



# 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](mailto: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

August 13, 2013

**JANET A. ENCARNACION**  
HEAD, DISCLOSURE DEPARTMENT  
THE PHILIPPINE STOCK EXCHANGE  
PSE Center, Exchange Road  
Ortigas Complex, Pasig City

**Dear Ms. Encarnacion,**

In compliance with PSE's requirement, we are sending you here SEC Form 17Q for quarter ending June 30, 2013.

Thank you.

Very truly yours,

CELINIA FAELMOCA

SEC Number AS095-006755  
File Number \_\_\_\_\_

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**TRANSPACIFIC BROADBAND GROUP  
INTERNATIONAL, INC.**

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(Company)

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

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(Address)

**717-0523**

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(Telephone Number)

**DECEMBER 31**

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(Fiscal Year Ending)  
(month & day)

**SEC Form 17Q -**

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(Form Type)

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Amendment Designation (if applicable)

**June 30, 2013**

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(Period Ended Date)

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(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, 2013
2. Commission identification no. AS095-006755                      3.BIR Tax Identification No. 004-513-153
4. TRANSPACIFIC BROADBAND GROUP INT'L, INC.
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City  
Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga  
(Satellite Center)
8. Telephone No. (0632) 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	222,019,330

11. These securities are listed on the Philippine Stock Exchange.
  - (a) The company has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
  - (b) The company has been subject to such filing requirements for the past ninety (90) days.

I. Financial Statements.

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**

			(Unaudited)		(Audited)
			30-Jun		31-Dec
	Notes		2013		2012
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	2	P	5,738,056	P	9,500,468
Trade receivables	3		38,767,962		30,379,650
Loans and interest receivable			-		62,638
Other shortterm investments	4		11,333,590		11,333,590
Spares inventory	5		3,859,237		3,859,237
<b>Total Current Assets</b>			<b>59,698,845</b>		<b>55,135,583</b>
<b>Noncurrent Assets</b>					
Advances for projects	6		23,742,360		23,742,360
Property and equipment - net	7		154,960,468		162,777,020
Investment property	8		50,287,400		50,287,400
Advances to and investment in associates	9		11,625,000		11,625,000
Franchise - net	10		6,442,405		6,742,405
Other non-current assets	11		5,250,940		3,558,663
			<b>252,308,573</b>		<b>258,732,848</b>
			<b>P 312,007,418</b>	<b>P</b>	<b>313,868,431</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	12	P	94,136	P	446,836
Current portion of interest bearing liabilities	13		5,016,769		5,164,653
Income tax payable			-		18,045
<b>Total Current Liabilities</b>			<b>5,110,905</b>		<b>5,629,534</b>
<b>Noncurrent Liabilities</b>					
Interest-bearing liabilities-net of current portion	13		108,873		108,873
Pension liability			1,018,765		1,018,765
Deferred tax liability			78,206		136,754
<b>Total Noncurrent Liabilities</b>			<b>1,205,844</b>		<b>1,264,392</b>
<b>Total Liabilities</b>			<b>6,316,749</b>		<b>6,893,926</b>
<b>Equity</b>					
Share capital			222,019,330		222,019,330
Share premium			29,428,022		29,428,022
Share option outstanding			8,921,814		8,921,814
Revaluation increment on property and equipment			4,412,905		5,525,312
Retained earnings			41,346,398		41,517,827
Treasury shares			(437,800)		(437,800)
<b>Total Stockholders' Equity</b>			<b>305,690,669</b>		<b>306,974,505</b>
			<b>P 312,007,418</b>	<b>P</b>	<b>313,868,431</b>

