Transpacific Broadband Group
INTERNATIONAL, INC.
formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD., MANDALUYONG CITY,
PHILIPPINES, 1550
TEL (632) 718-3720, 718-3721, FAX (632) 533-4052
EMAIL: tbgi@tbgi.net.ph

SATELLITE CENTER: BLDG. 1751 CHICO ST.
CLARK SPECIAL ECONOMIC ZONE
ANGELES CITY, PAMPANGA, PHILIPPINES
TEL.: (6345) 599-3042, FAX (6345) 599-3041

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

TO ALL STOCKHOLDERS
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Transpacific Broadband Group International, Inc. will be held via ZOOM on Wednesday, **October 21, 2020 at 1:30pm.**

The following matters will be taken up during the meeting:

1. Proof of Notice of the Meeting
2. Proof of Presence of a quorum
3. Approval of the previous annual minutes of meeting
4. Report of the President
5. Approval of the FY December 31, 2019 Audited Financial Statements
6. Election of Directors
7. Appointment of Independent Auditors
8. Adjournment

The record date for determination of the stockholders entitled to notice of, and to vote at said meeting is fixed at the close of business hours on September 23, 2020.

In view of the ongoing Covid-19 pandemic, shareholders may only participate via remote communication. To register, certificated stockholders who will attend the Meeting should send a scanned copy of one (1) valid government identification card (ID) to **atnsolar@tbgi.net.ph** Indirect shareholders should send scanned copies of their broker's certification and one (1) valid ID to the same email address. Deadline for registration is on 14 October 2020 at 12 NN.

The Company is not soliciting proxies. Should you be unable to attend the meeting, you can nevertheless be represented and vote at the ASM by submitting a proxy by email the same email address, or by sending a physical copy to the Office of the Corporate Secretary at Unit 904 Summit One Tower, 530 Shaw Boulevard, Mandaluyong City. The deadline for submission of proxies is on 14 October 2020.

PAUL SARIA
Corporate Secretary
Chief Information Officer

SEC Number AS095-006755_
File Number ____________

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

(Company)

9th Floor Summit One Tower
530 Shaw Boulevard, Mandaluyong City, 1550

(Address)

717-0523

(Telephone Number)

DECEMBER 31

(Fiscal Year Ending)
(month & day)

SEC Form 20-IS
(Preliminary Information Statement)

(Form Type)

Amendment Designation (if applicable)

Annual Stockholders Meeting
October 21, 2020

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS

Information Statement Pursuant to Section 20
of the Securities Regulation Code (SRC)

1. Check the appropriate box:

______X_______ **Preliminary Information Statement**

______________ **Definitive Information Statement**

2. Name of Registrant as specified in its Charter **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**

3. Country of Incorporation **Philippines**

4. SEC Identification Number **AS095-006755**

5. BIR Tax Identification Number **004-513-153**

6. Address of principal office **Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles City, Pampanga**
Or c/o
Unit 904, 9F Summit One Tower
530 Shaw Blvd. Mandaluyong City, 1550

7. Telephone Number **(632) 7717-0523**

8. Date, time and place of meeting of security holders:

Date	:	October 21, 2020, Wednesday
Time	:	1:30 PM
Place	:	Via Zoom

9. Approximate date on which the Information Sheet is first to be sent or given to security holders:

September 30, 2020

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class	Subscribed and Outstanding (No. of Shares)	Pesos
Common shares	3,800,000,000	P380,000,000

11. Are any or all of these securities listed on the Philippine Stock Exchange?

YES __x___ **NO** _______

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS

WHEN	**: October 21, 2020, Wednesday, 1:30 PM**
WHERE	**: 8TH floor, Summit One tower, 530 Shaw Boulevard Mandaluyong City**
	: Stockholders' participation will be via remote communication through the company website www.tbgi.net.ph

Complete Mailing Address of Principal Office of Registrant

Bldg. 1751 Chico St. Clark Special Economic Zone
Angeles City, Pampanga
Or c/o
Unit 904, 9F Summit One Tower
530 Shaw Blvd. Mandaluyong City, 1550

Approximate date on which the Information Sheet is first to be sent or given to security holders is **September 30, 2020**.

