19,145,709	14,675,284	315,796,223
Accumulated depreciation						
At January 1, 2015	17,114,739	139,197,994	1,997,710	9,700,110	10,658,924	178,669,477
Provisions	1,194,669	11,846,246	781,833	2,147,992	1,220,313	17,191,053
At December 31, 2015	18,309,408	151,044,240	2,779,543	11,848,102	11,879,237	195,860,530
Net Book Value						
At December 31, 2015	P 5,583,994	P 101,856,862	P 2,401,183	P 7,297,607	P 2,796,047	P 119,935,693

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.

During 2016 and 2015, additions to property and equipment amounting to P299,388 and P442,060 represent reclassification from spare parts inventory.

16. Investment properties

As at December 31, 2016 and 2015, investment property consists of the following:

Condominium units	P 38,368,800
Land and improvements	6,919,000
Balance at end of year	P 45,287,800

Condominium units represent the beneficial ownership of commercial units held at Summit One Office Tower in Mandaluyong City. The fair market value is determined by a firm of independent appraiser on March 4, 2014 which resulted in a decrease in value of the investment properties amounting to P4,999,600. The independent appraiser used the Sales Comparison Approach, a comparative approach valuation that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Accordingly, the Company categorized these condominium units under Level 2 of the fair value hierarchy. Management believes that there are no present material factors that would significantly increase or decrease the fair value of these properties as of December 31, 2016.

Land and improvements represents a parcel of residential lot located in Paliparan 1, Dasmariñas, Cavite. The highest and best use of the property is for residential use. For strategic reason, the property is not used in that manner. Certain developer is currently selling a mass housing project within the vicinity. The pricing model of the said developer was used by management as a guide in determining the fair value of its own property. The fair value amounted to P7 million. The property is valued in terms of its highest and best use which is categorized under Level 3 of the fair value hierarchy.

The description of valuation techniques and inputs used in determining the fair value of investment properties classified as Level 3 in the fair value hierarchy is as follows:

Valuation techniques	Significant unobservable inputs	Range
Sales comparison approach	Selling price (per square meter)	P6,100 - P14,000
	Size	
	Location	
	Neighborhood	
	Transport/Road network	

Sales comparison approach is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Except for selling price, the quantitative information on significant unobservable inputs cannot be determined by management alone.

Significant increase (decrease) in selling price per square meter would result in a significantly higher (lower) fair value of the property.

As of December 31, 2016 the lot remains idle and no immediate plans to develop or sell the property nor has it any contractual obligation to develop the property or for repairs, maintenance and enhancements.

During 2016 and 2015, there were no transfers between levels of fair value hierarchy.

Rental income and direct operating expenses from investment properties included in the statement of income are as follows:

	2016	2015	2014
Rental income	**P 2,242,152**	P 2,522,038	P 2,248,872
Direct operating expenses on investment properties that:			
Generated rental income	**160,125**	160,125	160,125
Did not generate rental income	**829**	829	829

17. Accounts payable and other liabilities

Accounts payable and accrued expenses are short-term payables that are settled on a one- to three-months term. As of December 31, 2016 and 2015, accounts payable and other liabilities amounted to P508,549 and P654,114, respectively.

Management believes that the carrying values of *Accounts payable and accrued expenses* approximate their fair values.

18. Loans payable

In 2013, the Company obtained a US Dollar loan from China Banking Corporation with principal amount of US$118,000 payable in full after three (3) years. The loan carries a floating interest of 1M LIBOR plus 2.5% payable monthly. The loan matured in February 2016 and was paid in full.

Meanwhile, a Peso loan was availed also in February 2016 at a principal amount of P6 million. The peso loan carries interest of 5% per annum payable monthly in arrears. The principal is payable after 12 months.

The US Dollar and Peso loan, which are used for working capital requirements, are both collateralized by the following;

- Real estate mortgages over properties owned by a related party; and
- Suretyship agreement by the Company as borrower and a stockholder as a surety.

Total interest paid and accrued reported in the Statement of Comprehensive Income amounted to P336,743 in 2016 and P161,277 in 2015.

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of December 31, 2016 and 2015.

19. Deposits

Deposits are amounts paid by clients as guarantee to agreements entered into by the Company with usual term of 2 to 3 years. The amount is expected to be settled upon the termination of the contract.

As of December 31, 2016 and 2015, deposits amounted to P528,000 and P620,000, respectively.

20. Compensation and benefits

The breakdown of this account is as follows:

	2016	2015	2014
Salaries and wages	**P 1,465,981**	P 1,444,271	P 1,452,251
Provision for retirement benefit cost			
Current service cost	**75,845**	123,228	123,227
Actuarial gain	**-**	(573,133)	-
	P 1,541,826	P 994,366	P 1,575,478

The Company provides retirement benefits in accordance with the provisions of Republic Act No. 7641 (RA 7641), prescribing the minimum retirement benefits to be paid by a company to its qualified retiring employees. No actuarial valuations are made since the Company employs a minimal number of employees.

The movements of pension liability as of December 31, 2016 and 2015 is as follows:

	2016	2015
Balance at the beginning of the year	**P 775,435**	P 1,225,341
Current service cost	**75,845**	123,228
Actuarial gain	**-**	(573,134)
Balance at year end	**P 851,280**	P 775,435

Among others, RA 7641 provides for retirement benefits to retiring employees who have reached sixty (60) years old or more, but not beyond 65 years and have served at least five (5) years in the Company. Such retiring employee is entitled to a retirement pay of one half (1/2) month salary for every year of service computed based on the following components:

- 15 days salary;
- 5 days of service incentive leave; and
- One half (½) of the 13th month pay

Management believes that any disparity of retirement benefit cost computed internally against independent actuarial valuations will not significantly affect the Company's financial statements.

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 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 March 24, 2017.

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's BOD approved the grant of share option to its Chief Executive Officer (CEO). The CEO has been largely responsible for bringing the Company to its present financial condition. Furthermore, the CEO has not been compensated since his assumption of management in 2000. Hence, the grant of share option 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 believes 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 of the CEO. No options were exercised prior to the said deferment.

As of December 31, 2016 and 2015, 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:

		2016		2015
Balance, January 1	**P**	**-**	P	1,075,684
Cumulative amount of revaluation absorbed through depreciation		**-**		(1,075,684)
Balance, December 31	**P**	**-**	P	-

22. Service income

As discussed in Note 1, the Company is duly enfranchised to provide telecommunication services to various clients. Services include provision for uplink services, VSAT-based internet service, wireless networking, hosting and content conversion.

The breakdown of revenues as reported in the Statement of Comprehensive Income is a follows:

		2016		2015		2014
VSAT uplink services						
In local currency	**P**	**7,423,465**	P	7,955,586	P	5,207,850
In foreign currency		**28,452,000**		27,263,300		27,345,085
	P	**35,875,465**	P	35,218,886	P	32,552,935

VSAT uplink services have terms of 2 to 3 years billable monthly with advance payment and one month advance security deposit.

