



Transpacific Broadband Group

INTERNATIONAL, INC.

formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
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November 14, 2013

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

Dear Ms. Encarnacion,

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

Thank you.

Very truly yours,

CELINIA PAELMOCA



111132013001741



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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**TRANSPACIFIC BROADBAND GROUP
INTERNATIONAL, INC.**

(Company)

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(Address)

717-0523

(Telephone Number)

DECEMBER 31

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September 30, 2013

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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 September 30, 2013
2. Commission identification no. AS095-006755 3.BIR Tax Identification No. 004-513-153
4. TRANSPACIFIC BROADBAND GROUP INT'L., INC.
5. Philippines
6. Industry Classification Code:
7. 9th Floor, Summit One Tower, 530 Shaw Blvd., 1550 Mandaluyong City
Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga
(Satellite Center)
8. Telephone No. (0632) 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

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

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

I. Financial Statements.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 30-Sep 2013	(Audited) 31-Dec 2012
ASSETS			
Current Assets			
Cash and cash equivalents	2	P 5,107,491 P	9,500,468
Trade receivables	3	42,274,557	30,379,650
Loans and interest receivables		-	62,638
Other shortterm investments	4	11,333,590	11,333,590
Spares inventory	5	3,859,237	3,859,237
Total Current Assets		62,574,875	55,135,583
Noncurrent Assets			
Advances for projects	6	23,742,360	23,742,360
Property and equipment - net	7	150,900,160	162,777,020
Investment property	8	50,287,400	50,287,400
Advances and investment in associate	9	11,625,000	11,625,000
Franchise - net	10	6,292,405	6,742,405
Other non-current assets	11	5,615,992	3,558,663
		248,463,317	258,732,848
		P 311,038,192 P	313,868,431
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expens	12	P 198,116 P	446,836
Current portion of interest bearing liabi	13	4,939,769	5,164,653
income tax payable		31,615	18,045
Total Current Liabilities		5,169,500	5,629,534
Noncurrent Liabilities			
Interest-bearing liabilities-net of			
current portion	14	108,872	108,873
Pension liability		1,018,764	1,018,765
Deferred tax liability		48,934	136,754
Total Noncurrent Liabilities		1,176,570	1,264,392
Total Liabilities		6,346,070	6,893,926
Equity			
Share Capital		222,019,330	222,019,330
Share premium		29,428,022	29,428,022
Share options outstanding		8,921,814	8,921,814
Revaluation increment on property and equipment		3,856,701	5,525,312
Retained earnings		40,904,055	41,517,827
Treasury shares		(437,800)	(437,800)
Total Equity		304,692,122	306,974,505
		P 311,038,192 P	313,868,431

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Quarter Ending		Nine (9) month ending	
		30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
REVENUES FROM UPLINK AND					
OTHER DATA-RELATED SERVICES		8,395,020	9,395,665 P	23,713,357 P	25,694,245
DIRECT COST	15	9,263,866	9,145,132	25,692,801	25,738,350
GROSS PROFIT (LOSS)		(868,846)	250,533	(1,979,444)	(44,105)
OTHER INCOME		539,873	60,844	1,641,310	374,405
TOTAL INCOME		(328,973)	311,377	(338,134)	330,300
ADMINISTRATIVE EXPENSES	16	(626,736)	(534,301)	(1,847,523)	(2,079,148)
FINANCE COST		(40,495)	(68,612)	(133,282)	(184,247)
PROFIT (LOSS) BEFORE INCOME TAX		(996,204)	(291,536)	(2,318,939)	(1,933,095)
INCOME TAX EXPENSE		(31,616)	(67,263)	(51,265)	0
PROFIT (LOSS) FOR THE YEAR		(1,027,820)	(358,799)	(2,370,204)	(1,933,095)
OTHER COMPREHENSIVE INCOME					
Revaluation increment of property and equipment					
absorbed through depreciation		585,477	585,477	1,756,432	1,756,432
Effect of deferred income tax		(29,274)	(29,274)	(87,822)	(87,822)
TOTAL COMPREHENSIVE INCOME		(471,617)	197,404 P	(701,594) P	(264,485)
EARNINGS PER SHARE				(0.0107)	(0.0087)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CHANGES IN EQUITY

	Nine (9) months ending	
	30-Sep-13	30-Sep-12
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, Sept 30	8,921,814	8,921,814
REVALUATION INCREMENT ON PROPERTY AND AND EQUIPMENT - NET OF TAX		
Balance, January 1	5,525,312	7,750,126
Revaluation increment absorbed through depreciation	(1,668,611)	(1,668,611)
Balance, Sept 30	3,856,702	6,081,515
RETAINED EARNINGS (DEFICIT)		
Balance, January 1	41,517,827	47,235,063
Revaluation increment absorbed through depreciation	1,756,432	1,170,955
Profit (loss)	(2,370,204)	(1,933,095)
Balance, Sept 30	40,904,055	46,472,923
TREASURY SHARES	(437,800)	(437,800)
	P 304,692,122	P 312,485,804

