

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, 2014

(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, 2014
2. Commission identification no. AS095-006755 3.BIR Tax Identification No. 004-513-153
4. TRANSPACIFIC BROADBAND GROUP INT'L., INC.
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga
(Satellite Center)
8. Telephone No. (0632) 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

I. Financial Statements.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

			(Unaudited) 30-Jun 2014	(Audited) 31-Dec 2013
	Notes			
ASSETS				
Current Assets				
Cash and cash equivalents	4	P	3,095,396	P 8,598,863
Trade receivables	5		34,321,771	25,098,690
Other short term investments	6		11,833,230	11,833,230
Spares inventory	7		3,501,048	3,501,048
Prepayments			40,013	85,013
Total Current Assets			52,791,458	49,116,844
Noncurrent Assets				
Advances for projects	8		16,299,938	16,299,938
Property and equipment - net	9		142,658,048	150,634,872
Investment property	10		50,287,400	50,287,400
Investment and advances in an associate	11		31,303,186	29,707,230
Franchise - net	12		5,842,405	6,142,405
Deferred tax assets			505,990	505,990
Other non-current assets	13		13,406,944	11,091,043
			260,303,911	264,668,878
			P 313,095,369	P 313,785,722
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued expenses	14	P	743,275	P 826,357
Current portion of bank loans			-	108,873
Income tax payable			21,414	67,112
Total Current Liabilities			764,689	1,002,342
Noncurrent Liabilities				
Bank loans	15		5,240,852	5,240,852
Pension liability			1,102,114	1,102,114
Deferred tax liability			115,164	173,712
Total Noncurrent Liabilities			6,458,130	6,516,678
Total Liabilities			7,222,819	7,519,020
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			2,188,091	3,300,498
Retained earnings			43,753,093	43,034,838
Treasury shares			(437,800)	(437,800)
Total Stockholders' Equity			305,872,550	306,266,702
			P 313,095,369	P 313,785,722

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Quarter ending		Six (6) month ending	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
REVENUES FROM UPLINK AND OTHER DATA-RELATED SERVICES	8,062,650	7,288,999 P	16,481,435 P	15,318,337
DIRECT COST - Note 16	7,873,601	7,650,597	16,600,189	16,428,935
GROSS PROFIT	189,049	(361,598)	(118,754)	(1,110,598)
OTHER INCOME - Note 17	465,633	542,915	847,102	1,101,437
TOTAL INCOME (LOSS)	654,682	181,317	728,348	(9,161)
EXPENSES				
Administrative expenses - Note 17	290,000	557,600	642,704	672,356
Finance cost	39,186	46,220	79,763	92,787
Equity in net loss of an associate - Note 11	404,044	-	404,044	-
	733,230	603,820	1,126,511	765,143
PROFIT (LOSS) BEFORE INCOME TAX	(78,548)	(422,503)	(398,163)	(774,304)
INCOME TAX EXPENSE	21,664	-	54,536	19,649
PROFIT (LOSS) FOR THE PERIOD	(100,212)	(422,503)	(452,699)	(793,953)
OTHER COMPREHENSIVE INCOME				
Revaluation increment of property and equipment absorbed through depreciation	585,478	585,478	1,170,955	1,170,955
Effect of deferred income tax	(29,274)	(29,274)	(58,548)	(58,548)
TOTAL COMPREHENSIVE INCOME	455,992	133,701 P	659,708 P	318,454
EARNINGS PER SHARE			(0.0020)	(0.0036)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CHANGES IN EQUITY

	Six (6) month ending	
	30-Jun-14	30-Jun-13
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	3,300,498	5,525,312
Revaluation increment absorbed through depreciation	(1,112,407)	(1,112,407)
Balance, June 30	2,188,091	4,412,905
RETAINED EARNINGS (DEFICIT)		
Balance, January 1	43,327,608	41,517,827
Revaluation increment absorbed through depreciation	1,170,954	1,170,955
Prior year adjustment	(292,770)	-
Profit (loss)	(452,699)	(1,342,384)
Balance, June 30	43,753,093	41,346,398
TREASURY SHARES	(437,800)	(437,800)
	P 305,872,550	P 305,690,669