23. Direct costs

This account consists of:

		2016		2015		2014
Depreciation *(see Note 15)*	**P**	**16,708,768**	P	17,191,053	P	14,809,840
Transponder lease *(see Note 30)*		**10,629,176**		10,716,862		11,444,662
Rental *(see Note 30)*		**2,914,249**		2,618,754		2,286,219
Salaries, wages & other benefits *(see Note 20)*		**1,541,826**		994,366		1,575,478
Utilities and communication		**901,814**		1,041,814		988,473
Taxes and licenses		**770,435**		770,435		810,448
Amortization of franchise *(see Note 13)*		**600,000**		600,000		600,000
Security services		**381,661**		422,847		310,177
Transportation and travel		**276,783**		263,618		631,642
Insurance		**109,494**		116,368		234,763
Office supplies		**95,634**		182,992		168,151
	P	**34,929,840**	P	34,919,109	P	33,859,853

24. Other Income

The composition of this account is as follows:

		2016		2015		2014
Rent income *(see Note 16)*	**P**	**2,242,152**	P	2,522,038	P	2,248,872
Foreign exchange gain (loss):						
Cash		**118,581**		4,652		-
Accounts receivable		**216,966**		1,221,104		433,014
Advances for projects		**299,111**		249,664		45,206
Other non current assets		**59,021**		18,401		-
Bank loans		**(57,112)**		(300,782)		(23,954)
Other short term investment		**-**		-		(215,530)
Interest income		**184,057**		380,475		540,038
Gain on sale of short-term investment		**-**		82,300		-
	P	**3,062,776**	P	4,177,852	P	3,027,646

Foreign exchange gain arising from the translation of foreign currency accounts receivable is net of realized foreign exchange loss of P1,224,004 in 2016 and realized foreign exchange gain of P1,065,575 in 2015.

25. Administrative expenses

This account consists of:

		2016		2015		2014
Provision for probable losses (see Note 9)	**P**	**446,811**	P	193,623	P	-
Legal and professional fees		**430,000**		415,000		395,000
Permits, taxes and licenses		**377,960**		420,771		385,740
Transportation and travel		**117,427**		104,829		154,716
Representation and entertainment		**20,947**		349,487		318,922
Miscellaneous		**184,461**		192,823		51,256
	P	**1,577,606**	P	1,676,533	P	1,305,634

Pursuant to a *Teaming Agreement* executed in January 2013 and 2015, 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 PLDI. (See Note 26)

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

26. Related party transactions

The following related party transactions occurred during 2016 and 2015:

Related party		Nature of transaction	Amount of Transaction 2016	Amount of Transaction 2015	Year-end balances 2016	Year-end balances 2015	Terms and condition
Associate							
ATN Solar		Advances	P **3,802,940**	1,524,017	P **-**	-	
		Collection of advances	**-**	(1,500,000)	**3,826,957**	24,017	Unsecured, unimpaired and no payment terms
Affiliated companies							
Palladian Land Devt. Inc (PLDI)	(i)	Rent income	**2,242,152**	2,152,840	**-**	-	
	(ii)	Advances	**711,022**	472,606	-	-	
		Collection of advances	**(2,000,000)**	(5,253,000)	**1,863,657**	910,483	Unsecured, unimpaired and no payment terms
ATN Holdings, Inc. (ATN)		Collection of advances	**-**	(1,062,074)	**-**	-	Unsecured, unimpaired and no payment terms
Managed Care Philippines, Inc. (MCPI)	(ii)	Advances	**345,678**	-	**345,678**	-	Unsecured, unimpaired and no payment terms

Details of significant related party transactions are as follows:

(i) As discussed in Note 16, the Company is a beneficial owner of certain condominium units registered under the name of PLDI. Title to the properties has not been released to the Company as the Company intends to sell the properties through the sales network of PLDI. These properties are leased out to third party also through PLDI. Proceeds of the rent are remitted to the Company by the latter.

Rent income collected by PLDI on these properties amounted to P2,242,152 million in 2016 and P2,522,038 in 2015.

(ii) Pursuant to *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

For the years ended December 31, 2016, 2015, and 2014, the Company charged PLDI, ATN Solar, and MCPI their proportionate share of communication, dues, and utilities expenses as shown below:

	2016	2015	2014
PLDI	**P 771,022**	P 376,934	P 637,666
MCPI	**345,687**	-	-
ATN Solar	**-**	591,176	-
	P 1,116,709	P 968,110	P 637,666

(iii) As discussed in Note 11, funds were released to a certain officer intended to finance key projects. These funds are to be liquidated whenever disbursements are made and to be returned when a project is completed.

For the years ended December 31, 2016, 2015, and 2014 the Company did not provide compensation to its key management personnel.

27. 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. As of December 31, 2016, the Company is applying for the renewal of its tax exemption with 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 said 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.

Exemption from inspection of all importations at the port of origin by the Societe Generale de Surveillence (“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.

28. Income tax expense (benefit)

The major components of provision for income tax for the years ended December 31, 2016, 2015 and 2014 are as follows:

		2016		2015		2014
Current	P	**108,328**	P	236,075	P	170,355
Deferred		**85,651**		(4,905)		(294,201)
	P	**193,979**	P	231,170	P	(123,846)

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

		2016		2015		2014
Deferred tax assets						
Unrealized loss on fair value adjustment on investment property - net	P	**423,715**	P	423,715	P	403,092
Pension liability		**42,563**		38,771		61,267
Allowance for probable losses		**379,790**		357,449		347,768
		846,068		819,935		812,127
Deferred tax liability						
Revaluation increment		**-**		-		(56,616)
Lease spread on transponder lease		**(30,739)**		(6,548)		-
Unrealized income on foreign exchange		**(95,886)**		(8,293)		(11,937)
		(126,625)		(14,841)		(68,553)
Net	P	**719,443**	P	805,094	P	743,574

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

		2016		2015		2014
Gross profit before income tax	P	**4,008,401**	P	4,477,630	P	1,720,729
Statutory income tax (@5%)		**200,420**		223,882		86,036
Adjustment for:						
Permanent differences		**-**		37,592		90,094
Non-taxable income		**(8,292)**		-		-
Non-deductible expenses		**1,851**		(30,304)		(299,976)
Actual provision for income tax	P	**193,979**	P	231,170	P	(123,846)

29. 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 outstanding during the year as follows:

		2016		2015		2014
Profit (loss) for the year (a)	P	**1,477,317**	P	1,203,046	P	(6,951,035)
Weighted average number of shares outstanding during the year (b)		**222,019,330**		222,019,330		222,019,330
Earnings (loss) per share		**0.0067**		0.0054		(0.0313)

As at December 31, 2016, 2015, and 2014, there are no potential ordinary shares with dilutive effect.

30. Lease commitments

Company as a Lessee

(a) Transponder lease with APT Satellite Company Ltd.

After the lease agreement with ABS Global, Ltd., the Company entered into a lease agreement with APT Satellite Company Ltd. to provide transponder satellite service requiring payment of US$19,500 until August 2017.

Transponder lease recognized in the statements of income amounted to P10,629,176 in 2016, P10,716,862 in 2015, and P11,444,662 in 2014. 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 P2,914,249 in 2016, P2,618,754 in 2015, and P2,286,219 in 2014.

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

		2016		2015
within 12 months	**P**	**16,505,498**	P	15,507,347
more than 12 months		**14,474,326**		23,785,110
	P	**30,979,824**	P	39,292,457

Company as a Lessor

(d) Lease Agreement with Various Lessees

Through PLDI, the Company's investment properties are leased to various third parties (see Note 26). The lease is for a period of one year subject to mutual agreement of the lessee and the lessor.

Rent income recognized in the Statements of Income amounted to P2,242,152 in 2016, P2,522,038 in 2015, and P2,248,872 in 2014. (See Note 16)

31. Other signification matters

On March 14, 2017, ATN Solar issued additional P325 million shares to its related parties. The issuance resulted to a dilution of the Company's of equity interest in ATN Solar from 30% to 29.93%.

32. 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, 2016 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**	**17,779**
Expanded withholding taxes		**8,495**

- As of December 31, 2016, 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 P35,875,465.

- The Company's other taxable income represents rental income amounting to P2,242,152.

