
**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)

March 31, 2018

(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 March 31, 2018
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	P222,019,3300

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) 31-Mar 2018	(Audited) 31-Dec 2017
ASSETS			
Current Assets			
Cash and cash equivalents	8 P	9,507,437 P	12,200,177
Receivables - net	9	6,235,069	1,002,116
Spare parts inventory	10	979,246	979,246
		16,721,752	14,181,539
Noncurrent Assets			
Advances for projects	11	657,699	657,699
Investment in an associate	12	204,281,997	204,435,192
Franchise - net	13	3,592,405	3,742,405
Property and equipment, net	15	83,284,315	87,402,731
Investment properties	16	45,287,800	45,287,800
Deferred tax assets		672,228	672,228
Other non-current assets	14	2,830,613	1,992,131
		340,607,057	344,190,186
		P 357,328,809 P	358,371,725
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	17 P	7,939,645 P	8,061,007
Loans payable	18	5,500,000	5,900,000
Income tax payable		119,504	92,239
		13,559,149	14,053,246
Noncurrent Liabilities			
Deposits	19	403,000	403,000
Pension liability	20	809,729	809,729
Advances from related parties		45,000,000	45,219,832
		46,212,729	46,432,561
Total Liabilities		59,771,878	60,485,807
Equity			
Share capital	21	222,019,330	222,019,330
Share premium		29,428,022	29,428,022
Share options outstanding		8,921,814	8,921,814
Retained earnings		37,625,565	37,954,552
Treasury shares		(437,800)	(437,800)
		297,556,931	297,885,918
		P 357,328,809 P	358,371,725

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME

		First Quarter Ending	
		31-Mar-18	31-Mar-17
REVENUES			
SERVICE INCOME	21	P	8,569,075 P
OTHER INCOME	24		652,457
			8,842,359
			622,825
			9,221,532
COST AND EXPENSES			
DIRECT COST	23		8,675,403
ADMINISTRATIVE EXPENSES	25		627,460
FINANCE COST			67,194
			8,991,041
			287,866
			52,240
			9,370,058
INCOME (LOSS) FROM OPERATION			(148,527)
EQUITY IN NET LOSS OF AN ASSOCIATE	12		153,195
			134,037
PROFIT (LOSS) BEFORE INCOME TAX			(301,722)
INCOME TAX EXPENSE			27,265
			24,559
LOSS FOR THE PERIOD			(328,987)
OTHER COMPREHENSIVE INCOME			-
			-
TOTAL COMPREHENSIVE INCOME		P	(328,987) P
			(598,780)
EARNINGS PER SHARE	28		(0.0015)
			(0.0027)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CHANGES IN EQUITY

	First Quarter Ending	
	31-Mar-18	31-Mar-17
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	37,954,552	42,531,144
Net loss	(328,987)	(598,780)
Balance, March 31	37,625,565	41,932,364
TREASURY SHARES	(437,800)	(437,800)
	P 297,556,931 P	301,863,730

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CASH FLOWS

	First Quarter Ending	
	31-Mar-18	31-Mar-17
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (loss) before income tax	P (301,722) P	(574,220)
Adjustments for:		
Depreciation and amortization	4,118,416	4,177,192
Amortization of franchise	150,000	150,000
Retirement benefits	(219,832.00)	(74,602)
Equity in net loss of an associate	153,195	708,258
Interest income	(820)	(25,831)
Operating income before working capital changes	3,899,237	4,360,797
Decrease (increase) in Operating Assets:		
Receivables - net	(5,232,953)	(4,458,388)
Decrease (increase) in Other non-current assets	(838,482)	(1,440,625)
Increase/(decrease) in Operating liabilities		
Accounts payable and accrued expenses	(121,362)	(134,987)
Cash generated from operation	(2,293,561)	(1,673,203)
Income taxes paid	-	(34,258.00)
Interest received	820	3,308
Net Cash Provided by Operations	(2,292,740)	(1,704,153)
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of security deposit	-	(125,000)
Payment of stock subscription to associate	-	(2,650,000)
Collection from sale of communication device	-	505,378
Net Cash Used in Investing Activities	-	(2,269,622)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans	(400,000)	-
Interest received	-	22,523
Net Cash Provided by(used in) Financing Activities	(400,000)	22,523
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	(2,692,740)	(3,951,252)
CASH AT THE BEGINNING OF THE YEAR	12,200,177	18,811,609
CASH AT END OF YEAR	P 9,507,437 P	14,860,357

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2018 and DECEMBER 31, 2017

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.