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**

**STATEMENTS OF COMPREHENSIVE INCOME**

	Quarter ending		Six (6) month ending	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
<b>REVENUES FROM UPLINK AND OTHER DATA-RELATED SERVICES</b>	<b>7,288,999</b>	<b>7,308,870 P</b>	<b>15,318,337 P</b>	<b>16,298,580</b>
<b>DIRECT COST - Note 14</b>	<b>7,650,597</b>	<b>7,565,922</b>	<b>16,428,935</b>	<b>16,593,218</b>
<b>GROSS PROFIT</b>	<b>(361,598)</b>	<b>(257,052)</b>	<b>(1,110,598)</b>	<b>(294,638)</b>
<b>OTHER INCOME - Note 15</b>	<b>542,915</b>	<b>227,890</b>	<b>1,101,437</b>	<b>468,943</b>
<b>TOTAL INCOME (LOSS)</b>	<b>181,317</b>	<b>(29,162)</b>	<b>(9,161)</b>	<b>174,305</b>
<b>ADMINISTRATIVE EXPENSES - Note 16</b>	<b>557,600</b>	<b>818,873</b>	<b>1,220,787</b>	<b>1,544,847</b>
<b>FINANCE COST</b>	<b>46,220</b>	<b>49,615</b>	<b>92,787</b>	<b>115,635</b>
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>(422,503)</b>	<b>(897,650)</b>	<b>(1,322,735)</b>	<b>(1,486,177)</b>
<b>INCOME TAX EXPENSE</b>	<b>-</b>	<b>29,280</b>	<b>19,649</b>	<b>67,263</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>(422,503)</b>	<b>(926,930)</b>	<b>(1,342,384)</b>	<b>(1,553,440)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Revaluation increment of property and equipment absorbed through depreciation	<b>585,478</b>	<b>585,478</b>	<b>1,170,955</b>	<b>1,170,955</b>
Effect of deferred income tax	<b>(29,274)</b>	<b>(29,274)</b>	<b>(58,548)</b>	<b>(58,548)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>133,701</b>	<b>(370,726) P</b>	<b>(229,977) P</b>	<b>(441,033)</b>
<b>EARNINGS PER SHARE</b>			<b>(0.0060)</b>	<b>(0.0070)</b>

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC**

**STATEMENT OF CHANGES IN EQUITY**

	Six (6) month ending	
	30-Jun-13	30-Jun-12
<b>SHARE CAPITAL</b>	P 222,019,330	P 222,019,330
<b>SHARE PREMIUMS</b>	29,428,022	29,428,022
<b>SHARE OPTIONS OUTSTANDING</b>		
Balance, January 1	8,921,814	8,921,814
Options granted	-	-
Balance, June 30	8,921,814	8,921,814
<b>REVALUATION INCREMENT ON PROPERTY AND AND EQUIPMENT - NET OF TAX</b>		
Balance, January 1	5,525,312	7,750,126
Revaluation increment absorbed through depreciation	(1,112,407)	(1,112,407)
Balance, June 30	4,412,905	6,637,719
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance, January 1	41,517,827	47,235,063
Revaluation increment absorbed through depreciation	1,170,955	1,170,955
Profit (loss)	(1,342,384)	(1,553,440)
Balance, June 30	41,346,398	46,852,578
<b>TREASURY SHARES</b>	(437,800)	(437,800)
	P 305,690,669	P 313,421,663

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC**

**STATEMENT OF CASH FLOWS**

	Quarter ending		Six (6) month ending	
	30-Jun-13	30-Jun-12	30-Jun-13	30-Jun-12
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
(Loss) profit before income tax	P (442,152)	P (964,913)	P (1,342,384)	P (1,553,440)
Adjustments for:				
Depreciation and amortization	4,060,308	3,888,855	8,120,616	7,930,684
Amortization of franchise	150,000	150,000	300,000	300,000
Interest expense	162,202	49,615	115,635	115,635
Interest income	(311,555)	(72,514)	(313,567)	(313,567)
Operating income before working capital changes	3,618,803	3,051,043	6,880,300	6,479,312
Decrease (increase) in Operating Assets:				
Trade receivables - net	(3,398,520)	(2,376,798)	(8,388,312)	(7,003,713)
Loans and interest receivables	-	(96,845)	62,638	1,239,790
Other current assets	-	-	-	(7,444)
Decrease (increase) in Other non-current assets	(1,114,414)	(48,311)	(1,692,277)	(369,348)
Increase/(decrease) in Operating liabilities				
Accounts payable and accrued expenses	7,086	-	(352,700)	(1,063,681)
Income taxes payable	(18,045)	(25,230)	(18,045)	(25,230)
Net Cash Provided by/(Used in) Operating Activities	(905,090)	503,859	(3,508,396)	(750,314)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of property and equipment	-	-	(304,064)	-
Interest received	311,555	72,514	313,567	313,567
Net Cash Used in Investing Activities	311,555	72,514	9,503	313,567
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from bank loans				
Principal	(74,942)	(225,401)	(147,884)	(470,947)
Interest	(162,202)	(49,615)	(115,635)	(115,635)
Net Cash Provided by(used in) Financing Activities	(237,144)	(275,016)	(263,519)	(586,582)
<b>NET INCREASE (DECREASE) IN CASH EQUIVA</b>	<b>(830,679)</b>	<b>301,357</b>	<b>(3,762,412)</b>	<b>(1,023,329)</b>
<b>CASH AT THE BEGINNING OF THE YEAR</b>			<b>9,500,468</b>	<b>2,051,769</b>
<b>CASH AT END OF YEAR</b>			<b>P 5,738,056</b>	<b>P 1,028,440</b>

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Basis for Financial Presentation**

The interim financial statements have been prepared in conformity with Philippine Financial Reporting Standards (PFRS).