Item 2. DISSENTER'S RIGHT OF APPRAISAL

Sections 80 of the Corporation Code provide for a shareholder's exercise of the right of appraisal (defined as the right of any stockholder to dissent and demand payment of the fair value of his shares). The instances where the right of appraisal may be exercised are as follows:

1. In case any amendment to the Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the term of corporate existence;

2. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the Company's property and assets;

3. In case of merger or consolidation; and

4. In case the Company decides to invest its funds in another corporation or business outside of its primary purpose.

There are no new items in the agenda that may give rise to a dissenting shareholder's exercise of the right of appraisal

Procedure for Exercise of Dissenter's Appraisal Right

Section 81 of the Corporation Code provides for the appropriate procedure for the exercise of the right of appraisal, *viz*:

> The appraisal right may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken: Provided, that the failure to make the demand within such period shall be deemed a waiver of the appraisal right. If the proposed corporate action is implemented or affected, the Corporation shall pay to such stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, further, that upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

Item 3. INTEREST OF CERTAIN PERSONS IN OR OPPOSITION TO MATTERS TO BE ACTED UPON

The following persons have no substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office:

1. each person who has been a director or officer of the Corporation at any time since the beginning of the fiscal year;
2. each nominee for election as a director of the Corporation: and
3. each associate of any of the foregoing persons.

No member of the Board of Directors of the Corporation has informed the Corporation in writing that he intends to oppose any action to be taken by the Corporation at the annual meeting of the stockholders.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Common Shares	3,800,000,000
Less: Treasury shares	4,378,000
Total Outstanding Shares Voting /Shares as of record date Aug. 31, 2020	3,795,622,000

The Company's capital stock consists of common shares only. Each share is entitled to one vote. All stockholders of record at the close of business on **September 23, 2020** shall be entitled to notice and to vote at the Annual Stockholders meeting. To conform with the Government's regulation on social distancing and prohibition on mass gatherings, the Company shall hold the Annual Stockholders' Meeting via remote communication and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

The directors of the Corporation shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors, every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share equal, or by distributing such votes at the same principle among any number of candidates.

(1) SECURITY OWNERSHIP OF CERTAIN RECORD AND BENEFICIAL OWNERS

Owners of more than 5% of voting securities as of **August 31, 2020:**

Class	Name of Record Owner and Relationship with Record Owner	Name of Beneficial Owner	Citizenship	Shares Owned	%
Common	3. Arsenio T. Ng 9F Summit One Tower, 530 Shaw Blvd. Mandaluyong City (CEO)	None	Filipino	1,712,370,990"r"	45.11%
Common	1. PCD Nominee Corp. (F) 37th floor Tower 1, the Enterprise Ctr., 6766 Ayala Ave, Makati City, Phil.	Various	Filipino	1,309,194,790"r"	34.49%
Common	2. Unipage Management, Inc. 9F Floor Summit One Tower, 530 Shaw Boulevard Mandaluyong City (Investor)	Stockholders	Filipino	496,320,000"r"	13.08%

The clients of PCD Nomination Corporation are the beneficial owners and have the power to decide how their shares are to be voted.

There is no Filipino and Non-Filipino holder of 5% or more under PCD Nominee Corporation.

The Board of Directors of Unipage Management Inc. appointed Willy Ong as the authorized representative and they have the right to vote and direct or dispose of the shares held by the company.

(2) Security ownership of management as of August 31, 2020:

Class	**Name of Beneficial Owner**	**No. of Shares and Nature of Beneficial Ownership**	**Citizenship**	**%**
	Directors:			
Common	Arsenio T. Ng	1,712,370,990"d"	Filipino	45.11%
Common	Kenneth C. Co	42,590,000"d"	Filipino	1.12%
Common	Hilario T. Ng	4,008,040"d"	Filipino	0.11%
Common	Ardi Bradley Ng	100,000"r"	Filipino	0.00%
Common	Paul Saria	258,040"d"	Filipino	0.01%
Common	Simon Ung	10,000"d"	Filipino	0.00%
Common	Oscar B. Mapua	40,000"d"	Filipino	0.00%
	Officer:			
Common	Santos Cejoco	10,000"d"	Filipino	0.00
	All directors and executive officers as a group	**1,759,387,070"d"**		**46.35%**

Each every security holder is the beneficial owner in his own right.

(3) VOTING TRUST HOLDERS OF 5% OR MORE

There are no persons who hold more than 5% of a class under voting trust or similar agreement.

(4) CHANGES IN CONTROL

The company has no arrangements, which may result in a change in control of the Corporation. There has been no change in control since the beginning of its last fiscal year.