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

As of March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017, 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 than 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.

Service income

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, 2017

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, 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. These amendments do not have any significant impact on the Company's financial statements.

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 do not have any impact on the Company's financial statements.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2017

The standards, amendments and interpretations which have been issued but not yet effective as at December 31, 2017 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 in 2018 financial statements

PFRS 9, Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Locally, the SEC adopted IFRS 9 or PFRS 9 on August 17, 2016.

The Company meets the eligibility criteria of the temporary exemption (see below) from PFRS 9 and intends to defer the application of PFRS 9 until the effective date of the new

insurance contracts standard (IFRS 17) which becomes effective for periods beginning on or after 1 January 2021.

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 nonmonetary 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 PFRS, 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 PFRS 15.

Annual Improvements to PFRSs (2014-2016 cycle)

The Annual Improvements to PFRSs (2014-2016 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.

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 March 31, 2018 and December 31, 2017, 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 reversal of allowance of P3,159,565 in 2017. (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 P979,246 in March 2018 and 2017. (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 March 31, 2018 and December 31, 2017 amounted to P83,284,315 and P87,402,731, 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 P13,784 as at March 31, 2018 and December 31, 2017 is P672,228. (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 as 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 March 31, 2018 and December 31, 2017, 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 March 31, 2018 and December 31, 2017, 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.

<i>31-Mar-18</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	P -	P 9,507,437	P -	P 9,507,437
Receivables - net	-	6,235,069	-	6,235,069
Advances for projects	-	657,699	-	657,699
Property and equipment	-	83,284,315	-	83,284,315
Investment property	-	38,368,800	6,919,000	45,287,800
Other non-current assets	-	2,830,613	-	2,830,613
Accounts payable and accrued expenses	-	(7,939,645)	-	(7,939,645)
Loans payable	-	(5,500,000)	-	(5,500,000)
Deposits	-	(403,000)	-	(403,000)
<i>2017</i>	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	P -	P 12,200,177	P -	P 12,200,177
Receivables - net	-	1,002,116	-	1,002,116
Advances for projects	-	657,699	-	657,699
Property and equipment	-	87,402,731	-	87,402,731
Investment properties	-	38,368,800	6,919,000	45,287,800
Other non-current assets	-	1,992,131	-	1,992,131
Accounts payable and accrued expenses	-	(8,061,007)	-	(8,061,007)
Loans payable	-	(5,900,000)	-	(5,900,000)
Deposits	-	(403,000)	-	(403,000)

Fair values were determined as follows:

- *Cash and cash equivalents, 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 March 31, 2018 December 31, 2017.

	Gross Maximum Exposure			
	March 31, 2018		2017	
Cash and cash equivalents *	P	9,507,437	P	12,187,177
Trade receivables		10,671,296		5,438,343
Advances for projects		657,699		657,699
Other non current assets		1,992,131		1,840,434
	P	22,828,562	P	20,123,653

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 March 31, 2018 and December 31, 2017 is as follows:

	March 31, 2018						Total			
	Neither past due nor impaired		Past due but not impaired	Past due and impaired						
	High grade	Standard grade								
Cash and cash equivalents	P	9,507,437	P	-	P	-	P	9,507,437		
Trade receivables		-		6,235,069		-		4,436,227	10,671,296	
Advances for projects		-		657,699		-		-	657,699	
Other non-current assets		-		1,992,131		-		-	1,992,131	
	P	9,507,437	P	8,884,898	P	-	P	4,436,227	P	22,828,562

	December 31, 2017						Total			
	Neither past due nor impaired		Past due but not impaired	Past due and impaired						
	High grade	Standard grade								
Cash and cash equivalents	P	12,187,177	P	-	P	-	P	12,187,177		
Trade receivables		-		1,002,116		-		4,436,227	5,438,343	
Advances for projects		-		657,699		-		-	657,699	
Other non-current assets		-		1,840,434		-		-	1,840,434	
	P	12,187,177	P	3,500,249	P	-	P	4,436,227	P	20,123,653

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.