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CASH FLOWS

	Quarter ending		Six (6) month ending	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss) profit before income tax	P 447,533	P (442,152)	P (452,699)	P (1,342,384)
Adjustments for:				
Depreciation and amortization	3,916,516	4,060,308	7,976,824	8,120,616
Amortization of franchise	150,000	150,000	300,000	300,000
Equity in net loss of an associate			404,044	
Interest expense	126,330	162,202	79,763	115,635
Interest income	151	(311,555)	(1,861)	(313,567)
Operating income before working capital changes	4,640,530	3,618,803	8,306,071	6,880,300
Decrease (increase) in Operating Assets:				
Trade receivables	(4,233,290)	(3,398,520)	(9,223,082)	(8,388,312)
Prepayments	(17,638)	-	45,000	62,638
Decrease (increase) in Other non-current assets	(1,738,038)	(1,114,414)	(2,315,901)	(1,692,277)
Increase/(decrease) in Operating liabilities				
Accounts payable and accrued expenses	276,704	7,086	(83,082)	(352,799)
Income taxes payable	(45,698)	(18,045)	(45,698)	(18,045)
Net Cash Provided by/(Used in) Operating Activities	(1,117,430)	(905,090)	(3,316,692)	(3,508,495)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	304,064	-	-	(304,064)
Investment in and advances in an associates			(2,000,000)	
Interest received	(151)	311,555	1,861	313,567
Net Cash Used in Investing Activities	303,913	311,555	(1,998,139)	9,503
CASH FLOWS FROM FINANCING ACTIVITIES				
Debt servicing:				
Principal	(35,931)	(74,942)	(108,873)	(147,884)
Interest	(126,330)	(162,202)	(79,763)	(115,635)
Net Cash Provided by(used in) Financing Activities	(162,261)	(237,144)	(188,636)	(263,519)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>(975,778)</u>	<u>(830,679)</u>	(5,503,467)	(3,762,511)
CASH AT THE BEGINNING OF THE YEAR			8,598,863	9,500,466
CASH AT END OF YEAR			P 3,095,396	P 5,737,955

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

1. Corporate Information

Transpacific Broadband Group International, Inc. (TBGI or the Company), a corporation duly organized and existing under the laws of Republic of the Philippines, was incorporated and registered with Securities and Exchange Commission ("SEC") on July 14, 1995, primarily to engage in the business of public commercial radio, terrestrial, cable, and satellite broadcast. The Company is 9% owned by Unipage Management Inc.

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

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

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

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

2. Basis of Preparation and Presentation

Basis of Financial Statement Preparation and Presentation

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

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

Statement of Compliance

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

3. Changes in Accounting Standards

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2013

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, 2013. The adoption however did not result to any material changes in the financial statements.

PFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities

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

- (a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- (b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statements of financial position;
- (c) The net amounts presented in the statements of financial position;

- (d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
 - amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
 - amounts related to financial collateral (including cash collateral); and
- (e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

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

PFRS 10, "Consolidated Financial Statements"

This standard replaces a portion of PAS 27, "Consolidated and Separate Financial Statements" that addresses accounting for consolidated financial statements. It also addresses issues raised in SIC-12, "Consolidation - Special Purpose Entities".

PFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by PFRS 10 require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The Company assessed whether or not it has control over its subsidiaries in accordance with the new definition of control and the related guidance set out in PFRS 10 and has determined that it has control on all its current subsidiaries and that all its controlled entities have been included in consolidation. The adoption of the standard did not affect the financial position and performance of the Company.

PFRS 11, "Joint Arrangements"

PFRS 11 replaces PAS 31, "Interests in Joint Ventures", and SIC 13, "Jointly Controlled Entities - Non-Monetary Contributions by Venturers". PFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. This standard did not significantly affect the Company's financial statements.