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC
STATEMENT OF CASH FLOWS

	Quarter Ending		Nine (9) month ending	
	30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit (Loss) after income tax	P (816,764) P	(379,655) P	(2,370,204) P	(1,933,095)
Adjustments for:				
Depreciation and amortization	3,950,044	3,950,044	11,880,728	11,880,728
Amortization of franchise	150,000	150,000	450,000	450,000
Interest expense	68,612	68,612	184,247	184,247
Interest income	(60,838)	(60,838)	(374,405)	(374,405)
Operating income before working capital changes	3,291,054	3,728,163	9,770,366	10,207,475
Decrease (increase) in Operating Assets:				
Trade receivables - net	(4,891,194)	253,667	(11,894,907)	(6,750,046)
Loans and interest receivables	(1,177,153)	1,624,396	62,637	2,864,186
Other current assets	-	(67,265)	-	(74,709)
Decrease (increase) in Other non-current assets	(1,687,981)	(165,865)	(2,057,329)	(535,213)
Increase/(decrease) in Operating liabilities				
Accounts payable and accrued expenses	814,961	(1,992)	(248,720)	(1,065,673)
Income taxes payable	38,800.00	-	13,570	(25,229)
Net Cash Provided by/(Used in) Operating Activities	(3,611,513)	5,371,104	(4,354,383)	4,620,791
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property and equipment	(3,868)	(4,946,760)	(3,868)	(4,946,760)
Interest received	60,838	60,838	374,405	374,405
Net Cash Used in Investing Activities	56,970	(4,885,922)	370,537	(4,572,355)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from bank loans				
Principal	246,063	(123,489)	(224,884)	(594,436)
Interest	(68,612)	(68,612)	(184,247)	(184,247)
Net Cash Provided by(used in) Financing Activities	177,451	(192,101)	(409,131)	(778,683)
NET INCREASE (DECREASE) IN CASH EQUIVALENTS	<u>(3,377,092)</u>	<u>293,081</u>	<u>(4,392,977)</u>	<u>(730,247)</u>
CASH AT THE BEGINNING OF THE YEAR			<u>9,500,468</u>	<u>2,051,769</u>
CASH AT END OF YEAR			<u>P 5,107,491 P</u>	<u>1,321,522</u>

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS

1. Basis for Financial Presentation

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

Changes in Accounting Policies

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

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

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

PFRS 1, Government Loans – Amendments to PFRS 1

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

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

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

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

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

PFRS 10, Consolidated Statements

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

PFRS 11, Joint Arrangements

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

PFRS 12, Disclosure of Interests in Other Entities

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

PFRS 13, Fair Value Measurement

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

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

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

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

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

2. **Cash and cash equivalents**

As of September 30, 2013 and December 31, 2012 cash and cash equivalents represent cash on hand and cash in banks of P5.1 million and P9.5 million respectively. Cash in bank represents current account and USD dollar account that earn interest at the prevailing bank deposit rates.

3. **Trade receivables**

This account consists of:

	Sept. 30, 2013	Dec. 31, 2012
Trade	P48,628,723	P36,733,816
Less: Allowance for doubtful accounts	6,354,166	6,354,166
	P42,274,557	P30,379,650

4. **Other short term investment**

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

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

5. **Spare parts inventory**

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

6. **Advances for projects**

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

7. Property and equipment

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

	Building and Improvements	Uplink/Data Equipment	Transportatio n Equipment	Furniture And Fixtures	Leasehold Improvements	Total
Gross carrying amount:						
Balance, January 1	P21,393,402	P250,287,892	P14,675,284	P5,180,726	P19,145,709	P310,683,013
Additions		304,062				304,062
Transfers/Sold						
Balance	21,393,402	250,591,954	14,675,284	5,180,726	19,145,709	310,987,075
Accumulated dep'n:						
Balance, January 1	14,975,396	114,179,825	9,276,784	1,571,570	7,902,418	147,905,993
Provisions	802,254	9,381,815	1,162,914	159,802	674,134	12,180,918
Transfers/sold						
Balance	15,777,650	123,561,640	10,439,698	1,731,372	8,576,552	160,086,911
Carrying amount:						
Beginning	P6,418,006	P136,108,067	P5,398,500	P3,609,156	P11,243,291	P162,777,020
End	P5,615,752	P127,030,315	P4,235,586	P3,449,354	P10,569,158	P150,900,160