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 March 31, 2018 and December 31, 2017.

	March 31, 2018									
	< 1 month		> 1 month & < 3 months		> 3 months & < 1 year		> 1 year & < 3 years		Total	
Accounts payable and accrued expenses	P	7,939,645	P	-	P	-	P	-	P	7,939,645
Interest-bearing liabilities										
Loans payable		-		5,500,000		-		-		5,500,000
	P	7,939,645	P	5,500,000	P	-	P	-	P	13,439,645

	December 31, 2017									
	< 1 month		> 1 month & < 3 months		> 3 months & < 1 year		> 1 year & < 3 years		Total	
Accounts payable and accrued expenses	P	8,061,007	P	-	P	-	P	-	P	8,061,007
Interest-bearing liabilities										
Loans payable		-		-		5,900,000		-		5,900,000
	P	8,061,007	P	-	P	5,900,000	P	-	P	13,961,007

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:

	March 31, 2018		2017	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Cash and cash equivalents	\$ 155,228	P 7,749,448	\$ 155,228	P 7,749,448
Advances for projects	13,000	648,999	13,000	648,999

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, 2017 and 2016:

Increase/decrease in Peso to US Dollar Rate	Effect on Income Before Taxes	
	31-Mar-18	2017
+ P5.00	P 841,140	P 841,140
- P5.00	(841,140)	(841,140)

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 arises from bank loans with interest dependent on the prevailing market rate. As of December 31, 2017 and 2016, the Company is not exposed to any interest rate risk from fluctuation of market interest. Thus, no sensitivity analyses are provided for 2017 since its 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:

		31-Mar-17		2017
Equity	P	297,556,931	P	297,885,918
Total Assets		357,328,809		358,371,725
Ratio		0.833		0.831

8. Cash and cash equivalents

As of March 31, 2018 and December 31, 2017, cash and cash equivalents represent cash on hand and cash in banks of P9,507,937 and P12,200,177, 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 P820 in March 2018 and P25,831 in 2017.

9. Receivables

The composition of this account is as follows:

		31-Mar-18		2017
Trade				
In local currency	P	4,436,227	P	4,436,227
In foreign currency		6,235,069		1,002,116
		10,671,296		5,438,343
Less: Allowance for probable losses		4,436,227		4,436,227
	P	6,235,069	P	1,002,116

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 P243,678 in 2017.

Breakdown of allowance for probable losses is as follows:

		31-Mar-18		2017
Balance, January 1	P	4,436,227	P	7,595,792
Reversal		-		(3,159,565)
Balance, December 31	P	4,436,227	P	4,436,227

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 P979,246 in March 31, 2018 and 2017 are carried at cost which approximates its net realizable value.

11. Advances for Projects

In previous year, the Company advanced to 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:

	31-Mar-18		2017
Balance at beginning of year	P	657,699	P 5,628,869
Return of funds		-	(5,091,300)
Effect of changes in foreign exchange		-	120,130
	P	657,699	P 657,699

During 2017, P5.1 million was returned to the Company for payment of subscription to the capital stock of ATN Solar.

12. Investment in an Associate

Investment in an Associate pertains to a 30% equity interest for 2017 and 2016, in ATN Solar. Management believes that it exercises significant influence over the financial and operating policies of ATN Solar.

The composition of this account is as follows:

	31-Mar-18		2017
Cost			
Beginning balance	P	209,500,000	P 112,500,000
Additional subscription		-	97,000,000
		209,500,000	209,500,000
Equity in net loss			
Beginning		(5,064,808)	(3,964,784)
Share in net loss for the year		(153,195)	(1,100,024)
		(5,218,003)	(5,064,808)
	P	204,281,997	P 204,435,192

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, 2017, ATN Solar is still in pre-operating stage and commercial operation is expected to commence in the next 1-2 years.