- Details of Company's direct cost are as follows:

Depreciation and amortization	**P**	**16,708,768**
Transponder lease		**10,629,176**
Rental expense		**2,914,249**
Salaries, wages and other benefits		**1,465,981**
Utilities and communication		**901,814**
Taxes and licenses		**770,435**
Amortization of franchise fee		**600,000**
Security services		**381,661**
Transportation and travel		**276,783**
Insurance		**109,494**
Office supplies		**95,634**
	P	**34,853,995**

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

Direct costs		
Supervision and regulatory fee - NTC	P	753,390
Other licenses - NTC		17,045
		770,435
Administrative expenses		
Annual listing fee - PSE		250,000
Business permits and licenses		7,366
Real property tax		120,094
Other permits and licenses		500
	P	377,960

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 638-3430 to 32; Fax: (632) 638-3430
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until December 31, 2018
SEC Accreditation No.0220-FR-1, valid until March 25, 2017
BIR Accreditation No. 07-001080-002-2016, valid until October 3, 2019

Independent Auditors' Report on Supplementary Schedules

The Board of Directors and Stockholders
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
9TH Floor, Summit One Tower,
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, 2016 and 2015 and for each of the three years in the period ended December 31, 2016 included in this Form 17-A, and have issued our report thereon dated March 24, 2017. 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: CHESTER NIMITZ F. SALVADOR
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 2535320, January 17, 2017, Pasig City
SEC Accreditation No. 1608-A, valid until January 26, 2020
BIR Accreditation No. 07-001050-002-2016,
valid until June 22, 2019

March 24, 2017
Pasig City

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

Table of Contents

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
Schedule I - Tabular Schedule of All Effective Standards and Interpretations Pursuant to SRC Rule 68, as Amended
December 31, 2016

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016	Adopted	Not adopted	Not applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics	x		
PFRS's Practice Statement Management Commentary	x		

Philippine Financial Reporting Standards

		Adopted	Not adopted	Not applicable
PFRS 1	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
	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
	Amendments to PFRS 1: Borrowing Costs			x
	Amendments to PFRS 1: Meaning of Effective PFRS			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
	Amendments to PFRS 2: Definition of Vesting Condition			x
PFRS 3	Business Combinations			x
	Amendments to PFRS 3: Accounting for Contingent Consideration in a Business Combination			x
	Amendments to PFRS 3: Scope Exceptions for Joint Arrangements			x
PFRS 4	Insurance Contracts			x
	Contracts			x
	Amendments to PFRS 4: Applying PFRS 9 'Financial Instrument' with PFRS 4 'Insurance Contracts'	Not early adopted		
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			x
	Amendments to PFRS 5: Changes in Methods of Disposal			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		
	Amendments to PFRS 7: Servicing Contracts			x
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			x
PFRS 8	Operating Segments	x		
	Amendments to PFRS 8: Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	x		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
PFRS 9	Financial Instruments	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 10	Consolidated Financial Statements			x
	Amendments to PFRS 10: Investment Entities			x
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			x
	Amendments to PFRS 10: Consolidated Financial Statements and PAS 28: Investments in Associates and Joint Ventures - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Not early adopted		
PFRS 11	Joint Arrangements			x
	Amendments to PFRS 11: Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations			x
PFRS 12	Disclosure of Interest in Other Entities	x		
	Amendments to PFRS 12: Investment Entities - Applying the Consolidation Exception			x
PFRS 13	Fair Value Measurement	x		
	Amendments to PFRS 13: Short-term Receivables and Payables	x		
	Amendments to PFRS 13: Portfolio Exceptions			x
PFRS 14	Regulatory Deferral Accounts			x
PFRS 15	Revenue from Contracts with Customers	Not early adopted		
PFRS 16	Leases	Not early adopted		

Philippine Accounting Standards

PAS 1 (Revised)	Presentation of Financial Statements	x		
	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		
	Amendments to PAS 1: Clarification of the Requirements for Comparative Presentation	x		
	Amendments to PAS 1: Disclosure Initiative	x		
PAS 2	Inventories	x		
PAS 7	Statement of Cash flows	x		
	Amendments to PAS 7: Disclosure Initiative	Not early adopted		
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		
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	Not early adopted		
PAS 16	Property, Plant and Equipment	x		
	Amendments to PAS 16: Classification of Servicing Equipment	x		
	Amendments to PAS 16: Revaluation Method - Proportionate Restatement of Accumulated Depreciation	x		
	Amendments to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization	x		
	Amendments to PAS 16: Agriculture - Bearer Plants			x
PAS 17	Leases	x		
PAS 18	Revenue	x		
PAS 19 (Amended)	Employee benefits	x		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions			x
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate			x

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
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		
PAS 24	Related Party Disclosures	x		
	Amendments to PAS 24: Key Management Personnel	x		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			x
PAS 27	Separate Financial Statements			x
(Revised)	Amendments to PAS 27: Investment Entities			x
	Amendments to PAS 27: Separate Financial Statements - Equity Method in Separate Financial Statements			x
PAS 28	Investment in Associates and Joint Ventures	x		
(Amended)	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception			x
	Amendments to 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	Not early adopted		
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: Tax Effect of Distribution of Holders of Equity Instruments			x
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	x		
PAS 33	Earnings Per Share	x		
PAS 34	Interim Financial Reporting			x
	Amendments to PAS 34: Interim Financial Reporting and Segment Information for Total Assets and Liabilities			x
	Amendments to PAS 34: Disclosure of Information 'Elsewere in the Interim Financial Report'			x
PAS 36	Impairment of Assets	x		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-financial Assets	x		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	x		
PAS 38	Intangible Assets	x		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	x		
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization	x		
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		
	Contracts			x
	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
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			x
PAS 40	Invesment Property	x		
	Amendment to PAS 40: Investment Property	x		
	Amendments to PAS 40: Transfers of Investment Property	Not early adopted		

PHILIPPINE FINANCIAL REPORTING AND STANDARDS AND INTERPRETATIONS Effective as of December 31, 2016		Adopted	Not adopted	Not applicable
PAS 41	Agriculture			x
	Amendments to PAS 41: Agriculture - Bearer Plants			x
Philippine Interpretations				
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 Decommisioning, 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 15	Agreements for Construction of Real Estate	Not early adopted		
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
IFRIC 22	Foreign Currency Transactions and Advance Consideration	Not early adopted		
SIC - 7	Introduction of the Euro			x
SIC - 10	Government Assistance - No Specific Relation to Operating Activities			x
SIC - 12	Consolidation - Special Purpose Entities			x
	Amendment to SIC - 12: Scope of SIC - 12			x
SIC - 13	Jointly Controlled Entities - Non Monetary Contributions by Venturers			x
SIC - 15	Operating Leases - Incentives	x		
SIC - 25	Income Taxes - Changes in the Tax Status of an Entity or its	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

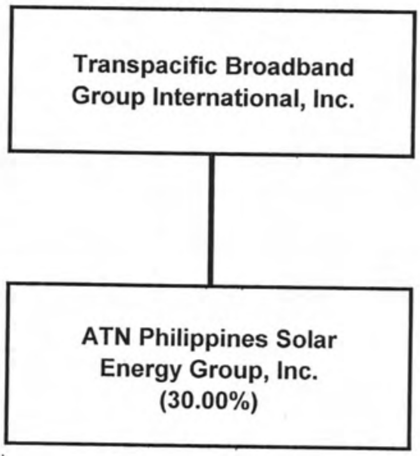
Transpacific Broadband Group International, Inc.
Schedule II - Financial Soundness
Pursuant to SRC Rule 68, As Amended