PFRS 12, "Disclosure of Interest in Other Entities"

PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, "Investments in Associates". These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The adoption of the standard affected disclosures only and did not affect the financial position and performance of the Company.

PFRS 13, Fair Value Measurement

PFRS 13 establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard becomes effective for annual periods beginning on or after January 1, 2013. This standard did not significantly affect the Company's financial statements.

Amendments to PAS 1, "Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income"

The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon de-recognition or settlement) will be presented separately from the items that will never be recycled. The amendments affected the presentation of items of OCI and have no impact on the Company's financial position and performance.

The amendments affect presentation only and have no impact on the Company's financial statements. The amendment becomes effective for annual periods beginning on or after January 1, 2013.

Amendments to PAS 19, "Employee Benefits"

The revised PAS 19 requires all actuarial gains and losses to be recognized in OCI and unvested past service costs previously recognized over the average vesting period to be recognized in the statements of comprehensive income when incurred. The Amendment also include the non-recognition of corridor approach and the replacement of interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset, which is calculated by multiplying the net defined liability or asset at the beginning of the year by the discount rate used to measure the defined benefit obligation.

Amendment to PAS 27, "Separate Financial Statements"

As a consequence of the issuance of PFRS 10 and PFRS 12, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended standard did not affect the financial position and performance of the Company.

Amendment to PAS 28, "Investments in Associates and Joint Ventures"

As a consequence of the issuance of PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of the amended standard did not affect the financial position and performance of the Company.

Annual Improvements to PFRS (2009 to 2011 cycle)

The Annual Improvements to PFRS (2009 to 2011 cycle) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning January 1, 2013 and are applied retrospectively. Earlier application is permitted.

PFRS 1, "First-time Adoption of PFRS - Borrowing Costs"

The amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, "Borrowing Costs". The amendment does not apply to the Company as it is not a first time adopter of PFRS.

PAS 1, "Presentation of Financial Statements - Clarification of the Requirements for Comparative Presentation"

The amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements.

An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (which are mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Company's financial position or performance.

PAS 16, "Property, Plant and Equipment - Classification of Servicing Equipment"

The amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment has no any impact on the Company's financial position or performance.

PAS 32, "Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments"

The amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, "Income Taxes". The Company expects that this amendment have no any impact on its financial position or performance.

PAS 34, "Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities"

The amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Company's financial position or performance.

Philippine Interpretation IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine

This interpretation applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs") and provides guidance on the recognition of production stripping costs as an asset and measurement of the stripping activity asset. The Company assesses the impact of these amendments on its financial position or performance when they become effective.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2013

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

Effective in 2014

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

The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments will affect presentation only and will have no impact on the Company's financial position or performance.

PAS 36, Impairment of Assets

The amendment requires the disclosure of the level of the fair value hierarchy (from [PFRS 13 Fair Value Measurement](#)) within which the fair value measurement is categorized, the valuation techniques used to measure fair value less costs of disposal and the key assumptions used in the measurement of fair value measurements categorized within 'Level 2' and 'Level 3' of the fair value hierarchy if recoverable amount is fair value less costs of disposal.

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

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

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

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

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

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

Effective in 2015

The Annual Improvements to PFRS (2010 to 2012 cycle and 2011 to 2013) contain non-urgent but necessary amendments to PFRS. These amendments are effective for annual periods beginning on or after January 1, 2015 and are applied retrospectively. Earlier application is permitted.

Annual Improvements to PFRS (2010 to 2012 cycle)

PFRS 2, “Share-based Payments”

The amendment clarifies the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').

PFRS 3, “Business Combinations”

The amendment clarifies that contingent consideration that is classified as an asset or a liability shall be measured at fair value at each reporting date.

PFRS 8, “Operating Segments”

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

PFRS 13, “Fair Value Measurement”

The amendment clarifies that issuing PFRS 13 and amending PFRS 9 and PAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.