Item 5. DIRECTORS AND EXECUTIVE OFFICERS

(1) The names of the incumbent Directors, Executive officers and nominees of the Company and their respective ages and citizenship, current positions held, period of service and business experience during the past five years as required under Section 38 of the Code and SRC Rule 38.1 are as follows:

Arsenio T. Ng – President and CEO
Age 61, Filipino Citizen
Period Served September 2000 to Present
Term of office as director – one year

Holds a Masters degree in Business Management with distinction from the California State College, Stanislaus, and the University of California, Los Angeles. Mr. Ng attended special studies in Politics and Public Administration at the United States Congress in Washington D.C. He took his undergraduate studies in Business Administration and Finance at the De La Salle University (Jose Rizal honors), Philippines and at the California State College, Stanislaus (cum laude), USA.

In 1994, Mr. Ng served as President and CEO of the Energy Corporation; a company listed in the Philippine Stock Exchange and became Chief Finance Officer of Semirara Coal Corporation, the largest coal mining firm in the Philippines the following year. He is the Chairman and CEO of ATN Holdings Inc., a listed holding company in the PSE, in which he holds major equity stake. He is the Chairman and CEO of Palladian Land Development Inc., and the Chairman and Director of Unipage Management Inc. He is also the Chairman and Director of both Advanced Home Concept Development Corporation, and Hart Realty Development Inc. Mr. Ng is concurrently a Director and Treasurer of Hambrecht and Quist Philippine Ventures II, a private equity fund managed by Hambrecht and Quist, Philippines Inc., a subsidiary of US-based Hambrecht and Quist venture firm.

In 1998, Mr. Ng became the President and Chairman of Managed Care, Inc. medical complex of 150 doctors, He is also the Director of Beacon Diversified, Inc. that has investments in Skycable. Mr. Ng also acts as Vice Chairman and President of CBCP World.

Hilario T. Ng – Director, Chief Finance officer and member of Remuneration and Nomination Committee
Age 59, Filipino Citizen
Period Served September 2000 to Present
Term of office as director – one year

A graduate of Bachelor of Architecture at the Southern California Institute of Architecture, Mr. Ng took his MA in Urban Design at the University of California at Los Angeles. Presently, he is President of Palladian International, Inc., Director of ATN Holdings, Inc., Executive Vice President of Palladian Land Development, Inc., Architect, and Managing Partner of HEO Group. He was previously connected with Nadel Partnership, Inc (Architect, 1990), Figure 5, Inc (Project Director, 1988-1989), Stephen Lam & Associates (Project Director, 1987), Richard Magee & Associates (Project Architect, 1985-1986), T.W. Layman & Associates (Project Architect, 1982), Michael Ross & Associates (Project Architect, 1982), and WOU International (Project Architect, 1981).

Ardi Bradley L. Ng - Director
Age 26, Filipino Citizen
Period Served October 2019 to Present
Term of office as director – one year

Mr. Ardi Ng is a graduate of Ateneo De Manila University in year 2016. He holds a degree in Bachelor of Arts in Social Sciences, Major in Social Science. After graduation, Mr. Ng underwent his training in the Company. He is currently the Business Development Officer of Transpacific Broadband Group, Inc. Ardi Ng is the son of the Chairman Arsenio T. Ng.

Oscar B. Mapua, Jr. – Independent and Nomination Committee Chairman
Age 76, Filipino Citizen
Period Served May 2003 to Present
Term of office as director – one year

Mr. Mapua is a member of the Board of Trustees and Executive Vice President of the Mapua Institute of Technology and the Founding Director of the Design Center of the Philippines. He earned his BS Architecture degree from the Rhode Island University in 1969 and his Masters in Architecture from the University of the Philippines in 1987.

Simoun Ung – Director
Age 52, Filipino Citizen
Period Served May 2007 to Present
Term of office as director – one year

Simoun Ung has an extensive background in international business in the Asia Pacific, both as a professional in the financial industry, as well as being a successful entrepreneur. He is the President & CEO of OmniPay, Inc., the Philippine's leading issuer of prepaid payment cards and innovator for financial inclusion; Mr. Ung is likewise the President-Commissioner of PT Omni Pay Indonesia. He is also Vice Chairman of Bastion Payment Systems Corporation, which developed and launched the first proprietary payment gateway in the Philippines certified to Payment Card Industry standards. Mr. Ung is likewise the Vice Chairman of Sanson Mineral Resources, Inc. He also serves on the Board of Directors of Transpacific Broadband Group International, Inc. [PSE: TBGI].