		2016	2015
A.	Current/liquidity ratios		
	Current ratio	**5.28**	3.31
	Quick ratio	**4.98**	2.97
	Cash ratio	**2.92**	0.22
B.	Solvency ratio/Debt-to-equity ratio		
	Solvency ratio	**2.40**	2.45
	Debt ratio	**0.03**	0.03
	Debt-to-Equity ratio	**0.03**	0.03
C.	Asset-to-Equity ratio	**1.03**	1.03
D.	Interest rate coverage ratio	**5.96**	9.89
E.	Profitability ratios		
	Net profit margin analysis	**4.12%**	3.42%
	Gross profit margin analysis	**10.29%**	11.37%
	Return on assets	**0.48%**	0.36%
	Return on equity	**0.49%**	0.40%
	Return on capital employed	**0.48%**	0.36%

Transpacific Broadband Group International, Inc.
Schedule III - Retained Earnings Available for Dividend Declaration
December 31, 2016

Retained Earnings as at December 31, 2016		P 40,284,687
Adjustments:		-
Retained Earnings as at December 31, 2016, *as adjusted*		40,284,687
Net income during the period closed to Retained Earnings	1,477,317	
Less: Non-actual/unrealized income net of tax		
Equity in net income of associate/joint venture	-	
Unrealized foreign exchage gain - net (except those attributable to cash and cash equivalents)	-	
Unrealized actuarial gain	1,799,102	
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	-	
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	1,799,102	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	-	
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)	-	
Subtotal	-	
Net income actually earned during the period		(321,785)
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		(437,800)
Retained Earnings as at December 31, 2016		P 39,525,102

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, 2016



Transpacific Broadband Group International, Inc.
Schedule A - Marketable Securities
December 31, 2016

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
None to report				

Transpacific Broadband Group International, Inc.
Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)
December 31, 2016

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 *	5,329,758	299,111	-	-	-	5,628,869	5,628,869
ATN Philippines Solar Energy Group, Inc. - Related party	24,017	3,802,940	-	-	-	3,826,957	3,826,957
Palladian Land Development Inc. - Related Party	910,483	2,953,174	2,000,000	-	-	1,863,657	1,863,657
Managed Care Philippines, Inc. - Related Party	-	345,678	-	-	-	345,678	345,678
	P 6,264,257	P 7,400,903	P 2,000,000	P -	P -	P 11,665,161	P 11,665,161

* - additions represent unrealized foreign exchange gain

Transpacific Broadband Group International, Inc.
Schedule C: Amounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2016

Name and Designation of Debtor	Balance at the beginning of the period	Additions	Amount collected	Amounts written off	Current	Non-Current	Balance at end of period
None to report							

Transpacific Broadband Group International, Inc.
Schedule D: Intangible Assets- Other assets
December 31, 2016

Description	Baginning Balance	Additions at Cost	Charged to cost and expenses	Charged to other accounts	Other charges additions (deductions)	Ending Balance
Franchise	P 4,942,405	P -	P 600,000	P -	P -	P 4,342,405

Transpacific Broadband Group International, Inc.
Schedule E: Long Term Debt
December 31, 2016

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	P 5,900,000	P 5,900,000	P -

Transpacific Broadband Group International, Inc.
Schedule F: Indebtedness to related parties
(Long-Term Loans from Related Parties)
December 31, 2016

Name of related party	Balance at beginning of period	Balance at end of period
None to report		

Transpacific Broadband Group International, Inc.
Schedule G: Guarantee securities of other issuers
December 31, 2016

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by a person for which statement is filed	Nature of guarantee
None to report				

Transpacific Broadband Group International, Inc.
Schedule H: Share Capital
December 31, 2016

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

SEC Number AS095-006755_
File Number ____________

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

(Company)

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

(Address)

717-0523

(Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(month & day)

SEC Form 17Q

(Form Type)

Amendment Designation (if applicable)

June 30, 2017

(Period Ended Date)

(Secondary License Type and File Number)

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, 2017

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. 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

	Notes	(Unaudited) 30-Jun 2017	(Audited) 31-Dec 2016
ASSETS			
Current Assets			
Cash and cash equivalents	8	**P13,658,392**	P18,811,609
Receivables - net	9	**20,347,540**	13,303,367
Spare parts inventory	10	**1,899,946**	1,899,946
Total Current Assets		**35,905,878**	34,014,922
		(255,006)	
Noncurrent Assets			
Advances for projects	11	**5,628,869**	5,628,869
Investment in an associate	12	**204,642,482**	108,535,216
Franchise - net	13	**4,042,405**	4,342,405
Property and equipment - net	15	**95,051,358**	103,526,313
Investment properties	16	**45,287,800**	45,287,800
Deferred tax asset - net		**719,443**	719,443
Other non-current assets	14	**10,937,131**	8,229,629
		366,309,488	276,269,675
		P402,215,366	P310,284,597
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	17	**P73,384**	P508,549
Loans payable	18	**5,900,000**	5,900,000
Income tax payable		**1,349**	34,258
Total Current Liabilities		**5,974,733**	6,442,807
Noncurrent Liabilities			
Deposits		**403,000**	528,000
Subscription payable		**93,500,000**	-
Pension liability		**776,678**	851,280
		94,679,678	1,379,280
Total Liabilities		**100,654,411**	7,822,087
Equity			
Share capital	**19**	**222,019,330**	222,019,330
Share premium		**29,428,022**	29,428,022
Share option outstanding		**8,921,814**	8,921,814
Retained earnings		**41,629,589**	42,531,144
Treasury shares		**(437,800)**	(437,800)
Total Stockholders' Equity		**301,560,955**	302,462,510
		P402,215,366	P310,284,597

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ending		Six (6) month ending	
	30-Jun-17	30-Jun-16	**30-Jun-17**	30-Jun-16
REVENUES				
Service income	**P8,515,133**	P8,855,297	**P17,357,492**	P17,586,618
Other Income	**649,287**	606,691	**1,272,112**	1,220,950
	9,164,419	9,461,988	**18,629,603**	18,807,568
COST AND EXPENSES				
Direct cost	**8,975,235**	8,805,184	**17,949,231**	17,324,893
Administrative expenses	**197,552**	110,063	**502,463**	470,041
Finance costs - net	**108,582**	76,667	**160,822**	161,104
	9,281,369	8,991,913	**18,612,516**	17,956,037
INCOME (LOSS) FROM OPERATION	**(116,950)**	470,075	**17,087**	851,531
EQUITY IN NET LOSS OF AN ASSOCIATE	**184,478**	255,615	**892,734**	491,250
PROFIT (LOSS) BEFORE INCOME TAX	**(301,428)**	214,461	**(875,647)**	360,282
INCOME TAX EXPENSE	**1,349**	32,776	**25,908**	74,070
PROFIT (LOSS) FOR THE PERIOD	**(302,777)**	181,685	**(901,555)**	286,212
OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME(LOSS)	**(302,777)**	P181,685 P	**(901,555)** P	286,212
EARNINGS PER SHARE			**(0.0041)**	0.0013

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CHANGES IN EQUITY

	Six (6) month ending	
	30-Jun-17	30-Jun-16
SHARE CAPITAL	**P 222,019,330**	P 222,019,330
SHARE PREMIUMS	**29,428,022**	29,428,022
SHARE OPTIONS OUTSTANDING	**8,921,814**	8,921,814
RETAINED EARNINGS (DEFICIT)		
Balance, January 1	**42,531,144**	41,053,827
Profit (loss)	**(901,555)**	286,212
	41,629,589	41,340,039
TREASURY SHARES	**(437,800)**	(437,800)
	P301,560,955	P301,271,405