In a progress report submitted to the Department of Energy dated March 5, 2018, ATN Solar has applied for a Special Economic Zone Certificate with the Philippine Economic Zone Authority to attract locators for renewable energy development and technologies and for pre-fabricated concrete products from rock materials within the site.

Also in the same report, ATN Solar procured rock crusher equipment to remove excess rocks to minimize shadowing phenomena in the site.

Additional transmission poles were staked on the ground to enhance delivery of solar generated electricity to Meralco's Novaliches line. ATN Solar is on its final stage on the agreement with Meralco.

The financial information of ATN Solar as of and for year ended December 31, 2017 is as follows:

	2017
Total current assets	P 41,485,929
Total non-current assets	858,514,077
Total current liabilities	13,162,655
Total non-current liabilities	203,900,656
Net loss	(3,675,321)
Cash flow from investing activities	(151,397,730)
Cash flow from financing activities	167,608,735

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:

		31-Mar-18		2017
Balance, January 1	P	3,742,405	P	4,342,405
Amortization		(150,000)		(600,000)
Balance, December 31	P	3,592,405	P	3,742,405

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 is necessary.

14. Other non-current assets

This account consists of:

		31-Mar-18		2017
Advances to:				
Palladian Land Development Inc. (PLDI)	P	431,804	P	-
ATN Phils. Solar Energy Group Inc. (Solar)		871,068		312,693
Security deposits		1,527,741		1,527,741
Other asset		-		151,697
	P	2,830,613	P	1,992,131

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 consists of advance payment of real property tax and lease spread arising from rent-free month.

15. Property and equipment - net

The movement in this account is as follows:

12/31/2018	Building and improvements	Uplink/Data Equipment	Furniture and Fixtures	Leasehold improvements	Transportation Equipment	TOTAL
Measurement basis	Revalued	Revalued	Cost	Revalued	Cost	
Gross carrying amount:						
Balance beg	P 23,893,402	P 254,121,190	P 5,180,726	P 19,145,709	P 14,675,284	P 317,016,311
Addition		-				-
Balance, end	23,893,402	254,121,190	5,180,726	19,145,709	14,675,284	317,016,311
Accumulated depreciation and amortization						
Balance, beg	20,698,746	174,928,109	4,487,346	16,144,086	13,355,293	229,613,580
Provisions	298,667	3,009,406	173,345	536,998	100,000	4,118,416
Transfers/sold						-
Balance, end	20,997,413	177,937,515	4,660,691	16,681,084	13,455,293	233,731,996
Net Book Value	P 2,895,989	P 76,183,675	P 520,035	P 2,464,625	P 1,219,991	P 83,284,315

12/31/2017	Building and Improvements	Uplink/Data Equipment	Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	TOTAL
Measurement basis	Revalued	Revalued	Cost	Revalued	Cost	
Gross carrying amount:						
Balance beg	P 23,893,402	P 253,200,490	P 5,180,726	P 19,145,709	P 14,675,284	P 316,095,611
Addition		920,700				920,700
Balance, end	23,893,402	254,121,190	5,180,726	19,145,709	14,675,284	317,016,311
Accumulated depreciation and amortization						
Balance, beg	19,504,077	162,890,486	3,561,376	13,996,094	12,617,265	212,569,298
Provisions	1,194,669	12,037,623	925,970	2,147,992	738,028	17,044,282
Transfers/sold						-
Balance, end	20,698,746	174,928,109	4,487,346	16,144,086	13,355,293	229,613,580
Net Book Value	P 3,194,656	P 79,193,081	P 693,380	P 3,001,623	P 1,319,991	P 87,402,731

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 2017, additions to property and equipment amounting to P920,700 represents reclassification from spare parts inventory.

16. Investment properties

As of March 31, 2018 and December 31, 2017, investment property consists of the following:

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

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, 2017.

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.