Simoun Ung's past experience includes Adviser-Origination of Hambrecht & Quist Philippines Inc. and President of Four Star Consulting. Mr. Ung was a Service Provider to RBS Coutts Bank Ltd. He served as an Advisor to the Supreme Court of the Philippines. He was also a Consultant to the Commission on Elections and the Office of International Policy and Special Concerns of the Department of National Defense. Mr. Ung was an Independent Director on the Board of Federal Resources Investment Group, Inc.PSE:FED].

Mr. Ung has a Master of Business Administration degree from the Ivey School of Business of the University of Western Ontario and a Bachelor of Arts degree in Psychology and Economics from the University of British Columbia. Mr. Ung received additional training with the 2nd Advanced Programme for Central Bankers and Regulators at the Institute of Global Economics and Finance of the Chinese University of Hong Kong as well as an Executive Education Course on the National Retail Payments System with the National Payment Systems Institute.

Kenneth Chua Co – Independent and Remuneration and Audit Committee Chairman
Age 47, Filipino Citizen
Period Served May 2011 to Present
Term of office as director – one year

Mr. Kenneth Co is a graduate of AB Economics at Ateneo De Manila University in 1994. At present he is the Proprietor and Owner of Dagupan Commercial, an operator of a wholesale and retail distribution family business dealing mainly with bakery supplies. From 2007 to present, he is also a Distributor of Pharmanex & Nu Skin. A distribution and multilevel network marketing business focused on introducing high quality supplements and skin care products to customers with a goal of contributing the profits significantly to the Nourish the Children Foundation. From 1996 to present, he is also the Administrator of Benito Enterprises, a business engaged mainly in real estate development and lease rental accumulation. Some of his past positions held includes Managing Director of Road on Call from 2005 to 2007and Chamco Food Ventures Inc. from 1999-2005.

Paul B. Saria – Director, Chief Operating and Compliance Officer and member of Audit and Nomination Committee
Age 49, Filipino Citizen
Period Served September 2000 to Present
Term of office as director – one year

A graduate of Bachelor of Architecture at the University of Santo Tomas, Mr. Saria took his graduate studies in Project Management at the Royal Melbourne Institute of Technology, Australia. He is Vice President for Operations of TBGI, Operations Officer of ATN Holdings, Inc. and Project Planning Architect of the Summit One Office Tower. He is likewise Operations Manager of Palladian Land Development Inc. and Advanced Home Concept Development Corporation since 1996.

Atty. Leonides S. Respicio – Corporate Secretary
Age 68, Filipino Citizen
Period Served August 2018 to Present

Atty. Respicio is a graduate of Bachelor of Laws in 1978 at the University of the Philippines, Diliman, Quezon City. At present, he is the corporate secretary and legal counsel of Test Consultants, Inc. from 2004-present; legal counsel of Padernal Construction Inc. (2010- present), Radiant Sunshine Power Corporation (2018 – present), Lamon Bay Furniture, Inc. (2018 to present), Philippine Pacific Trade Inc.(Salad Master Distributor (2010-present), Capitol City Sports and Country Club, Inc. (1980-1986), Jocanima Corporation (2012-2017), First Champion, Inc. (Manpower Services) 2012-2017, Prince David Condominium Unit Owners Association Inc. (2010-2015) and Don Enrique Height Subdivision Homeowners Association, Inc. (2016-present)

The aforementioned directors and officers have served the fiscal year ended December 31, 2018, and shall continue to serve until their successors have been duly elected at the Company's next annual stockholders' meeting. Also, none of the current directors and officers work in government.

NOMINEES FOR ELECTION AS DIRECTORS OF THE COMPANY

The nominees for election as directors of the company are the following:

Arsenio T. Ng (Filipino)	Hilario T. Ng (Filipino)	Simoun Ung (Filipino)
Ardi Bradley L. Ng (Filipino)	Paul B. Saria (Filipino)	
Oscar B. Mapua Jr. (Filipino)	Kenneth Co (Filipino)	

Oscar Mapua Jr., and Kenneth Co are the nominees for independent directors. In the approval of nomination for independent directors, the Nominations Committee headed by Oscar B. Mapua (Chairman), Hilario T. Ng, (Member) and Paul B. Saria (Member) has taken into consideration the guidelines prescribed under SRC Rule 38., the independent directors are nominated by Paul B. Saria (Filipino) and Hilario T. Ng (Filipino). Mr. Paul Saria and Arch. Hilario Ng have no relationship with the nominees for independent directors.

