



Transpacific Broadband Group
INTERNATIONAL, INC.

formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD, MANDALUYONG CITY,
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August 17, 2012

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

Dear Ms. Encarnacion,

In compliance with PSE's requirement, we are sending you herewith SEC 17Q for the quarter ending June 30, 2012.

Very truly yours,

CELINIA FAELMOCA

SEC Number AS095-006755
File Number _____

**TRANSPACIFIC BROADBAND GROUP
INTERNATIONAL, INC.**

(Company)

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

(Address)

717-0523

(Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(month & day)

SEC Form 17Q

(Form Type)

Amendment Designation (if applicable)

June 30, 2012

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17 (2) (b) THEREUNDER**

1. For the quarterly period ended June 30, 2012
2. Commission identification no. AS095-006755 3.BIR Tax Identification No. 004-513-153
4. TRANSPACIFIC BROADBAND GROUP INT'L., INC.
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga
(Satellite Center)
8. Telephone No. (0632) 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

I. Financial Statements.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 30-Jun 2012	(Audited) 31-Dec 2011
ASSETS			
Current Assets			
Cash and cash equivalents	2	1,028,440	2,051,769
Trade receivables	3	38,096,671	31,092,958
Loans and interest receivable	4	12,302,413	13,542,203
Other shortterm investments	5	12,775,600	12,775,600
Spares inventory	6	4,101,220	4,101,220
Other current assets		7,445	-
Total Current Assets		68,311,789	63,563,750
Noncurrent Assets			
Advances for projects	7	26,900,000	26,900,000
Property and equipment - net	8	162,288,729	170,219,413
Investment property	9	50,287,400	50,287,400
Investment in associates	10	7,500,000	7,500,000
Franchise - net	11	7,042,405	7,342,405
Other non-current assets	12	4,141,284	3,771,936
		258,159,818	266,021,154
		P 326,471,607	P 329,584,904
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	13	472,787	1,536,468
Current portion of interest bearing liabilities	14	5,378,782	5,849,729
Income tax payable		-	25,230
Total Current Liabilities		5,851,569	7,411,427
Noncurrent Liabilities			
Interest-bearing liabilities-net of current portion	14	412,870	412,870
Subscription payable		5,625,000	5,625,000
Pension liability		962,383	962,383
Deferred tax liability		198,122	256,669
Total Noncurrent Liabilities		7,198,375	7,256,922
Total Liabilities		13,049,944	14,668,349
Equity			
Share capital		222,019,330	222,019,330
Share premium		29,428,022	29,428,022
Share option outstanding		8,921,814	8,921,814
Revaluation increment on property and equipment		6,637,719	7,750,126
Retained earnings		46,852,578	47,235,063
Treasury shares		(437,800)	(437,800)
Total Stockholders' Equity		313,421,663	314,916,555
		P 326,471,607	P 329,584,904

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ending		Six (6) month ending	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11
REVENUES FROM UPLINK AND OTHER DATA-RELATED SERVICES	7,308,870	7,801,370	P 16,298,580	P 17,286,488
DIRECT COST - Note 15	7,565,922	7,164,870	16,593,218	15,959,283
GROSS PROFIT	(257,052)	636,500	(294,638)	1,327,205
OTHER INCOME - Note 16	227,890	219,260	468,943	463,120
TOTAL INCOME	(29,162)	855,760	174,305	1,790,325
ADMINISTRATIVE EXPENSES - Note 17	818,873	1,248,203	1,544,847	1,982,673
FINANCE COST	49,615	97,302	115,635	204,050
PROFIT (LOSS) BEFORE INCOME TAX	(897,650)	(489,745)	(1,486,177)	(396,398)
INCOME TAX EXPENSE	29,280	31,825	67,263	66,360
PROFIT (LOSS) FOR THE YEAR	(926,930)	(521,570)	(1,553,440)	(462,758)
OTHER COMPREHENSIVE INCOME				
Revaluation increment of property and equipment absorbed through depreciation	585,478	585,477	1,170,955	1,170,955
TOTAL COMPREHENSIVE INCOME	(341,453)	63,907	P (382,486)	P 708,197
EARNINGS PER SHARE			(0.0070)	(0.0021)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CHANGES IN EQUITY