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CASH FLOWS

	Quarter ending		Six (6) month ending	
	30-Jun-17	**30-Jun-16**	**30-Jun-17**	30-Jun-16
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) profit before income tax	P (327,335)	P 432,032	P (901,555)	P 286,212
Adjustments for:				
Depreciation and amortization	4,297,763	4,297,764	8,474,955	8,595,527
Amortization of franchise	150,000	150,000	300,000	300,000
Retirement benefits	-	-	(74,602)	-
Foreign exchange loss	-	-	-	434,412
Equity in net loss of an associate	184,476	255,615	892,734	491,250
Interest income	(28,636)	(748)	(54,467)	(1,280)
Operating income before working capital changes	4,276,267	5,134,663	8,637,065	10,106,121
Decrease (increase) in Operating Assets:				
Receivables	(3,596,534)	714,507	(8,054,922)	(2,907,470)
Decrease (increase) in Other non-current assets	1,491,440	211,521	50,815	496,156
Increase/(decrease) in Operating liabilities				
Accounts payable and accrued expenses	(300,178)	(294,950)	(435,165)	(654,063)
Income taxes paid	1,349	(97,714)	(32,909)	(97,714)
Interest received	2,798	748	6,106	1,280
Net Cash Provided by/(Used in) Operating Activities	1,875,142	5,668,775	170,989	6,944,310
CASH FLOWS FROM INVESTING ACTIVITIES				
Return of security deposit	-	-	(125,000)	-
Advances of related parties	(2,758,317)	(6,647,369)	(2,758,317)	(6,244,463)
Payment of stock subscription	(850,000)	-	(3,500,000)	
Collection from sale of communication device	505,371	477,820	1,010,749	946,789
Net Cash Used in Investing Activities	(3,102,946)	(6,169,549)	(5,372,568)	(5,297,674)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest received	25,838	-	48,361	-
Net Cash Provided by(used in) Financing Activities	25,838	-	48,361	-
NET INCREASE (DECREASE) IN CASH EQUIVALEI	(1,201,966)	(500,774)	(5,153,217)	1,646,636
CASH AT THE BEGINNING OF THE YEAR			18,811,609	1,390,132
CASH AT END OF YEAR			**P13,658,392**	**P3,036,768**

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and December 31, 2016

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, NTC granted Frequency Supportability to the Company.

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% of gross income on registered activities.

The Company's registered office is located at Bldg. 1751, Chico St., Clark Special Economic Zone, Angeles City, Pampanga.

2. Basis of Preparation and Presentation

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

Basis of Financial Statement Preparation and Presentation
The accompanying financial statements have been prepared on a historical cost basis except for certain property and equipment and investment properties that are carried at fair value or revalued amounts.

The financial statements are presented in Philippine Peso, the Company's functional currency and all values represent absolute amount except when otherwise indicated.

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.

Current versus non-current classification
The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

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.

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 these 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 statement of comprehensive 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. After initial recognition, financial assets and financial liabilities at FVPL are carried at fair value.

A financial asset and financial liability is 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 June 30, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, 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 statement of comprehensive income.

Included under this category are accounts payable and accrued expenses and 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.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Impairment of 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.

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 the lower of cost and 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 initially and subsequently 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 remaining balance of 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	6 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. Investment properties are initially measured at cost, including transaction costs.

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
Investment in an associate is neither a subsidiary nor a joint venture in which the Company exercises significant influence and is accounted for under the equity method of accounting. The equity method of accounting for investment in associate recognizes the changes in the Company's share of net assets of the associate. The share in the net results of the operations of the associate is reported as *Equity in Net Loss/Earnings of an Associate* reported in the Statement of Comprehensive Income. If a change is recognized directly in equity of associate, the Company recognizes its share of any changes in the Statement in Changes in Equity. If significant influence is lost over the associate, the Company measures the carrying value of investment at its fair value. The difference, if any, upon the loss of significant influence over its associate is reported in the Statement of Comprehensive Income.

Franchise
The Company holds a congressional franchise for the operation of telecommunication service. All cost and expenses directly related to its initial acquisition that meets the definition of an intangible asset is capitalized as Franchise. After the initial recognition, Franchise is carried at cost less accumulated depreciation and any impairment losses. Franchise is amortized using the straight line method over its congressional term of 25 years. The amortization period and amortization method is reviewed at each financial year-end. If the expected useful life of the asset is different from previous estimate, the amortization period is changed accordingly. When the carrying amount of Franchise is greater that its estimated recoverable amount, the cost is written down to its recoverable amount. Franchise is derecognized either upon disposal or the right to use expired.

Other non-current assets
Other non-current assets of the Company include advances to affiliates, security deposit, other receivable, rent receivable and other asset.

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.

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.

Cost is recognized in the statement of comprehensive income when the related revenue is earned (e.g. when goods are sold or services have been performed). Expenses are recognized upon utilization of the service or when they are incurred.

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 laws 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 statement of comprehensive 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 statement of comprehensive income.

Impairment of Non-Financial Assets
Property and equipment, Franchise, and Investment in an associate are reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable or the recoverable amount is less than its carrying amount. Recoverable amount is the higher of the assets' fair value less cost of disposal or value in use. Fair value less costs of disposal is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less costs of disposal while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset or from its disposal at the end of its useful life. The following impairment assessment approach are used for each non-financial assets.

Spare parts inventory
The impairment is measured if NRV is less than the acquisition cost. Assessment is made at each reporting period whether there is an indication that previously recognized impairment may no longer exists or may have decreased.

Property and equipment
When carrying amount of the asset is greater than its estimated recoverable amount, the cost of the asset is written down immediately to its recoverable amount.

Franchise
Franchise is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the franchise relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Investment in an associate
The Company determines at each Statement of Financial Position date whether there is any objective evidence that investment in an associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the recoverable amount of the investment in an associate and the carrying amount of the investment, and recognizes the amount in the Statement of Comprehensive Income.

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.

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.

Operating segment
Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available.

Management has determined that the Company has only one segment which is the provision of uplink and broadband system to its clientele.

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 financial 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, 2016
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, 2016.

Amendments to PAS 1, *Presentation of Financial Statements – Disclosure Initiative*
The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. These clarify the following:

- That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information or aggregating material items that have different natures or functions;
- That specific line items in the Statements of Income and OCI and the Statements of Financial Position may be disaggregated;
- That entities have flexibility as to the order in which they present the Notes to Financial Statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

These amendments do not have any impact on the Company.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Company’s financial position or performance.

Amendments to PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and either the cost model or revaluation model (after maturity). The amendments also require that produce growing on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact to the Company as the Company does not have any bearer plants.

Amendments to PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements*
The amendments allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption

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

Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*.
These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when it measures all of its subsidiaries at fair value. They also clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity parent is consolidated. The amendments also allow an investor (that is not an investment entity and has an investment entity associate or joint venture) to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries when applying the equity method. These amendments are not applicable to the consolidated financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

Amendments to PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendment does not have any significant impact on the Company's financial position or performance.

PFRS 14, *Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items in the statement of comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. This standard does not apply since the Company is not a first-time adopter of PFRS.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and do not have any material impact to the Company's financial statements. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the

requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report*'
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2016
The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2016 are disclosed below. Except as otherwise indicated, the Company does not expect the adoption of the applicable new and amended PFRS to have a significant impact on its financial position or performance.

Effective 2017

Amendments to PAS 7, *Statement of Cash Flows*
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted.

Amendments to PAS 12, *Income taxes – Recognition of Deferred Tax Assets for Unrealized Losses*
The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which

taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application of the amendments is permitted. These amendments are not expected to have any impact on the Company.

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.

Determination of Control
Control is presumed to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As of December 31, 2016 and 2015, the Company has 30% equity interest in an associate where the Company has significant influence over the associate's financial and operating policies.

Classification of leases
The Company has entered into various leases to third parties. 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.

Operating lease payment is reported in the Statement of Comprehensive Income.

Determination of fair value of assets and liabilities
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. Assets and liabilities are 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)

Fair value measurement is disclosed in Note 6.

(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 trade 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.