The Corporation will observe the term limits for independent directors imposed by SEC Memorandum Circular No. 4, Series of 2017 which became effective on January 2, 2012. The Corporation's two current independent directors may serve as independent directors until 2021 in compliance with the maximum cumulative term of nine (9) years.

The independent directors undertake to submit an updated Certification of Qualifications and Disqualifications thirty (30) days after the date of the Annual Stockholders' Meeting.

Only nominees whose names appear on the final list of candidates will be eligible for election as directors. No further nominations will be entertained or allowed on the floor during the annual stockholders' meeting.

(2) SIGNIFICANT EMPLOYEES

The company has no significant employees.

(3) **FAMILY RELATIONSHIP**

The Chairman, Arsenio T. Ng, and Director Hilario T. Ng are brothers. Mr. Ardi Bradley L. Ng is the son of Arsenio T. Ng. Except for the above-mentioned directors the company does not know any other family relationship up to the fourth civil degree either by consanguinity or affinity among the directors, executive officers or persons nominated.

RESIGNATION OF OFFICER

There was no resignation, removal or election of company Directors or Officers for the past two years.

(4) **INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS**

The Company is not aware that anyone of the incumbent directors and executive officers and persons nominated to become a director and executive officer have been the subject of bankruptcy petition or pending criminal proceedings in court or have been by judgment or decree found to have violated securities or commodities law enjoined from engaging in any business, securities, commodities or banking activities. This disclosure on legal proceedings covers the last five years up to the latest date of this Information Statement.

The Company is not involved in any litigation incidental to the conduct of its business. If there is any claim, the Company believes that the cases against it have no legal basis and that there is no pending litigation that will have a material or adverse effect on its financial position or operations.

(D) RELATED PARTY TRANSACTIONS

ATN Solar
The Company subscribed additional shares of stock of ATN Solar amounting to P97 million. At the time of subscription, P2.650 million was paid in February 1, 2018, P2,850 million in August 1, 2018 and P91.5 million in December 2018.

PLDI
The Company is a beneficial owner of certain condominium units classified in the Statement of Financial Position as Investment properties. Title to the properties has not been released to the Company as it intends to sell the properties using the marketing expertise of PLDI. These properties are leased out to third parties thru PLDI. Proceeds of the rent were remitted to the Company. Rent income collected by PLDI on these properties amounted to P2.969 million in 2019 and P2.684 million in 2018.

A *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

There was no compensation paid or payable to key management personnel for the years ended December 31, 2019, 2018 and 2017.

Key management personnel have not been provided with retirement benefits.

(3) The registrant has no parent company.

Item 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Information as to the aggregate compensation during the last two (2) fiscal years paid to the Company's five (5) most highly compensated executive officers and all other officers and directors as a group and the estimated compensation for Year 2017 are as follows:

	2020 Estimated	**2019**	**2018**
Four most highly compensated Executive Officers			
1. Arsenio T. Ng – CEO			
2. Paul B. Saria – Chief Operating Officer			
3. Santos L. Cejoco – Corporate Planning Officer			
4. Vicente Layson – Network Engineer			
5. Christian Nucom – Asst. Network Engineer			
TOTAL	600,000	600,000	500,000
All other officers and directors	500,000	500,000	450,000
Total	1,200,000	1,100,000	1,100,000

The CEO and COO has not received compensation from the company during the period 2000 - 2019, except for the stock options mentioned above in Stock Options for the Chief Executive Officer.

No bonuses were given to directors and officers, payments were purely compensation in nature.

The By-Laws of Transpacific gives each Director a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the corporation during the preceding year. Such compensation shall be determined and apportioned among the Directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. There are no other standard or other special arrangements regarding the compensation of the Directors of the Company.

The members of the Board are entitled to receive a reasonable per diem of P5,000 for attendance at each meeting of the Board of Directors. Other than such per diem, there is no other arrangement pursuant to which any amount of compensation is due to the directors for services rendered as such.

Warrants and Options

On May 28, 2008 the Board of Directors and Stockholders approved the grant of stock options to the Chief Executive Officer 40 Million shares at par value of P1.00. In addition, the Remuneration Committee resolved to implement additional terms and conditions specifically on the vesting date. (Note 20).