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

	March 31	
	2018	2017
Rental income	P 651,636	P 596,994
Direct operating expenses on investment properties that:		
Generated rental income	151,697	151,697
Did not generate rental income	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 March 31, 2018 and December 31, 2017, accounts payable and other liabilities amounted to P7,939,645 and P8,061,007, respectively.

Outstanding Supervisory and Regulatory Fee (SRF) amounting to P7,629,583 was accrued in 2017.

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

18. Loans payable

In February 2016, the Company entered in a loan agreement with a local bank amounting to P5.9 million for working capital requirements. The loan carries an interest rate of 5% per annum payable monthly in arrears. The principal is payable after 12 months. In February 2017, the loan was renewed for another 12 months.

The loan is 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 P67,194 in March 2018 and P52,240 in March 2017..

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of March 31, 2018 and December 31, 2017.

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 March 31, 2018 and December 31, 2017, deposits amounted to P403,000.

20. Pension liability

Pension liability as of March 31, 2018 and December 31, 2017 amounted to P809,729.

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	3,800,000,000 P	380,000,000
Issued and outstanding	2,220,193,300	222,019,330
Shares held in treasury	4,378,000	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 April 10, 2018.

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.

In January 18, 2018, SEC approved the change in par value from One peso (P1.00) to Ten cents each (P0.10).

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, 2017 and 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.

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

	31-Mar-18	31-Mar-17
VSAT uplink services		
In local currency	P 786,575	P 1,328,609
In foreign currency	7,782,500	7,513,750
	P 8,569,075	P 8,842,359

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

23. Direct costs

This account consists of:

	31-Mar-18	31-Mar-17
Depreciation (see Note 15)	P 4,118,416	P 4,177,192
Transponder lease (see Note 30)	2,652,947	3,126,685
Rental (see Note 30)	844,416	765,018
Salaries, wages & other benefits (see Note 20)	372,490	330,116
Utilities and communication	215,226	143,038
Amortization of franchise (see Note 13)	150,000	150,000
Transportation and travel	144,898	134,965
Security services	129,851	129,637
Insurance	22,515	-
Taxes and licenses	17,045	17,045
Office supplies	7,600	17,345
	P 8,675,403	P 8,991,041

24. Other Income

The composition of this account is as follows:

	31-Mar-18	31-Mar-17
Rent income (see Note 16)	P 651,636	P 596,994
Interest income	820	25,831
	P 652,457	P 622,825

25. Administrative expenses

This account consists of:

	31-Mar-18	31-Mar-17
Management services	P 280,000	P 280,000
Permits, taxes and licenses	347,460	7,866
	P 627,460	P 287,866

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)

26. Related party transactions

The following related party transactions occurred as of March 31, 2018 and December 31, 2017:

Related party	Nature of transaction	Amount of Transaction		Year-end balances		Terms and condition
		31-Mar-18	2017	31-Mar-18	2017	
Associate						
ATN Solar	Advances	P 558,105	-	P -	-	
	Collection of advances	-	(3,514,264)	871,068	312,963	Unsecured, unimpaired and no payment term:
Affiliated companies						
Palladian Land						
Devt. Inc (PLDI)	(i) Rent income	651,636	2,479,460	-	-	
	(ii) Advances		883,548	-	-	
	Collection of advances		(5,446,497)	431,804	(219,832)	Unsecured, unimpaired and no payment term:
Stockholder	(ii) Advances	-	-	(45,000,000)	(45,000,000)	Unsecured, unimpaired and no payment term:

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 parties 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 P651,636 in March 2018 and P596,994 in March 2017.

- (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) Advances from stockholder were made for payment of additional stock subscription to ATN Solar.

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, 2017, the Company has renewed 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 Surveillance ("SGS"), if still applicable, pursuant to Chapter III, C.1 of Customs Administrative Order No. 6-94.