	Six (6) month ending	
	30-Jun-12	30-Jun-11
SHARE CAPITAL	P 222,019,330	P 222,019,330
SHARE PREMIUMS	29,428,022	29,428,022
SHARE OPTIONS OUTSTANDING		
Balance, January 1	8,921,814	8,921,814
Options granted	-	-
Balance, June 30	8,921,814	8,921,814
REVALUATION INCREMENT ON PROPERTY AND AND EQUIPMENT - NET OF TAX		
Balance, January 1	7,750,126	9,974,940
Revaluation increment absorbed through depreciation	(1,112,407)	(1,112,407)
Balance, June 30	6,637,719	8,862,533
RETAINED EARNINGS (DEFICIT)		
As Balance, January 1	47,235,063	49,517,538
Revaluation increment absorbed through depreciation	1,170,955	1,170,955
Net income (loss)	(1,553,440)	(462,758)
Balance, June 30	46,852,578	50,225,735
TREASURY SHARES	(437,800)	(437,800)
	P 313,421,663	P 319,019,634

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CASH FLOWS

	Quarter ending			Six (6) month ending	
	30-Jun-12	30-Jun-11	30-Jun-12	30-Jun-11	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before income tax	P (964,913)	P (556,105)	P (1,553,440)	P (462,758)	
Adjustments for:					
Depreciation and amortization	3,888,855	3,640,684	7,930,684	7,540,533	
Amortization of franchise	150,000	150,000	300,000	300,000	
Provision for retirement benefits	-	-	-	(219,802)	
Interest expense	49,615	(862,698)	115,635	204,050	
Interest income	(72,514)	(141,572)	(313,567)	(385,432)	
Operating income before working capital changes	3,051,043	2,230,309	6,479,312	6,976,591	
Decrease (increase) in Operating Assets:					
Trade receivables - net	(2,376,798)	(2,050,086)	(7,003,713)	(6,242,755)	
Loans and interest receivables	(96,845)	(1,526,272)	1,239,790	(1,147,249)	
Other current assets	-	-	(7,444)	-	
Decrease (increase) in Other non-current assets	(48,311)	(49,645)	(369,348)	(125,095)	
Increase/(decrease) in Operating liabilities					
Accounts payable and accrued expenses	-	(330,825)	(1,063,681)	(1,963,710)	
Income taxes payable	(25,230)	(46,971)	(25,230)	(46,971)	
Net Cash Provided by/(Used in) Operating Activities	503,859	(1,773,490)	(750,314)	(2,549,189)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	72,514	141,572	313,567	385,432	
Net Cash Used in Investing Activities	72,514	141,572	313,567	385,432	
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from bank loans			-	-	
Principal	(225,401)	(60,009)	(470,947)	(375,009)	
Interest	(49,615)	(36,693)	(115,635)	(204,050)	
Net Cash Provided by(used in) Financing Activities	(275,016)	(96,702)	(586,582)	(579,059)	
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>301,357</u>	<u>(1,728,620)</u>	<u>(1,023,329)</u>	<u>(2,742,816)</u>	
CASH AT THE BEGINNING OF THE YEAR			2,051,769	4,639,114	
CASH AT END OF YEAR			P 1,028,440	P 1,896,298	

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

1. Basis for Financial Presentation

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

2. Cash and cash equivalents

As of June 30, 2012 and December 31, 2011 cash and cash equivalents represent cash on hand and cash in banks of P1,028,440 and P2,051,769 respectively. Cash in bank represents current account and USD dollar account that earn interest at the prevailing bank deposit rates.

3. Trade receivables

This account consists of:

	June 30, 2012	Dec. 31, 2011
Trade	P44,450,837	P37,447,124
Less: Allowance for doubtful accounts	6,354,166	6,354,166
	<u>P38,096,671</u>	<u>P31,092,958</u>

4. Loans and interest receivables

This account consists of:

	June 30, 2012	Dec. 31, 2011
Loans receivable	P11,988,846	12,779,299
Interest receivable	313,567	762,904
	<u>P12,302,413</u>	<u>P13,542,203</u>

5. Other short term investment

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

These investments with carrying value of P12,775,600 earns interest of 8% annually.