EMPLOYMENT CONTRACTS, TERMINATION OF EMPLOYMENT, AND CHANGE-IN-CONTROL ARRANGEMENT

An employment contract between the Corporation and a named executive officer will normally include a compensation package, duties and responsibilities, and term of employment.

The Corporation has not entered into any compensatory plan or arrangement with any named executive officer which would entitle such named executive officer to receive any amount under such plan or arrangement as a result of or which will result from the resignation, retirement, or any other termination of such executive officer's employment with the Corporation and its subsidiaries, or from a change-in-control of the Corporation, or a change in the executive officer's responsibilities following a change-in-control of the Corporation.

Item 7. INDEPENDENT PUBLIC ACCOUNTANT

The audited financial position of the Company for CY 2019 was audited by R. R. TAN & ASSOCIATES, CPAs.

The same accounting firm is being recommended for re-election at the scheduled annual meeting for the almost the same remuneration as in the previous year. Representatives of the said firm are expected to be present at the stockholders' meeting and they will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

R. R. TAN & ASSOCIATES, CPAs has acted as the Company's external auditor since 2009 and has complied with the five-year rotation requirement under SRC Rule 68(3)(b)(iv) (Qualifications and reports of Independent Auditors). Mr. Chester Nimitz F. Salvador is the current audit partner for R. R. TAN & ASSOCIATES, CPAs. He replaced Mr. Domingo A. Daza Jr., who serves as audit partner from 2012 to 2015.

The audit committee headed by Kenneth C. Co (Independent and Chairman) Arsenio T. Ng, and Paul B. Saria has no policies and procedures of the above services.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no events in the past wherein R. R. TAN & ASSOCIATES, CPAs, and the company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

Item 8. COMPENSATION PLANS

In 2007, the Remuneration Committee approved the grant of stock options for 38.4 million shares at par value to the Chief Executive Officer to compensate the CEO with options of 4.8 million shares per year for the eight–year period 2000–2007.

The grant of options for the CEO was approved based on the following considerations:

1. The CEO has not received compensation since the strategic acquisition of the company in 2000 to date.
2. The CEO was responsible for (a) rehabilitation of P200 million loss arising from a bad financial structure, and (b) collection of P80 million of bad debts, bringing the company to its present state of profitable operations and strong financial position.
3. Under the leadership of the CEO, the company was able to comply with the mandate of its telecommunications franchise to successfully undertake an initial public offering (IPO) that was executed in early 2003 in the face of weak capital markets in Asia.
4. The CEO used personal bank credit lines for the (a) acquisition of majority stake in the company, (b) rehabilitation of financial position and telecommunications facilities, (c) expansion of digital data services and acquisition of institutional marketing partner for installation of IT laboratories nationwide.
5. The CEO needs the options to enable him to reimburse his personal bank credit lines that the CEO used over the years to fund the comprehensive rehabilitation and expansion of company operations.
6. The same grant of stock options for the CEO shall be approved by the Board and ratified by the shareholders.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

On Aug 10, 2018, the Corporation issued 130,000,000 shares to ATN Holdings, Inc. for the investment of P21,684,400 at a subscription price of P0.1668, which was agreed upon last 2002, but recently been completed last year 2018. Government taxes has been paid prior to issuance by the Stock and Transfer Agent. The stockholders of the Corporation in the Annual Stockholders Meeting of October 3, 2018 resolved to approve for the application of listing of 130,000,000 common shares with waiver by a majorityof the minority of shareholders. The Philippine Stock Exchange has yet to approve the listing application filed by the Corporation.

On September 17, 2018, in a meeting of the Board of Directors resolved to issue 400,000,000 shares to the Chairman, Arsenio T. Ng for investments amounting to Forty Million Pesos to be used solely for payment of subscription payable to ATN Philippines Solar Energy Group, Inc. The stockholders of the Corporation in the Annual Stockholders Meeting of October 3, 2018 resolved to approve for the application of listing of 130,000,000 common shares with waiver by a majorityof the minority of shareholders. The Philippine Stock Exchange has yet to approve the listing application filed by the Corporation.

On April 2. 2019, in a meeting of the Board of Directors resolved to issue 1,179,806,700 common shares (0.1632 price per share) to the Chairman, Arsenio T. Ng for investments amounting to One Hundred Ninety Two Million Pesos (P192,500,000) to be used solely for payment of subscription payable to ATN Philippines Solar Energy Group, Inc. The issuance of additional shares to be taken from the unissued capital stock of the Company. The stockholders of the Corporation in the Annual Stockholders Meeting of October 6, 2019 resolved to approve for the application of listing of 130,000,000 common shares with waiver by a majorityof the minority of shareholders. The Philippine Stock Exchange has yet to approve the listing application filed by the Corporation.