**Changes in Accounting Policies**

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the company's annual financial statement as of and for the year ended December 31, 2012, except for the adoption of the following Philippine Accounting Standards (PAS), PFRS and Philippine Interpretations which became effective as of January 1, 2013.

Several other new standards and amendments apply for the first time in 2013. However, these do not have a material impact on the interim financial statements of the company.

The nature and the impact of each new standard/amendments is described below:

**PFRS 1, Government Loans – Amendments to PFRS 1**

These amendments required first-time adopters to apply the requirements of PAS 20, Accounting for Government Grants and Disclosures of Government Assistance, prospectively to government loans existing at the date of transition to PFRS. Entities may choose to apply the requirements of IFRS 9 (or IAS 39, as applicable) and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan. The exception would give first-time adopters relief from retrospective measurement of government loans with below-market rate of interest. The amendment is effective for annual periods on or after January 1, 2013. The amendment has no impact on the Company.

**PFRS 7, Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments)**

These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement of "similar agreement", irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period.

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
  - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
  - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

**PFRS 10, Consolidated Statements**

PFRS 10 replaces the portion of PAS 27, Consolidated and Separate Financial Statements, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, Consolidation – Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The application of this new standard does not have an impact on the financial statements of the Company.

**PFRS 11, Joint Arrangements**

PFRS 11 replaces PAS 31, Interests in Joint Ventures, and SIC 13, Jointly Controlled Entities – Non-Monetary Contribution by Venturers. PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The application of this new standard does not have an impact on the financial statements of the Company.



#### PFRS 12, Disclosure of Interests in Other Entities

PFRS 12 includes all the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, Investment in Associates. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. None of these disclosure requirements are applicable for the interim financial statements, unless significant events and transactions in the interim period require that they are provided. Accordingly, the Company has not made such disclosures.

#### PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The effect of the adoption had no significant impact on the Company's financial position and performance.

#### PAS 27, Separate Financial Statements (as revised in 2011)

As a consequence of the issuance of the new PFRS 10, Consolidated Financial Statements, and PFRS 12, Disclosure of Interest in Other Entities, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the Company. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

#### PAS 28, Investments in Associates and Joint Ventures (as revised in 2011)

As a consequence of the issuance of the new PFRS 11, Joint Arrangements, PFRS 12, Disclosure of Interests in Other Entities, PAS 28 has been renamed PAS 28, Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment becomes effective for annual periods beginning on or after January 1, 2013. The application of this new standard will not have an impact on the financial statements of the company.

#### 2. **Cash and cash equivalents**

As of June 30, 2013 and December 31, 2012 cash and cash equivalents represent cash on hand and cash in banks of P5.7 million and P9.5 million respectively. Cash in bank represents current account and USD dollar account that earn interest at the prevailing bank deposit rates.

#### 3. **Trade receivables**

This account consists of:

	June 30, 2013	Dec. 31, 2012
Trade	P45,122,128	P36,733,816
Less: Allowance for doubtful accounts	6,354,166	6,354,166
	<u>P38,767,962</u>	<u>P30,379,650</u>

#### 4. **Other short term investment**

Other short term investments are foreign currency deposit earmarked for the acquisition of capital equipments to augment the Company's expansion plans.

These investments with carrying value of P11,333,590 earns interest of 8% annually.

#### 5. **Spare parts inventory**

Spare parts inventory consist of communication supplies and materials that are normally provided to the customers in the delivery of services. Spare parts inventory amounting to P3.8 million are carried at cost.

#### 6. **Advances for projects**

As of June 30, 2013 the funds amounting to P23.7 million have been released to HRH to cover projects in the pipeline that HRH and the company are pursuing. The proposed projects have not been commenced and the funds remained unspent.

7. **Property and equipment**

The movements within this account as of June 30, 2013 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportatio n Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	P21,393,402	P250,287,892	P14,675,284	P5,180,726	P19,145,709	P310,683,013
Additions		304,062				304,062
Transfers/Sold						
Balance	21,393,402	250,591,954	14,675,284	5,180,726	19,145,709	310,987,075
Accumulated dep'n:						
Balance, January 1	14,975,396	114,179,825	9,276,784	1,571,570	7,902,418	147,905,993
Provisions	534,836	6,254,543	775,276	106,535	449,423	8,120,613
Transfers/sold						
Balance	15,510,232	120,434,368	10,052,060	1,678,105	8,351,841	156,026,606
Carrying amount:						
Beginning	P6,418,006	P136,108,067	P5,398,500	P3,609,156	P11,243,291	P162,777,020
End	P5,883,170	P130,157,586	P4,623,224	P3,502,622	P10,793,868	P154,960,466

Building and improvements, uplink equipment, leasehold improvements and data equipment (installation-in-progress) were revalued on October 28, 2002 by a firm of independent professionally qualified appraisers at market prices. The net appraisal increment resulting from the revaluation is credited to the "Revaluation Increment" account shown under stockholders' equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings.