PAS 16, “Property, Plant and Equipment”

The amendment clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

PAS 24, “Related Party Disclosures”

The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

PAS 38, “Intangible Assets”

The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

Annual Improvements to PFRS (2011 to 2013 cycle)

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

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

PFRS 3, “Business Combinations”

The amendment clarifies that PFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.

PFRS 13, “Fair Value Measurement”

The amendment clarifies that the scope of the portfolio exception defined in paragraph 52 of PFRS 13 includes all contracts accounted for within the scope of PAS 39 *Financial Instruments: Recognition and Measurement* or [PFRS 9 *Financial Instruments*](#), regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32 *Financial Instruments: Presentation*.

PAS 40, “Investment Property”

The amendment clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in [PFRS 3 *Business Combinations*](#) and investment property as defined in [PAS 40 *Investment Property*](#) requires the separate application of both standards independently of each other.

PAS 19, "Defined Benefit Plans: Employee Contributions (*Amendments to PAS 19 Employee Benefits*)
The amendment clarifies that the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service, in those contributions, can, but are not required, to be recognized as a reduction in the service cost in the period in which the related service is rendered.

PFRS 9, "Financial Instruments: Classification and Measurement"

PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, "Financial Instruments: Recognition and Measurement". Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition.

A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

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 measurement of financial liabilities. The Company, however, has yet to conduct a quantification of the full impact of this standard. The Company will quantify the effect of this standard in conjunction with the other phases, when issued, to present a more comprehensive picture.

Philippine Interpretation IFRIC 15, Agreements for the Construction of Real Estate

This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, Construction Contracts, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

4. Cash and cash equivalents

As of June 30, 2014 and December 31, 2013 cash and cash equivalents represent cash on hand and cash in banks of P3.095 million and P8.598 million respectively. Cash in bank represents current account and USD dollar account that earn interest at the prevailing bank deposit rates.

5. Trade receivables

This account consists of:

	June 30, 2014	December 31, 2013
Trade	P41,277,129	P32,054,048
Less: Allowance for doubtful accounts	6,955,358	6,955,358
	<u>P34,321,771</u>	<u>P25,098,690</u>

6. Other short term investment

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

These investments with carrying value of P11,833,590 earns interest of 8% annually.

7. Spare parts inventory

Spare parts inventory consist of communication supplies and materials that are normally provided to the customers in the delivery of services. Spare parts inventory amounting to P3.5 million are carried at cost.

8. Advances for projects

As of June 30, 2014 the funds amounting to P16.3 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.

9. Property and equipment

The movements within this account as of June 30, 2014 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportati on Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	23,893,402	P251,599,388	P14,675,284	P5,180,726	P19,145,709	P314,494,509
Additions						
Transfers/Sold						
Balance	23,893,402	251,599,388	14,675,284	5,180,726	19,145,709	314,494,509
Accumulated dep'n:						
Balance, January 1	16,045,068	126,688,911	10,539,753	1,784,641	8,801,264	163,859,637
Provisions	534,836	6,254,543	631,488	106,535	449,423	7,976,824
Transfers/sold						
Balance	16,579,904	132,943,454	11,171,241	1,891,176	9,250,687	171,836,461
Net Book Value	P7,313,498	P118,655,934	P3,504,044	P3,289,551	P9,895,022	P142,658,048

The movements within this account as of December 31, 2013 are shown below:

	Building and Improvements	Uplink/Data Equipment	Transportati on Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	P21,393,402	P250,287,892	P14,675,284	P5,180,726	P19,145,709	P310,683,013
Reclassification from Spare parts inventory		358,189				358,189
Additions	2,000,000	953,307				3,453,307
Balance	23,893,402	251,599,388	14,675,284	5,180,726	19,145,709	314,494,509
Accumulated dep'n:						
Balance, January 1	14,975,396	114,179,825	9,276,784	1,571,570	7,902,418	147,905,993
Provisions	1,069,672	12,509,086	1,262,971	213,069	898,846	15,953,644
Transfers/sold						
Balance	16,045,068	126,688,911	10,539,753	1,784,641	8,576,552	163,859,637
Net Book Value	P7,848,334	P124,910,477	P4,135,531	P3,396,085	P10,344,445	P150,634,872

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.