Item 15. OTHER MATTERS

Action with Respect to Reports:

The following reports/minutes shall be submitted to the stockholders for approval/ratification:

1. Minutes of the previous Annual Stockholders' Meeting
    a. Approval of previous annual minutes of meeting
    b. Report of the President
    c. Approval of FY December 31, 2018 audited FS
    d. Election of Directors
    e. Appointment of Independent Auditors
2. Annual Report of the President
3. Fiscal Year Ending December 31, 2019 Audited Financial Statements

The president reported the highlights of the audited fiscal year December 31, 2018 financial statements, and the acts of the Board and the executive officers during the above fiscal year. The corporate secretary read to the stockholders the minutes of the previous annual stockholders' meeting.

The stockholders in said meeting approved and ratified the following:

1. the minutes of the previous annual stockholders' meeting,
2. the audited December 31, 2019 financial statements,
3. the appointment of R. R. Tan & Associates, CPAs as external auditor,
4. ratified the acts of the Board and the executive officers during the above fiscal year including but not limited to memberships in (a) remuneration committee, (b) audit committee, and (c) nomination committee. Membership in said committees, which include one independent director in compliance with Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code are as follows:

Compensation Committee:	Audit Committee	Nomination Committee
Kenneth C. Co (Chairman)	Kenneth C. Co (Chairman)	Oscar B. Mapua (Chairman)
Arsenio T, Ng – Member	Arsenio T. Ng – Member	Hilario T. Ng – Member
Hilario T. Ng - Member	Paul B. Saria - Member	Paul B. Saria - Member

The same sets of committee members shall apply for the coming fiscal year.

MERGERS, CONSOLIDATION, ACQUISITIONS AND SIMILAR MATTERS

No action is to be taken with respect to any transaction involving:

1. the merger or consolidation of the Corporation into or with any person, or of any other person into or with the Corporation;
2. the acquisition by the Corporation or any of its security holders of securities of another person;
3. the acquisition by the Corporation of any other going business or of the assets thereof;
4. the sale or other transfer of all or any substantial part of the assets of the Corporation; or
5. the liquidation or dissolution of the Corporation.

Item 17. AMENDMENTS OF CHARTER, BYLAWS AND OTHER DOCUMENTS

The procedures under SRC Rule 38 (Guidelines on Nomination and Elections of Independent Directors) shall be incorporated in the company's By-Laws. The Board of Directors pursuant to the authority delegated to it by the stockholder under Article VII Section I of the By-Laws of the Registrant, shall cause the amendment of the By-Laws in a regular or special meeting called for the purpose to include the foregoing procedures on the nomination and election of independent directors.

Item 19. VOTING PROCEDURES

A majority of the subscribed capital, present in person, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transactions of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater portion.

At each meeting of the stockholders, every stockholder shall be entitled to vote in person, for each share of stock held by him, which has voting power upon the matter in question. The votes for the election of directors, and, except upon demand by any stockholder, the votes upon any question before the meeting, except with respect to the procedural questions determined by the chairman of the meeting, shall be by viva voce or show of hands.

The directors shall be elected by plurality vote at the annual meeting of the stockholders for that year at which a quorum is present. At each election for directors every stockholder shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his share shall equal, or by distributing such votes at the same principle among any number of candidates.

The manner of counting the vote is done by viva voce unless balloting is demanded by stockholders representing at least 10% of the outstanding capital stock entitled to vote, in the presence of the corporate secretary or the assistant corporate secretary. To conform with the Government's regulation on social distancing and prohibition on mass gatherings, the Company shall hold the Annual Stockholders' Meeting via remote communication and allow the stockholders to cast their votes by remote communication or in absentia, or by proxy.

The Articles of Incorporation may be amended by the affirmative vote of at least majority of the Board of Directors and stockholders representing a majority of the Board of Directors and stockholders' meeting called for that purpose. However, the power to amend, modify repeal or adopt new articles may be delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds of the outstanding capital stock of the Corporation.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Mandaluyong on September 7, 2020.