8. **Investment property**

The breakdown of properties is shown below:

9F Condominium at Summit	P43,368,400
Land and Improvements in Cavite	6,919,000
	P50,287,400

9. **Advances to and Investment in associate**

During 2010, the Company subscribed to 7.5 million shares in ATN Solar Energy Group, Inc., (ATN Solar) representing 20.69% ownership interest. From the 7.5 million shares subscribed it was paid in full in 2012.

10. **Franchise**

This account consists of:

	June 30, 2013	Dec. 31, 2012
Franchise	P6,742,405	P7,342,405
Amortization	300,000	600,000
	P6,442,405	P6,742,405

11. **Other non-current assets**

This account consists of:

	June 30, 2013	Dec. 31, 2012
Palladian Land Dev. Inc.	P3,182,549	2,041,084
ATN Holdings	1,062,074	1,062,074
Security deposit	455,505	455,505
Others	550,812	-
	P5,250,940	P3,558,663

12. **Accounts payable and accrued expenses**

This account consists of non interest trade payables in the amount of P94,135.

13. **Interest-bearing liabilities**

This account consists of:

	June 30, 2013	Dec. 31, 2012
Foreign currency loans	P4,860,656	P4,860,656
Obligation under finance lease	264,985	412,870
	5,125,641	5,273,526
Less: current portion	5,016,769	5,164,653
	P108,872	P108,872

Long-term loans pertain to the principal amount of foreign currency loans with China Banking Corporation ("CBC") payable up to 2013. Annual interest ranges is 2.7485 and is payable monthly in arrears. The loan is secured by a real estate mortgage executed by Palladian Land Development, Inc., a related party.

**14. Direct Cost**

This account consists of the following:

	June 30, 2013	June 30, 2012
Amortization of franchise	P300,000	P300,000
Depreciation and amortization	8,120,616	7,930,684
Insurance	164,035	189,377
Office supplies	-	51,438
Rental expense	1,018,910	908,907
Salaries, wages and other benefits	848,293	857,218
Security services	194,000	255,750
Taxes and licenses	17,045	17,045
Transponder lease	5,224,675	5,288,714
Transportation and travel	139,391	300,478
Utilities and communication	401,970	513,607
	<b>P16,428,935</b>	<b>P16,593,218</b>

**15. Other income**

This account consists of:

	June 30, 2013	June 30, 2012
Rental income	P1,097,776	P313,567
Interest income	3,661	155,376
	<b>P1,101,437</b>	<b>P468,943</b>

**16. Administrative expenses**

This account consists of:

	June 30, 2013	June 30, 2012
Legal and professional fee	P110,000	P320,000
Permits, taxes and licenses	354,616	359,317
Power, dues and communication	242,823	452,535
Salaries, wages and other benefits	305,608	232,102
Transportation expense	115,628	88,420
Miscellaneous	92,112	92,472
	<b>P1,220,787</b>	<b>P1,544,847</b>

**17. Early Adoption of PFRS****PFRS 9, Financial Instruments: Classification and Measurement**

PFRS 9 as issued reflects the first phase on the replacement of PAS 39, Financial Instruments: Recognition and Measurement, and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015.

In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project. The Company decided not to early adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

**18. Financial risk management objectives and policies****Financial Risk**

The Company's activities expose it to 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's as at June 30, 2013 and December 31, 2012.

	Gross Maximum Exposure	
	June 30, 2013	December 31, 2012
Cash and cash equivalents	P5,725,057	P9,487,468
Trade receivables	38,767,962	36,733,816
Loans and interest receivable	-	62,638
Advances for projects	23,742,360	23,742,360
Other receivables	4,244,623	3,103,158
	P72,480,002	P73,129,441

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

June 30, 2013	Neither past due High grade	nor impaired Standard grade	Past due but not impaired	Past due and Impaired	Total
Cash and cash equivalents	P5,725,057				P5,725,057
Trade receivables		12,740,184	26,027,778		38,767,962
Advances					
For projects			23,742,360		23,742,360
For related parties			4,244,623		4,244,623
	P5,725,057	P12,740,184	P54,014,761	P-	P72,480,002

High-grade cash and cash equivalents are short-term placements and working cash fund placed, invested, or deposited in banks belonging to the top banks in the Philippines in terms of resources and profitability.