10. Investment property

The breakdown of properties is shown below:

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

11. Investment and advances in an associate

This account consists of:

	June 30, 2014	December 31, 2013
ATN Phils. Solar Energy Inc:		
Beginning of the year	P30,000,000	P11,625,000
Addition during the year	2,000,000	18,375,000
	32,000,000	30,000,000
Equity in net losses		
Beginning of the year	292,770	-
Addition during the year	404,044	292,770
	696,814	292,770
	P31,303,186	P29,707,230

12. Franchise

This account consists of:

	June 30, 2014	December 31, 2013
Franchise	P6,142,405	P6,742,405
Amortization	300,000	600,000
	P5,842,405	P6,142,405

13. Other non-current assets

This account consists of:

	June 30, 2014	December 31, 2013
Advances to:		
Palladian Land Dev. Inc.	P5,389,365	4,773,464
ATN Holdings	1,062,074	1,062,074
Unipage Management Inc.	1,700,000	-
Security deposit	455,505	455,505
Other assets	4,800,000	4,800,000
	P13,406,944	P11,091,043

14. Accounts payable and accrued expenses

This account consists of:

	June 30, 2014	December 31, 2013
Trade payables	P269,300	P71,879
Accruals	216,475	644,228
Security deposit	257,500	110,250
	P743,275	P826,357

15. Bank loans

This account consists of:

	June 30, 2014	December 31, 2013
Foreign currency loans	P5,240,852	P5,240,852
Obligation under finance lease	-	108,873
	5,240,852	5,349,725
Less: current portion	-	108,873
	P5,240,852	P5,240,852

Long-term loans pertain to the principal amount of foreign currency loans with China Banking Corporation ("CBC") payable up to 2016. Annual interest ranges is 2.7057 and is payable monthly in arrears. The loan is secured by a real estate mortgage executed by Palladian Land Development, Inc., a related party.

16. Direct Cost

This account consists of the following:

	June 30, 2014	June 30, 2013
Amortization of franchise	P300,000	P300,000
Depreciation and amortization	7,976,824	8,120,616
Insurance	136,538	164,035
Office supplies	34,648	-
Rental expense	1,088,413	1,018,910
Salaries, wages and other benefits	869,295	848,293
Security services	164,849	194,000
Taxes and licenses	40,031	17,045
Transponder lease	5,265,605	5,224,675
Transportation and travel	400,230	139,391
Utilities and communication	323,755	401,970
	P16,600,189	P16,428,935

17. Other income

This account consists of:

	June 30, 2014	June 30, 2013
Rental income	P845,241	P1,097,776
Interest income	1,861	3,661
	P847,102	P1,101,437

18. Administrative expenses

This account consists of:

	June 30, 2014	June 30, 2013
Legal and professional fee	P320,000	P110,000
Permits, taxes and licenses	322,704	354,616
Transportation expenses	-	115,628
Miscellaneous	-	92,112
	P1,046,748	P672,356

19. Financial risk management objectives and policiesFinancial 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, 2014 and December 31, 2013.