6. Spare parts inventory

Spare parts inventory consist of communication supplies and materials that are normally provided to the customers in the delivery of services. Spare parts inventory amounting to P4,101,219.60 are carried at cost.

7. Advances for projects

As of June 30, 2012 the funds amounting to P26.9 million have been released to HRH to cover projects in the pipeline that HRH and the company are pursuing. The proposed projects have not been commenced and the funds remained unspent.

8. Property and equipment

The movements within this account as of June 30, 2012 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportation Equipment	Furniture and Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	P21,393,402	P247,158,409	P10,785,148	P4,795,726	P18,280,657	P302,413,342
Additions						
Transfers/Sold						
Balance	21,393,402	247,158,409	10,785,148	4,795,726	18,280,657	302,413,342
Accumulated dep'n:						
Balance, January 1	13,905,724	101,670,739	8,255,392	1,358,501	7,003,572	132,193,928
Provisions	534,836	6,238,410	635,128	101,722	420,588	7,930,683
Transfers/sold						
Balance	14,440,560	107,909,149	8,890,520	1,460,223	7,424,160	140,124,611
Carrying amount:						
Beginning	P7,487,678	P145,487,670	P2,529,756	P3,437,225	P11,277,085	P170,219,413
End	P6,952,842	P139,249,261	P1,894,628	P3,335,503	P10,856,497	P162,288,731

Building and improvements, uplink equipment, leasehold improvements and data equipment (installation-in-progress) were revalued on October 28, 2002 by a firm of independent professionally qualified appraisers at market prices. The net appraisal increment resulting from the revaluation is

credited to the "Revaluation Increment" account shown under stockholders' equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings.

9. Investment property

The breakdown of properties is shown below:

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

10. Investment in associates

During 2010, the Company subscribed to 7.5 million shares in ATN Solar Energy Group, Inc., (ATN Solar) representing 30% ownership interest. From the 7.5 million shares subscribed P1.875 million have been paid and the balance is presented in the liability section as "Subscription Payable" amounting to P5.625 million. ATN Solar is engaged in renewable energy generation and trade distribution of renewal energy equipment and accessories.

11. Franchise

This account consists of:

	June 30, 2012	Dec. 31, 2011
Franchise	P7,342,405	7,942,405
Amortization	300,000	600,000
	<u>P7,042,405</u>	<u>P7,342,405</u>

12. Other non-current assets

This account consists of:

	June 30, 2012	Dec. 31, 2011
ATN Holdings	P997,074	P997,074
Palladian Land Dev. Inc.	2,688,705	2,319,358
Others	455,505	455,505
	<u>P4,141,284</u>	<u>P3,771,937</u>

13. Accounts payable and accrued expenses

This account consists of non interest trade payables in the amount of P472,787.

14. Interest-bearing liabilities

This account consists of:

	June 30, 2012	Dec. 31, 2011
Foreign currency loans	P5,184,299	P5,213,522
Obligation under finance lease	607,353	1,049,079
	5,791,652	6,262,601
Less: current portion	5,378,780	5,849,729
	<u>P412,872</u>	<u>P412,872</u>

Long-term loans pertain to the principal amount of foreign currency loans with China Banking Corporation ("CBC") payable up to 2012. Annual interest ranges from 3.00% to 6.00% and is payable quarterly in arrears. The loan is secured by a real estate mortgage executed by Palladian Land Development, Inc., a related party.

15. Direct Cost

This account consist of the following:

	June 30, 2012	June 30, 2011
Amortization of franchise	P300,000	P300,000
Depreciation and amortization	7,930,684	7,540,533
Insurance	189,377	207,692
Office supplies	51,438	228,994
Rental expense	908,907	832,540
Salaries, wages and other benefits	857,218	803,740
Security services	255,750	363,899
Taxes and licenses	17,045	17,030

Transponder lease	5,268,714	5,031,974
Transportation and travel	300,478	217,033
Utilities and communication	513,607	415,848
	<u>P16,593,218</u>	<u>P15,959,283</u>

16. Other Income

This account consist of:

	June 30, 2012	June 30, 2011
Interest income	P313,567	P385,432
Rent income	155,376	77,688
	<u>P468,943</u>	<u>P463,120</u>