Standard grade accounts are active accounts with propensity of deteriorating to mid-range age buckets. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly.

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

June 30, 2013	Trade	Advances for projects	Advances to related party	Total
30-60 days past due	P5,003,000			P5,003,000
61-90 days past due	7,737,184			6,883,227
Over 90 days	26,027,778	23,742,360	4,244,623	54,014,761
	P38,767,962	P23,742,360	P4,244,623	P65,900,998

#### 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.

June 30, 2013	<1 month	>1month and <3months	.3months and <1 year	>1year and 5 years	Total
Accounts payable and Accrued expenses	P94,136				P94,136
Interest bearing liabilities					
Loans payable			5,016,769		5,016,769
Obligation under finance lease			-	108,872	108,872
	P94,136	P-	P5,016,769	P108,872	P5,219,777

#### 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 position.

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

	June 30, 2013	December 31, 2012
Cash and cash equivalents	US\$111	US\$506
Advances for projects	455,000	455,000
Bank loans	(118,000)	(118,000)
	US\$337,111	US\$337,506

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.

Effect on Income before taxes	June 30, 2013	December 31, 2012
Increase/decrease in Peso to US\$ Rate		
+P5.00	US\$1,685,555	US\$1,687,530
-P5.00	US\$(1,685,555)	US\$(1,687,530)

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

ii. Interest rate risk

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

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

Exposure to interest rate risk is as follows:

	June 30, 2013		December 31, 2012	
	Principal	Interest rate	Principal	Interest rate
Foreign currency loans	P4,860,656	1M LIBOR +2.75%	P4,860,656	1M LIBOR +2.75%
		1M LIBOR +3.00%		1M LIBOR +3.00%
Obligation under finance lease	P264,985	11%-19%	P412,870	11%-19%
	P5,125,641		P5,273,526	

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.

### Fair values

Comparative carrying amounts and fair values of financial instruments as at June 30, 2013 and December 31, 2012 follow:

	June 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	P5,738,057	P5,738,057	P9,500,468	P9,500,468
Trade receivables	38,767,962	38,767,962	30,379,651	30,379,651
Loans and interest receivables	-	-	62,638	62,638
Other short term investment	11,333,590	11,333,590	11,333,590	11,333,590
Advances for projects	23,742,360	23,742,360	23,742,360	23,742,360
	<u>P79,581,969</u>	<u>P79,581,969</u>	<u>P75,018,707</u>	<u>P75,018,707</u>
Accounts payable and accrued expenses	P94,136	P94,136	P446,837	P446,837
Interest bearing liabilities	5,125,641	5,125,641	5,273,526	5,273,526
	<u>P5,219,777</u>	<u>P5,219,777</u>	<u>P5,720,363</u>	<u>P5,720,363</u>

Due to short-term nature of transactions, Cash on hand and in banks' fair values approximates the carrying amounts at initial recognition.

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

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

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

	June 30, 2013	December 31, 2012
Equity	P305,710,318	P306,974,505
Total assets	312,007,418	P313,868,431
Ratio	0.98	0.98

- Utilities and communication decreased by Php111 thousand (-28%) from Php513 thousand to Php402 thousand due to decrease in electric usage.

Administrative expenses decreased from Php1.54 million for the 2nd quarter ending June 30, 2012 to Php1.12 million (-21%) in the 2nd quarter ending June 30, 2013. The following significant changes are as follows:

- Legal and professional fees decreased by Php210 thousand (-191%) from Php320 thousand to Php110 thousand due to lesser consultation.
- Power, dues and communication decreased by Ph230 thousand (-86%) from Php452 thousand to Php243 thousand due to cost cutting program.
- Salaries, wages and other benefits increased by Php73 thousand (24%) from Php232 thousand to Php306 thousand due to adjustment.
- Transportation and travel increased by Php27 thousand (23%) from Php88 thousand to Php115 thousand due to more errands.

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, 2013	June 30, 2012
Current Ratio	12	12
Debt-to-Equity Ratio	0.021	0.042
Asset-to-Equity Ratio	1.02	1.04
Interest Rate Coverage Ratio	-13.26	-11.85
Gross Profit Margin	-7.25%	-1.81%
EBITDA	P7,097,881	6,744,507
Net Income to Sales Ratio	-8.76%	-9.53%
Earnings per Share	-0.006	-0.0070


#### 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 8, 2013

  
CELINIA PAELMOOCA  
Principal Accounting Officer  
August 8, 2013