	Gross Maximum Exposure	
	June 30, 2014	December 31, 2013
Cash and cash equivalents	P3,095,396	P8,585,863
Trade receivables	34,321,771	32,054,048
Advances for projects	16,299,938	16,299,938
Other non current assets	8,606,944	6,291,043
	P62,324,049	P63,230,892

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

June 30, 2014	Neither past due High grade	nor impaired Standard grade	Past due but not impaired	Past due and Impaired	Total
Cash and cash equivalents	P3,095,396				P3,095,396
Trade receivables		5,148,266	20,593,063	9,580,443	34,321,771
Advances for projects			16,299,938		16,299,938
Other non current assets			6,717,464		6,606,944
	P3,095,396	P5,148,266	P45,499,945	P9,580,443	P62,324,049

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, 2014	Trade	Advances for projects	Other non assets	Total
30-60 days past due	P2,265,337			P2,265,2337
61-90 days past due	10,502,462			10,502,462
Over 90 days	7,825,364	16,299,938	6,606,944	32,732,246
	P20,593,063	P16,299,938	P6,606,944	P45,499,945

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, 2014	<1 month	>1month and <3months	.3months and <1 year	>1year and 5 years	Total
Accounts payable and Accrued expenses	P483,126	170,953	89,193	-	P743,275
Interest bearing liabilities					
Loans payable				5,240,852	5,240,852
	P483,126	P170,953	P89,193	P5,240,852	P5,964,127

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, 2014		Dec. 31, 2013	
Cash and cash equivalents	US\$3,987	P179,398	US\$5,415	P240,502
Advances for projects	367,000	16,299,938	367,000	16,299,938
Bank loans	(118,000)	(5,240,852)	(118,000)	(5,240,852)
	US\$252,987	P11,238,484	US\$254,415	P11,299,588

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

Effect on Income before taxes			
Increase/decrease in Peso to US\$ Rate	June 30, 2014	Dec. 31, 2013	
+P5.00	US\$1,264,935	US\$1,272,075	
-P5.00	US\$(1,264,935)	US\$(1,272,075)	

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

ii. Interest rate risk

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

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

Exposure to interest rate risk is as follows:

	June 30, 2014		December 31, 2013	
	Principal	Interest rate	Principal	Interest rate
Foreign currency loans	P5,240,852	1M LIBOR +2.75%	P5,240,852	1M LIBOR +2.70%
		1M LIBOR +3.00%		1M LIBOR +3.00%

Operational risk

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

Fair values

Comparative carrying amounts and fair values of financial instruments as at June 30, 2014 and December 31, 2013 follow:

	June 30, 2014		December 31, 2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	P3,095,396	P3,095,396	P8,598,863	P8,598,863
Trade receivables	34,321,771	34,321,771	25,098,690	25,098,690
Other short term investment	11,833,230	11,833,230	11,833,230	11,833,230
Prepayments and other current assets	40,013	40,013	85,013	85,013
Other non current assets	8,606,944	8,606,944	6,291,043	6,291,043
Advances for projects	16,299,938	16,299,938	16,299,938	16,299,938
Property and equipment	142,658,048	142,658,048	150,634,872	150,634,872
Investment property	50,287,400	50,287,400	50,287,400	50,287,400
Accounts payable and accrued expenses	(743,275)	(743,275)	(826,357)	(826,357)
Interest bearing liabilities	(5,240,852)	(5,240,852)	(5,349,725)	(5,349,725)
	P261,158,613	P261,158,613	P262,952,967	P262,952,967

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

Capital management

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

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

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

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

	June 30, 2014	December 31, 2013
Equity	P305,872,550	P306,559,472
Total assets	313,095,369	P314,078,492
Ratio	0.977	0.976

Management Discussion and Analysis of Operation

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

	June 30, 2014	June 30, 2014
Profit (Loss) for the period	(P452,699)	(P793,953)
Number of Outstanding Shares	221,581,530	221,581,530
Earnings per Share	(0.002)	(P0.003)

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

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

Disclosure on material events and uncertainties

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

Vertical and Horizontal Analysis

Total corporate assets almost remain the same from Php314 million in December 31, 2013 compared to Php313 million as of June 30, 2014. The net decrease of Php690 thousand (-1%) in total assets arose from the following items:

1. Decrease in cash by Php6.5 million (-64%) due to slower in collection.
2. Increase in trade receivable by Php9.2 million (37%) due to slower collection of trade receivables.
3. Decrease in prepayments by Php45 thousand (53%).
4. Increase in investment and advances in an associate by Php1.59 million (5%).