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

8. Investment property

The breakdown of properties is shown below:

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

9. Advances to and Investment in associate

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

10. Franchise

This account consists of:

	Sept. 30, 2013	Dec. 31, 2012
Franchise	P6,742,405	P7,342,405
Amortization	450,000	600,000
	P6,292,405	P6,742,405

11. Other non-current assets

This account consists of:

	Sept. 30, 2013	Dec. 31, 2012
Palladian Land Dev. Inc.	P4,098,413	2,041,084
ATN Holdings	1,062,074	1,062,074
Security deposit	455,505	455,505
	P5,615,992	P3,558,663

12. Accounts payable and accrued expenses

This account consists of non interest trade payables in the amount of P198,116.

13. Interest-bearing liabilities

This account consists of:

	Sept. 30, 2013	Dec. 31, 2012
Foreign currency loans	P4,860,656	P4,860,656
Obligation under finance lease	79,113	412,870
	4,939,769	5,273,526
Less: current portion	5,016,769	5,164,653
	P108,872	P108,872

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

14. Direct Cost

This account consists of the following:

	Sept. 30, 2013	Sept. 30, 2012
Amortization of franchise	P450,000	P450,000
Depreciation and amortization	12,180,923	11,880,728
Insurance	223,084	189,377
Office supplies	41,885	128,563
Rental expense	1,573,060	1,411,265
Salaries, wages and other benefits	1,078,686	1,243,565
Security services	254,000	332,250
Taxes and licenses	770,435	770,395
Transponder lease	8,034,520	8,084,907
Transportation and travel	555,105	533,209
Utilities and communication	531,003	714,091
	P25,692,801	P25,738,350

15. Other income

This account consists of:

	Sept. 30, 2013	Sept. 30, 2012
Rental income	P1,337,649	P369,029
Interest income	3,661	5,376
	P1,641,310	P374,405

16. Administrative expenses

This account consists of:

	Sept. 30, 2013	Sept. 30, 2012
Legal and professional fee	P130,000	P405,000
Permits, taxes and licenses	399,697	404,399
Power, dues and communication	396,657	746,010
Representation and entertainment	244,000	-
Salaries, wages and other benefits	313,428	326,195
Transportation expense	115,628	106,658
Directors fees	60,000	60,000
Miscellaneous	188,113	30,886
	P1,847,523	P2,079,148

17. Early Adoption of PFRS

PFRS 9, Financial Instruments: Classification and Measurement

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

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

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

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

Credit Risk

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

The table below shows the gross maximum exposure to credit risk of the Company's as at September 30, 2013 and December 31, 2012.

	Gross Maximum Exposure	
	Sept. 30, 2013	December 31, 2012
Cash and cash equivalents	P5,107,491	P9,487,468
Trade receivables	48,628,723	36,733,816
Loans and interest receivable	-	62,638
Advances for projects	23,742,360	23,742,360
Other receivables	5,160,487	3,103,158
	P82,639,061	P73,129,441

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

Sept. 30, 2013	Neither past due High grade	nor impaired Standard grade	Past due but not impaired	Past due and impaired	Total
Cash and cash equivalents	P5,107,491				P5,107,491
Trade receivables		16,940,184	31,688,539		48,628,723
Advances					
For projects			23,742,360		23,742,360
For related parties			5,160,487		5,160,487
	P5,107,491	P16,940,184	P60,591,386	P-	P82,639,061

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:

Sept. 30, 2013	Trade	Advances for projects	Advances to related party	Total
30-60 days past due	P7,403,000			P7,403,000
61-90 days past due	9,537,184			9,537,184
Over 90 days	31,688,539	23,742,360	5,160,487	60,591,386
	P48,628,723	P23,742,360	P5,160,487	P77,531,570

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.

Sept. 30, 2013	<1 month	>1month and <3months	.3months and <1 year	>1year and 5 years	Total
Accounts payable and Accrued expenses	P108,872				P108,872
Interest bearing liabilities					
Loans payable			4,860,656		4,860,656
Obligation under finance lease		79,113	-	108,872	187,985
	P108,872	P79,113	P4,860,656	P108,872	P5,157,513

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:

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

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

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

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

ii. Interest rate risk

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

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

Exposure to interest rate risk is as follows:

	Sept. 30, 2013		December 31, 2012	
	Principal	Interest rate	Principal	Interest rate
Foreign currency loans	P4,860,656	1M LIBOR +2.75% 1M LIBOR +3.00%	P4,860,656	1M LIBOR +2.75% 1M LIBOR +3.00%
Obligation under finance lease	P187,985	11%-19%	P412,870	11%-19%
	P5,048,641		P5,273,526	