The Company recognized an allowance of P446,811 in 2016.

Estimating NRV of spare parts inventories
The carrying value of inventories is carried at lower of cost and NRV. The estimates used in determining NRV is dependent on the recoverability of its cost with reference to existing market prices, location or the recent market transactions. The amount and timing of recorded cost for any period would differ if different estimates were used.

The carrying value of spare part inventory amounted to P1,899,946 in 2016.

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.

The carrying value of property and equipment as at June 30, 2017 and December 31, 2016 amounted to P95,051,358 and P103,526,313, respectively. (*See Note 15*)

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.

The carrying value of Deferred tax assets (net of Deferred tax liabilities of P126,625 in 2016) as at December 31, 2016 amounted to P719,443. (*See Note 28*)

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.

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, 2017 and December 31, 2016, 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, 2017 and December 31, 2016, share options outstanding amounted to P8,921,814. (*See Note 21*)

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 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.

30-Jun-17	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	**P -**	**P 13,658,392**	**P -**	**P 13,658,392**
Receivables - net	**-**	**20,347,540**	**-**	**20,347,540**
Advances for projects		**5,628,869**	**-**	**5,628,869**
Property and equipment	**-**	**95,051,358**	**-**	**95,051,358**
Investment property	**-**	**38,368,800**	**6,919,000**	**45,287,800**
Other current assets	**-**	**10,937,131**		**10,937,131**
Accounts payable and accrued expenses	**-**	**(73,384)**	**-**	**(73,384)**
Loans payable	**-**	**(5,900,000)**	**-**	**(5,900,000)**
Deposits	**-**	**(403,000)**	**-**	**(403,000)**
Subscription payable	**-**	**(93,500,000)**	**-**	**(93,500,000)**

2016		Level 1		Level 2		Level 3		Total
Cash and cash equivalents	P	-	P	18,811,609	P	-	P	18,811,609
Receivables - net		-		13,303,367		-		13,303,367
Advances for projects		-		5,628,869		-		5,628,869
Property and equipment		-		103,526,313		-		103,526,313
Investment properties		-		38,368,800		6,919,000		45,287,800
Other non-current assets		-		8,229,629		-		8,229,629
Accounts payable and								-
accrued expenses		-		(508,549)		-		(508,549)
Loans payable		-		(5,900,000)		-		(5,900,000)
Deposits		-		(528,000)		-		(528,000)

Fair values were determined as follows:

- *Cash and cash equivalents, short-term investments, receivables 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, 2017 and December 31, 2016.

	Gross Maximum Exposure			
	June 30, 2017			2016
Cash and cash equivalents *	**P**	**13,645,392**	P	18,798,609
Trade receivables		**27,559,017**		19,530,211
Non-trade receivable		**384,315**		1,368,948
Advances for projects		**5,628,869**		5,628,869
Other non current assets**		**8,420,004**		7,463,151
	P	**55,637,596**	P	52,789,789

**excludes cash on hand of P13,000.*

***excludes prepayments of transponder rent and real estate tax*

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 its customer where appropriate trade relations have been established including billings and collections processes.

The credit quality of the Company's assets as at December 31, 2016 and 2015 is as follows:

	June 30, 2017				
	Neither past due nor impaired		Past due	Past due	
	High	Standard	but not	and	
	grade	grade	impaired	impaired	Total
Cash and cash equivalents	**P 13,645,392**	**P -**	**P -**	**P -**	**P 13,645,392**
Trade receivables	**-**	**18,622,790**	**8,936,227**	**7,595,792**	**35,154,809**
Non-trade receivable	**-**	**384,315**	**-**	**-**	**384,315**
Advances for projects	**-**	**5,628,869**	-	**-**	**5,628,869**
Other non-current assets	**-**	**8,420,004**	**-**	**-**	**8,420,004**
	P 13,645,392	**P 33,055,977**	**P 8,936,227**	**P 7,595,792**	**P 63,233,388**

	December 31, 2016				
	Neither past due nor impaired		Past due	Past due	
	High	Standard	but not	and	
	grade	grade	impaired	impaired	Total
Cash and cash equivalents	P 18,798,609	P -	P -	P -	P 18,798,609
Trade receivables	-	5,411,858	6,522,561	7,595,792	19,530,211
Non-trade receivables	-	1,368,948	-	-	1,368,948
Advances for projects	-	5,628,869	-	-	5,628,869
Other non-current assets	-	7,463,151	-	-	7,463,151
	P 18,798,609	P 19,872,827	P 6,522,561	P 7,595,792	P 52,789,789

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 trade receivables is as follows:

	30-Jun-17	2016
61-90 days past due	**P 3,127,679**	P 2,490,650
over 90 days	**5,808,548**	4,031,911
	P 8,936,227	P 6,522,561

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, 2017 and December 31, 2016.

	June 30, 2017				
	< 1 month	**> 1 month& <3 months**	**>3 months &< 1 year**	**> 1 year & <3 years**	**Total**
Accounts payable and accrued expenses	**P 73,384**	**P -**	**P -**	**P -**	**P 73,384**
Interest-bearing liabilities					
Loans payable	**-**	**-**	**5,900,000**	**-**	**5,900,000**
	P 73,384	**P -**	**P 5,900,000**	**P -**	**P 5,973,384**

	December 31, 2016				
	< 1 month	> 1 month& <3 months	>3 months & < 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	P 508,549	P -	P -	P -	P 508,549
Interest-bearing liabilities					
Loans payable	-	-	5,900,000	-	5,900,000
	P 508,549	P -	P 5,900,000	P -	P 6,408,549

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, 2017		2016	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Cash and cash equivalents	**$ 59,635**	**P 3,016,921**	$ 58,130	P 2,895,640
Advances for projects	**113,000**	**5,628,869**	113,000	5,628,869

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 as of June 30, 2017 for the year ended December 31, 2016:

	Effect on Income Before Taxes	
Increase/decrease in Peso to US Dollar Rate	**30-Jun-17**	2016
+ P5.00	**P 855,650**	P 855,650
- P5.00	**(855,650)**	(855,650)

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 interest 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.

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, share premium, revaluation increment and retained earnings.

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

	30-Jun-17	2016
Equity	**P 301,560,955**	P 302,462,510
Total Assets	**402,215,366**	310,284,597
Ratio	**0.750**	0.975

8. Cash and cash equivalents

As at June 30, 2017 and December 31, 2016, cash and cash equivalents represent cash on hand and cash in banks of P13,658,392 and P18,811,609, respectively.

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

9. Receivables

The composition of this account is as follows:

		30-Jun-17		2016
Trade				
In local currency	**P**	**8,936,227**	P	9,366,785
In foreign currency		**18,622,790**		10,163,426
		27,559,017		19,530,211
Less: Allowance for probable losses		**(7,595,792)**		(7,595,792)
		19,963,224		11,934,419
Non-trade		**384,315**		1,368,948
	P	**20,347,540**	P	13,303,367

Breakdown of allowance for probable losses is as follows:

		30-Jun-17		2016
Balance, January 1	**P**	**7,595,792**	P	7,148,981
Provision		**-**		446,811
Balance, December 31	**P**	**7,595,792**	P	7,595,792

10. Spare parts inventory

Spare parts inventory consists of communication supplies and materials that are normally provided to customers in the delivery of services. Spare parts inventory amounting to P1,899,946 are carried at cost which approximates its net realizable value.

11. Advances for Projects

The movement of this account is as follows:

		30-Jun-17		2016
Balance at beginning of year	**P**	**5,628,849**	P	5,329,738
Effect of changes in foreign exchange		**-**		299,111
	P	**5,628,849**	P	5,628,849

12. Investment in an Associate

Investment in an Associate pertains to a 30% equity interest in ATN Philippines Solar Energy Group, Inc. (ATN Solar). Management believes that it exercises significant influence over the financial and operating policies of ATN Solar.