Total liabilities decreased by Php296 thousand (-4%) from Php7.52 million in December 2013 to Php7.22 million in June 30, 2014. The net decrease in liabilities resulted from the following significant items:

1. Decrease in accounts payable and accrued expenses by Php83 thousand (-10%) due to payment.
2. Decrease in current portion of bank loans by Php108 thousand (-100%) due to payment.
3. Decrease in income tax payable by Php45 thousand (68%)
4. Decrease in deferred tax liability by Php58 thousand (-34%) due to amortization of revaluation increment absorbed through depreciation.

Stockholders' equity remains the same as of June 30, 2014 and December 31, 2013.

Total revenue increased by Php1.163 million (8%) from Php15million as of June 30, 2013 to Php16.481 million as of June 30, 2014.

Direct costs almost remain the same from Php16.428 million in the 2nd quarter ending June 30, 2013 to Php16.600 million (1%) in the 2nd quarter ending June, 2014. The net increase arose from the following accounts:

1. Insurance decreased by Php27 thousand (-17%) from Php164 thousand to Php136 thousand due to adjustment in the principal amount of the insured property.
2. Office supplies increased by Php 34 thousand (100%) due to bulk purchases.
3. Rent expense increased by Php69 thousand (7%) from Php1 million to Php1.08 million due to increase in monthly rent.
4. Security services decreased by Php29 thousand (-15%) from Php194 thousand to Php165 due to decrease in contract rate.
5. Transportation increased by Php260 thousand (187%) due to non recurring expenses.
6. Utilities and communication decreased by Php78 thousand (-19%) from Php402 thousand to Php324 thousand due to decrease in electric usage.

Administrative expenses almost remain the same from Php672 thousand for the 2nd quarter ending June 30, 2013 to Php642 thousand (-4%) in the 2nd quarter ending June 30, 2014.

The following are 7 (seven) key performance and financial soundness indicators of the company:

Current Ratio	Calculated ratio of current assets into current liabilities. Indicates the ability of the company to finance current operations without need for long term capital
Debt-to Equity Ratio	Calculated ratio of total debt into total equity. Indicates the level of indebtedness of the company in relation to buffer funds provided by equity against any operating losses. Also indicates the capacity of the company to absorb or take in more debt.
Asset-to-Equity Ratio	Calculated ratio of total asset into total equity. Indicates the long-term or future solvency position or general financial strength of the company.
Interest Rate Coverage Ratio	Calculated ratio of earnings before interest and taxes into interest expenses. Indicates the ability to meet its interest payments.
Gross profit Margin	Calculated ratio expressed in percentage of the gross margin into total revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
EBITDA	Calculated earnings before income tax, and non-cash charges. Indicates the efficiency of the company in generating revenues in excess of cash operating expenses.
Net Income to Sales Ratio, and Earnings per Share	Calculated ratio of net income into total revenues. Indicates the efficiency of the company in generating revenues in excess of cash operating expenses and non-cash charges, and the ability of the company to declare dividends for stockholders.

Computed performance indicators are as follows:

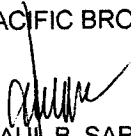
	June 30, 2014	June 30, 2013
Current Ratio	69	49
Debt-to-Equity Ratio	0.025	0.02
Asset-to-Equity Ratio	1.02	1.02
Interest Rate Coverage Ratio	(3.99)	(7.34)
Gross Profit Margin	-0.72%	-7.25%
EBITDA	P8,674,987	P9,194,920
Net Income to Sales Ratio	-2.75%	-5.18%


SIGNATURES

Pursuant to the requirements of the Regulation Code, the company has duly caused this report to be signed on its behalf by the undersigned thereunto to duly authorized.

COMPANY : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.

Signature and Title:


PAUL B. SARIA
Principal Operating Officer
August 12, 2014


CELINIA FAELMOCA
Principal Accounting Officer
August 12, 2014