Operational risk

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

Fair values

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

	Sept. 30, 2013		December 31, 2012	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash and cash equivalents	P5,107,491	P5,107,491	P9,500,468	P9,500,468
Trade receivables	42,274,557	42,274,557	30,379,651	30,379,651
Loans and interest receivables	-	-	62,638	62,638
Other short term investment	11,333,590	11,333,590	11,333,590	11,333,590
Advances for projects	23,742,360	23,742,360	23,742,360	23,742,360
	<u>P82,457,998</u>	<u>P82,457,998</u>	<u>P75,018,707</u>	<u>P75,018,707</u>
Accounts payable and accrued expenses	P198,116	P198,116	P446,837	P446,837
Interest bearing liabilities	5,048,641	5,048,641	5,273,526	5,273,526
	<u>P5,246,757</u>	<u>P5,246,757</u>	<u>P5,720,363</u>	<u>P5,720,363</u>

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

Capital management

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

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

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

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

	Sept. 30, 2013	December 31, 2012
Equity	P304,692,122	P306,974,505
Total assets	311,038,192	P313,868,431
Ratio	0.98	0.98

Management Discussion and Analysis of Operation

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

	Sept. 30, 2013	Sept. 30, 2012
Profit (Loss) for the period	(P2,370,204)	(P1,933,095)
Number of Outstanding Shares	221,581,530	221,581,530
Earnings per Share	(0.0107)	(P0.0087)

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 cyclical 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, 2012 compared to Php311 million as of September 30, 2013. The net decrease of Php2.83 million (-1%) in total assets arose from the following items:

1. Decrease in cash by Php4.4 million (-46%) due to slower in collection.
2. Increase in trade receivable by Php11.9 million (39%) due to slower collection of trade receivables.
3. Increase in other non-current assets by Php2.0 million (58%).

Total liabilities decreased by Php0.55 million (-8%) from Php6.89 million in December 2012 to Php6.3 million in September 30, 2013. The net decrease in liabilities resulted from the following significant items:

1. Decrease in accounts payable and accrued expenses by Php249 thousand (-56%) due to payment.
2. Decrease in interest bearing liabilities by Php225 thousand (-4%) due to payment of monthly amortization.
3. Decrease in deferred tax liability by Php88 thousand (-64%) due to amortization of revaluation increment absorbed through depreciation.

Stockholders' equity remains the same as of September 30, 2013 and December 31, 2012.

Total revenue decreased by Php1.98 million (-8%) from Php25.7 million as of September 30, 2012 to Php23.7 million as of September 30, 2013.

Direct costs almost remain the same from Php25.738 million in the 3rd quarter ending September 30, 2012 to Php25.692 million (1%) in the 3rd quarter ending September 30, 2013. The net increase arose from the following accounts:

1. Insurance increased by Php33 thousand (-17.8%) from Php189 thousand to Php223 thousand due to adjustment in the principal amount of the insured property.
2. Rent expense increased by Php161 thousand (11%) from Php1.4 million to Php1.57 million due to increase in monthly rent.

3. Security services decreased by Php78 thousand (-23.55%) from Php322 thousand to Php254 due to decrease in contract rate.
4. Transportation increased by Php22 thousand (5%) due to increase in transportation cost.
5. Utilities and communication decreased by Php183 thousand (-26%) from Php715 thousand to Php531 thousand due to decrease in electric usage.

Administrative expenses decreased from Php2.0 million for the 3rd quarter ending September 30, 2012 to Php1.8 million (-11%) in the 3rd quarter ending September 30, 2013. The following significant changes are as follows:

1. Legal and professional fees decreased by Php275 thousand (-68%) from Php405 thousand to Php130 thousand due to lesser consultation.
2. Power, dues and communication decreased by Ph349 thousand (-47%) from Php746 thousand to Php397 thousand due to cost cutting program.
3. Transportation and travel increased by Php8 thousand (8.41%) from Php106 thousand to Php115 thousand due to more errands.

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

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

Computed performance indicators are as follows:

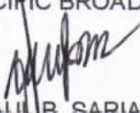
	Sept. 30, 2013	Sept. 30, 2012
Current Ratio	12	12
Debt-to-Equity Ratio	0.021	0.041
Asset-to-Equity Ratio	1.02	1.04
Interest Rate Coverage Ratio	-16.40	-9.49
Gross Profit Margin	-8.35%	-17%
EBITDA	P9,561,789	9,947,633
Net Income to Sales Ratio	-10.0%	7.52%
Earnings per Share	-0.0107	-0.0087


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
November 12, 2013


CELINIA FAELMOQA
Principal Accounting Officer
November 12, 2013