The composition of this accounts is as follows:

		30-Jun-17		2016
Cost				
Beginning balance	**P**	**112,500,000**	P	112,500,000
Additional subscription		**97,000,000**		-
		209,500,000		112,500,000
Equity in net loss				
Beginning		**(3,964,784)**		(3,542,027)
Share in net loss for the year		**(892,734)**		(422,757)
		(4,857,518)		(3,964,784)
	P	**204,642,482**	P	108,535,216

13. 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:

		30-Jun-17		2016
Balance, January 1	**P**	**4,342,405**	P	4,942,405
Amortization		**(300,000)**		(600,000)
Balance, December 31	**P**	**4,042,405**	P	4,342,405

The amortization of franchise is shown as part of direct costs in the Statement of Comprehensive Income. Management believes that the carrying amount of franchise is recoverable in full and no impairment loss in necessary.

14. Other non-current assets

This account consists of:

		30-Jun-17		2016
Advances to:				
Palladian Land Development Inc. (PLDI)	P	3,460,569	P	1,863,657
Managed Care Philippines, Inc.		518,518		345,678
ATN Phils. Solar Energy Group Inc. (Solar)		4,440,918		3,826,957
Security deposits		2,142,522		1,426,859
Other receivable		374,605		
Other asset		-		766,478
	P	**10,937,131**	P	8,229,629

15. Property and equipment - net

The movement in this account is as follows:

June 30, 2017	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2017	P 23,893,402	P 253,200,490	P 5,180,726	P 19,145,709	P 14,675,284	P 316,095,611
Reclassification from spare parts inventory	-	-	-	-	-	-
Additions	-	-	-	-	-	-
At June 30, 2017	23,893,402	253,200,490	5,180,726	19,145,709	14,675,284	316,095,611
Accumulated depreciation						
At January 1, 2017	19,504,077	162,890,486	3,561,376	13,996,094	12,617,265	212,569,297
Provisions	597,336	5,923,124	390,916	1,073,996	489,584	8,474,956
At June 30, 2017	20,101,413	168,813,610	3,952,292	15,070,090	13,106,849	221,044,253
Net Book Value						
At June 30, 2017	P 3,791,989	P 84,386,880	P 1,228,435	P 4,075,619	P 1,568,435	P 95,051,358

2016	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2016	P 23,893,402	P 252,901,102	P 5,180,726	P 19,145,709	P 14,675,284	P 315,796,223
Reclassification from						
spare parts inventory	-	299,388	-	-	-	299,388
Additions	-	-	-	-	-	-
At December 31, 2016	23,893,402	253,200,490	5,180,726	19,145,709	14,675,284	316,095,611
Accumulated depreciation						
At January 1, 2016	18,309,408	151,044,240	2,779,543	11,848,101	11,879,237	195,860,530
Provisions	1,194,669	11,846,246	781,833	2,147,992	738,029	16,708,769
At December 31, 2016	19,504,077	162,890,486	3,561,375	13,996,093	12,617,266	212,569,298
Net Book Value						
At December 31, 2016	P 4,389,325	P 90,310,004	P 1,619,350	P 5,149,616	P 2,058,018	P 103,526,313

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.

16. Investment properties

As at June30,, 2017 and December 31, 2016, investment property consists of the following:

Condominium units	P 38,368,800
Land and improvements	6,919,000
Balance at end of year	P 45,287,800

Condominium units represent the beneficial ownership of commercial units held at Summit One Office Tower in Mandaluyong City. The fair market value is determined by a firm of independent appraiser on March 4, 2014 which resulted in a decrease in value of the investment properties amounting to P4,999,600. The independent appraiser used the Sales Comparison Approach, a comparative approach valuation that considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison. Accordingly, the Company categorized these condominium units under Level 2 of the fair value hierarchy. Management believes that there are no present material factors that would significantly increase or decrease the fair value of these properties as of December 31, 2016.

Land and improvements represents a parcel of residential lot located in Paliparan 1, Dasmariñas, Cavite. The highest and best use of the property is for residential use. For strategic reason, the property is not used in that manner. Certain developer is currently selling a mass housing project within the vicinity. The pricing model of the said developer was used by management as a guide in determining the fair value of its own property. The fair value amounted to P7 million. The property is valued in terms of its highest and best use which is categorized under Level 3 of the fair value hierarchy.

17. Accounts payable and other liabilities

Accounts payable and accrued expenses are short-term payables that are settled on a one- to three-months term. As of June 30, 2017 and December 31, 2016, accounts payable and other liabilities amounted to P73,384 and P508,549, respectively.

Management believes that the carrying values of *Accounts payable and accrued expenses* approximate their fair values.

18. Loans payable

A Peso loan was availed in February 2016 at a principal amount of P6 million. The peso loan carries interest of 5% per annum payable monthly in arrears. The principal is payable after 12 months.

The Peso loan, which are used for working capital requirements, are both collateralized by the following;

- Real estate mortgages over properties owned by a related party; and
- Suretyship agreement by the Company as borrower and a stockholder as a surety.

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of December 31, 2016..

19. Deposits

Deposits are amounts paid by clients as guarantee to agreements entered into by the Company with usual term of 2 to 3 years. The amount is expected to be settled upon the termination of the contract.

As of June 30, 2017 and December 31, 2016, deposits amounted to P403,000 and P528,000, respectively.

20. Compensation and benefits

The Company provides retirement benefits in accordance with the provisions of Republic Act No. 7641 (RA 7641), prescribing the minimum retirement benefits to be paid by a company to its qualified retiring employees. No actuarial valuations are made since the Company employs a minimal number of employees.

Among others, RA 7641 provides for retirement benefits to retiring employees who have reached sixty (60) years old or more, but not beyond 65 years and have served at least five (5) years in the Company. Such retiring employee is entitled to a retirement pay of one half (1/2) month salary for every year of service computed based on the following components:

- 15 days salary;
- 5 days of service incentive leave; and
- One half (½) of the 13th month pay

Management believes that any disparity of retirement benefit cost computed internally against independent actuarial valuations will not significantly affect the Company's financial statements.

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 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 March 24, 2017.

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's BOD approved the grant of share option to its Chief Executive Officer (CEO). The CEO has been largely responsible for bringing the Company to its present financial condition. Furthermore, the CEO has not been compensated since his assumption of management in 2000. Hence, the grant of share option 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 believes 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 of the CEO. No options were exercised prior to the said deferment.

As of June 30, 2017 and December 31, 2016, the stock options has a carrying value of P8,921,814.

22. Service income

As discussed in Note 1, the Company is duly enfranchised to provide telecommunication services to various clients. Services include provision for uplink services, VSAT-based internet service, wireless networking, hosting and content conversion.

VSAT uplink services have terms of 2 to 3 years billable monthly with advance payment and one month advance security deposit.