17. Administrative expenses

This account consist of:

	June 30, 2012	June 30, 2011
Legal and professional fee	P320,000	P367,700
Permits, taxes and licenses	359,317	332,753
Power, dues and communication	452,535	632,000
Representation and entertainment	-	25,000
Salaries, wages and other benefits	232,102	470,486
Transportation expense	88,420	150,435
Miscellaneous	92,472	4,299
	<u>P1,544,847</u>	<u>P1,982,673</u>

18. Early Adoption of PFRS

PFRS 9, Financial Instruments: Classification and Measurement

PFRS 9 as issued reflects the first phase on the replacement of PAS 39, Financial Instruments: Recognition and Measurement, and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2015. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the third quarter of 2012. The Company decided not to early adopt PFRS 9 for its 2011 financial reporting. The Company will conduct in third quarter 2012 another impact evaluation using the outstanding balances of financial statements as of December 31, 2011. Its decision whether to early adopt PFRS 9 for its 2012 financial reporting will be disclosed in the Company's interim financial statements as of September 30, 2012. Should the Company decide to early adopt PFRS 9 for its 2012 financial reporting, its interim report as of September 30, 2012 will already reflect the application of the requirements under the said standard and will contain a qualitative and quantitative discussion of the result of the Company's impact evaluation. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

19. Financial risk management objectives and policies

Financial Risk

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

Credit Risk

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

The table below shows the gross maximum exposure to credit risk of the Company's as at June 30, 2012 and December 31, 2011.

	Gross Maximum	Exposure
	June 30, 2012	December 31, 2011
Cash and cash equivalents	P1,028,440	P2,051,769
Trade receivables	38,096,671	31,092,957
Loans and interest receivable	12,302,413	13,542,203
Advances for projects	26,900,000	26,900,000
Other receivables	4,141,284	3,316,432
	P82,468,808	P76,903,361

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

June 30, 2012

	Neither past due High grade	nor impaired Standard grade	Past due but not impaired	Past due and Impaired	Total
Cash and cash equivalents	P1,028,440				P1,028,440
Receivables					
Trade		10,895,999	27,200,672		38,096,671
Loans and interest			12,302,413		12,302,413
Advances					
For projects			26,900,000		26,900,000
For related parties			4,141,284		4,141,284
	P1,028,440	P10,895,999	P70,544,369	P-	P82,468,808

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

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

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

June 30, 2012

	Trade	Loans and interest receivable	Advances for projects	Advances to related party	Total
30-60 days past due	P3,855,200				P3,855,200
61-90 days past due	14,344,499				14,344,499
Over 90 days	19,896,972	12,302,413	26,900,000	4,141,284	63,240,669
	P38,096,671	P12,302,413	P26,900,000	4,141,284	P81,440,368

Liquidity Risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. Either liquidity risk may result from the inability to sell financial assets quickly at their fair values; or counterparty failing on repayment of a contractual obligation; or insurance liability falling due for payment earlier than expected; or inability to generate cash inflows as anticipated.

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

The table below summarizes the maturity profile of the Company's financial liabilities.

June 30, 2012

	<1 month	>1month and <3months	.3months and <1 year	>1year and 5 years	Total
Accounts payable and Accrued expenses	P472,787				P472,787
Interest bearing liabilities					
Loans payable			5,184,299		5,184,299
Obligation under finance lease	187,469		419,884	-	607,353
	P660,256	P-	P5,604,182	P-	P6,264,439

Market Risk

Market risk is the risk of change in fair value of financial instruments from fluctuation in foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk), whether such change in price is caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.

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

i. Currency risk

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

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

	June 30, 2012	December 31, 2011
Cash and cash equivalents	US\$(8,121)	US\$(8,147)
Bank loans	US\$116,169	US\$118,683
	US\$108,048	US\$110,536

The following table demonstrates the sensitivity to a reasonable change in the US\$ exchange rate, with all other variables held constant, the Company's income before tax.

Effect on Income before taxes		
Increase/decrease in Peso to US\$ Rate	June 30, 2012	December 31, 2011
+P5.00	US\$5,402	US\$5,527
-P5.00	US\$(5,402)	US\$(5,527)

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

ii. Interest rate risk

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

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