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

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:

	31-Mar-18		31-Mar-17
Profit (loss) for the year (a)	P (328,987)	P	(598,780)
Weighted average number of shares outstanding during the year (b)	222,019,330		222,019,330
Earnings (loss) per share (a/b)	(0.0015)		(0.0027)

Management Discussion and Analysis of Operation

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

	March 31, 2018	March 31, 2017
Profit (Loss) for the period	(P328,987)	(P598,780)
Number of Outstanding Shares	222,019,330	222,019,330
Earnings per Share	(P0.0015)	(P0.0027)

Disclosures on the issuer's interim financial report, in compliance with Philippine Financial Reporting Standards:

1. The same accounting policies and methods of computation are followed in the interim financial statements as compared to the most recent and previous financial statements.
2. There is no seasonality or cyclicity of interim operations.
3. There is no item that has unusual effect on asset, liabilities, equity, net income and cash flows.
4. There is no change in the nature and amounts reported in prior interim periods of the current financial year or prior financial year.
5. There is no issuance, repurchase nor repayment of debt and equity securities during the interim period.
6. There is no dividend paid for ordinary or other shares.
7. Disclosure on segment revenue is not required.
8. There is no material event subsequent to the end of the interim period that has not been reflected in the financial statements.
9. There is no change in the composition of the issuer such as business combination, acquisition, disposal of subsidiary and long-term investment, and restructuring during the interim period.
10. There is no change in contingent assets or contingent liabilities since the last annual balance sheet date.
11. There is no seasonal effect that had material effect on financial condition or result of operation.

Disclosure on material events and uncertainties

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

Vertical and Horizontal Analysis

Total corporate assets remained the same from Php358 million in December 31, 2017 compared to Php357 million in March 31, 2018. The net decrease of Php1 million (0%) in total assets arose from the following items:

1. Decrease in cash by Php2.7 million (-22%).
2. Increase in receivables by Php5 million (500%) due to slower in collection.
3. Decrease in property and equipment by Php4 million (5%) due to depreciation.
4. Increase in other non-current assets by Php0.8 million (42%) due to advances from an affiliate.

Total liabilities decreased by Php0.7 million (1%) from Php60.48 million in December 2017 to Php59.77 million in March 31, 2018. The net decrease in liabilities resulted from the following significant items:

1. Decrease in loans payable by Php0.5 million (-7%) due to payment.
2. Increase in income tax payable Php27 thousand (30%).

Stockholders' equity remains the same as of March 31, 2018 and December 31, 2017.

Total revenue almost the same from Php8.8 million as of March 31, 2017 to Php8.5 million as of March 31, 2018.

Direct costs decreased from Php8.99 million in the 1st quarter ending March 31, 2017 to Php8.67 million (-4%) in the 1st quarter ending March 31, 2018. The net decrease arose from the following accounts:

1. Transponder lease decreased by Php474 thousand (-17%) from Php3 million to Php2.6 million.
2. Rent expense increased by Php79 thousand (9.4%) from Php0.765 million to Php0.844 million due to increase in monthly rent.
3. Salaries, wages and other benefits increased by Php42 thousand (11%) from Php0.33 million to Php0.37 million.
4. Utilities and communication increased by Php72 thousand (33%) from Php143 thousand to Php215 thousand.
5. Transportation and travel increased by Php10 thousand (6%).
6. Office supplies decreased by Php9 thousand (128%) from Php17 thousand to Php7 thousand.

Administrative expenses increased from Php287 thousand for the 1st quarter ending March 31, 2017, to Php627 thousand (54%) in the 1st quarter ending March 31, 2018. The net increase arose from the Increase in permits, taxes and licenses by Php339 thousand (97%) due to one year payment of real estate taxes.

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:


	March 31, 2018	March 31, 2017
Current Ratio	1	5
Debt-to-Equity Ratio	0.201	0.337
Asset-to-Equity Ratio	1.201	1.337
Interest Rate Coverage Ratio	3.490	10
Gross Profit Margin	-1.73%	1.52%
EBITDA	P3,939,429	P3,728,412
Net Income to Sales Ratio	-3.84%	-6.77%
Earnings per share	-0.0015	-0.0027

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
May 10, 2018


CELINIA FAELMOCA
Principal Accounting Officer
May 10, 2018