23. Direct costs

This account consists of:

		30-Jun-17		30-Jun-16
Depreciation *(see Note 15)*	**P**	**8,474,955**	P	8,595,527
Transponder lease *(see Note 30)*		**5,888,797**		5,559,556
Rental *(see Note 30)*		**1,530,037**		1,390,943
Salaries, wages & other benefits *(see Note 20)*		**670,687**		562,873
Amortization of franchise *(see Note 13)*		**300,000**		300,000
Utilities and communication		**548,605**		529,526
Transportation and travel		**183,562**		128,822
Security services		**232,425**		127,232
Office supplies		**32,520**		44,101
Taxes and licenses		**-**		17,045
Miscellaneous		**87,643**		69,268
	P	**17,949,231**	P	17,324,893

24. Other Income

The composition of this account is as follows:

		30-Jun-17		30-Jun-17
Rent income *(see Note 16)*	**P**	**1,217,645**	P	1,110,660
Interest income		**54,467**		110,290
	P	**1,272,112**	P	1,220,950

25. Administrative expenses

This account consists of:

		30-Jun-17		30-Jun-16
Management services	**P**	**60,000**	P	60,000
Permits, taxes and licenses		**426,608**		337,929
Realized foreign exchange loss		**-**		57,112
Miscellaneous		**15,855**		15,000
	P	**502,463**	P	470,041

26. Related party transactions

The following related party transactions occurred during 2017 and 2016:

Related party		Nature of transaction	Amount of Transaction 30-Jun-17	2016	Year-end balances 30-Jun-17	2016	Terms and condition
Associate							
ATN Solar		Share capital subscription (see Note 13)	P -	P (54,250,000)	P -	P -	No payment terms
ATN Solar		Advances	P 236,655	3,802,940	P -	-	
		Collection of advances	-		4,440,918	3,826,957	Unsecured, unimpaired and no payment terms
Affiliated companies							
Palladian Land Devt. Inc (PLDI)	(i)	Rent income	1,217,645	2,242,152	-	-	
		Income for short-	-	-	-	-	
	(ii)	Advances	(362,070)	711,022	-	-	
		Collection of advances		(2,000,000)	3,460,566	1,863,657	Unsecured, unimpaired and no payment terms
Managed Care Philippines, Inc. (MCPI)	(ii)	Advances	86,420	345,675	518,517	345,678	Unsecured, unimpaired and no payment terms

Details of significant related party transactions are as follows:

(i) As discussed in Note 16, the Company is a beneficial owner of certain condominium units registered under the name of PLDI. Title to the properties has not been released to the Company as the Company intends to sell the properties through the sales network of PLDI. These properties are leased out to third party also through PLDI. Proceeds of the rent are remitted to the Company by the latter.

(ii) Pursuant to *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

(iii) As discussed in Note 11, funds were released to a certain officer intended to finance key projects. These funds are to be liquidated whenever disbursements are made and to be returned when a project is completed.

For the years ended December 31, 2016 and 2015, the Company did not provide compensation to its key management personnel.

27. 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. As of December 31, 2016, the Company is applying for the renewal of its tax exemption with 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 said 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.

Exemption from inspection of all importations at the port of origin by the Societe Generale de Surveillence ("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.

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 outstanding during the year as follows:

		30-Jun-17		**30-Jun-16**
Profit (loss) for the year (a)	**P**	**(901,555)**	P	286,212
Weighted average number of shares outstanding during the year (b)		**222,019,330**		222,019,330
Earnings (loss) per share (a/b)		**(0.0041)**		0.0013

Management Discussion and Analysis of Operation

The earnings per share (EPS) are computed based on the following number of outstanding shares:

	June 30, 2017	June 30, 2016
Profit (Loss) for the period	(P598,780)	P286,212
Number of Outstanding Shares	222,019,330	222,019,330
Earnings per Share	(P0.0024)	P0.0013

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 cyclicality 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 increased from Php310 million in December 31, 2016 compared to Php402 million as of June 30, 2017. The net increase of Php92 million (30%) in total assets arose from the following items:

1. Decrease in cash by Php5.1 million (-27%).
2. Increase in receivables by Php7.0 million (53%) due to slower in collection.
3. Increase in investment in an associate by Php96 million (89%) due to additional stock subscription to an affiliate.
4. Increase in other non-current assets by Php2.7 million (33%) due to advances from an affiliate.

Total liabilities increased by Php92.845 million (1187%) from Php7.8 million in December 2016 to Php100.667 million in June 30, 2017. The net increase in liabilities resulted from the following significant items:

1. Decrease in accounts payable and accrued expenses by Php435 thousand (-86%) due to payment.
2. Decrease in deposits by Php125 thousand (24%).
3. Increase in subscription payable by Php93.5 million (100%) due to subscription in an associate.

Stockholders' equity remains the same as of June 30, 2017 and December 31, 2016.

Total revenue almost the same from Php17.586 million as of June 30, 2017 to Php17.357 million as of June 30, 2017.

Direct costs increased from Php17.324 million in the 2nd quarter ending June 30, 2016 to Php17.949 million (4%) in the 2nd quarter ending June 30, 2017. The net increase arose from the following accounts:

1. Transponder lease increased by Php329 thousand (5.59%) from Php5.559 million to Php5.888 million.
2. Rent expense increased by Php139 thousand (9.09%) from Php1.390 million to Php1.530 million due to increase in monthly rent.
3. Salaries, wages and other benefits increased by Php107 thousand (16%) from Php0.562 million to Php0.670 million.
4. Transportation and travel increased by Php54 thousand (30%).
5. Security services increased by Php102 thousand (45%) from Php127 thousand to Php232 thousand,
6. Office supplies decreased by Php11 thousand (-35%) from Php44 thousand to Php32 thousand.

Administrative expenses increased from Php470 thousand for the 2nd quarter ending June 30, 2016, to Php502 thousand (6.5%) in the 2nd quarter ending June 30, 2017. The net decrease arose from the following accounts:

1 Increase in permits, taxes and licenses by Php88 thousand (20%).
2 Decrease in realized foreign exchange loss of Php57 thousand (100%).

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, 2017	June 30, 2016
Current Ratio	6	5
Debt-to-Equity Ratio	0.334	0.025
Asset-to-Equity Ratio	1.337	1.027
Interest Rate Coverage Ratio	1.11	6.29
Gross Profit Margin	3.65%	7.88%
EBITDA	P12,485,292	P13,427,871
Net Income to Sales Ratio	-4.84%	1.52%
Earnings per share	-0.0041	-0.0018

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 to duly authorized.

COMPANY : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.

Signature and Title:

PAUL B. SARIA
Principal Operating Officer
August 10, 2017

CELINIA FAELMOCA
Principal Accounting Officer
August 10, 2017

SEC Number AS095-006755
File Number ___________

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

(Company)

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

(Address)

717-0523

(Telephone Number)

December 31

(Fiscal Year Ending)
(month & day)

SEC Form 17C

(Form Type)

Amendment Designation (if applicable)

December 31, 2016

(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

CERTIFICATION

I, PAUL B. SARIA, of legal age, Filipino, married and with office address at 9th Floor Summit One Tower, 530 Shaw Blvd., Mandaluyong City, being the Corporate Information Officer and Corporate Secretary of Transpacific Broadband Group International, Inc. hereby certify that following Executive Officers and Directors of the Corporation, for the year 2016-2017, are not employed as employee in any government agency.

Name	Designation	Name	Designation
Arsenio T. Ng	President & CEO	Kenneth C. Co	Independent Director
HRH Prince abdul Aziz Bin Talal Al Saud	Director	Oscar B. Mapua	Independent Director
Hilario T. Ng	Director, CFO	Paul B. Saria	Director, Corp. Secretary
Simon Ung	Director	Santos Cejoco	Chief Corp. Planner

Certified by:

Paul B. Saria
Corporate Secretary

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this August 23, 2017, affiant Paul B. Saria exhibited to me his Driver's License No. NO4-93-264992, expires on December 16, 2021

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not.Com. No. NP-060-1-12-17 until 12-31-2018
IBP O.R No. 1038374 Jan. 2017 up to Dec. 2018
PTR O.R. No. 3881630 C 01-12-17
Roll No. 33832 / TIN #129-871-009
MCLE No. V-0016296 valid from 04/16/2016 until 04/14/2019/PASIG CITY
Address: 31-F Harvard St. Cubao, Q.C.

Doc. No. 472
Page No. 48
Book No. 22
Series of 2017