Issuer : **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.**
Date : **September 7, 2020**

PAUL B. SARIA
Corporate Information Officer

BUSINESS AND GENERAL INFORMATION

BRIEF DESCRIPTION OF THE GENERAL NATURE AND SCOPE OF THE REGISTRANT'SBUSINESS AND ITS SUBSIDIARIES

Transpacific Broadband Group International (TBGI or Transpacific) is a domestic corporation registered with the SEC on 14 July 1995. It started commercial operation in 1996 with an authorized capital stock of Twenty-Five Million Pesos (Php25,000,000.00), divided into Two Hundred Fifty Thousand shares (250,000) with a par value of One Hundred Pesos (Php100.00) each. Its primary purpose is to engage in the business of public commercial radio, terrestrial, cable and satellite broadcast. TBGI does not have any subsidiary under it.

On 07 November 2002, the SEC approved the increase in authorized capital stock of TBGI from Twenty-Five Million Pesos (Php25,000,000.00) divided into Two Hundred Fifty Thousand shares with par value of One Hundred Pesos (Php100.00) each, to One Hundred Fifty Million Pesos (Php150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php1.00) each.

On 27 December 2002, the Company's Board of Directors and stockholders approved the following resolutions:

The conversion of additional paid-in capital amounting to Php58,341,330.00 into 58,341,330 shares of stock to be paid, as and by way of stock dividends, to all stockholders of the Company as of 31 December 2002 in proportion to the number of shares held by each stockholder and which will be issued out of the proposed increase in the authorized capital stock from One Hundred Fifty Million Pesos (Php150,000,000.00) to Three Hundred Eighty Million Pesos (Php380,000,000.00);

The increase in authorized capital stock from One Hundred Fifty Million Pesos (Php150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php1.00) per share to Three Hundred Eighty Million Pesos (Php380,000,000.00) divided into Three Hundred Eighty Million (380,000,000) shares with par value of One Peso (Php1.00) per share; and

The amendment of Article Seventh of the Amended Articles of Incorporation in relation to the proposed increase in authorized capital stock.

The Company's subscribed and paid-up capital as of 31 December 2002, after incorporating the effect of stock dividends in 2002, amounts to Php139,341,330.00.

On April 15, 2003, the SEC approved the aforesaid increase and amendments.

The Company is a duly registered Clark Special Economic Zone (CSEZ) enterprise with Registration Certificate No. 95-53 dated 29 November 1995 and has a 25-year Lease Agreement to build, maintain, and manage a satellite earth station within the CSEZ. TBGI holds a 25-year Congressional Telecom Franchise for commercial telecommunications operations under RA 8657, which the legislative body passed into law on 22 June 1998. It also has an approved Provisional Authority to transmit radio signals to satellites granted by National Telecommunication Commission (NTC).

TBGI generates revenues mainly from Internet, Intranet, and local loop services subscriptions of schools, corporate private sector and government agencies. The Company sells (1) data services to subscriber schools (at present the Company only provides services to schools) for Internet connectivity and virtual private network connectivity, and (2) video uplink services to local and foreign TV channels.

For the delivery of its services, TBGI owns and operates satellite facilities having separate buildings for transmitter and power generators at the 1.1-hectare area of former US Air Force Satellite Communication facility in CSEZ in Pampanga. TBGI's integral facility, the Clark Development Corp. (CDC) Broadcast Operations Center, houses 20 studios for media production and post-production services inside 277 square meter area of industrial-grade raised flooring, with an enclosed soundproof broadcast studio. TBGI connection to the Internet features the Asia Broadcasting Satellite 5 space segment, and UUNet fiber optic line to complete the link. As back-up connectivity, a fiber optic line is terminated at TBGI data hub.

The Company does not conduct research and development, in accordance with its policy of using existing technologies and forming alliances or supply arrangements with providers of applicable technology that come in the way to serve market opportunities better. TBGI operations do not generate waste or toxic emissions.

Properties

All of the Company's properties and equipment units have been paid for in full and fully owned by the Company.

Complementing the facilities in Clark, Pampanga is the TBGI Network Monitoring and Operations Center at the 9th floor of Summit One Building in Mandaluyong City, Metro Manila. TBGI bought the remaining ATN financial interest in the 9thFloor of Summit One Tower Building with a total area of 853 square meters. In addition, TBGI owns a 210 square meter house inside a 248 square meter lot in Island Park Dasmariňas, Cavite. The facility is used for training, seminars and other human resource development activities.

The Company has no plan to acquire additional real estate properties within the next twelve (12) months.

Legal Proceedings

The Company is not involved in any litigation incidental to the conduct of its business. If there is any claim against the company, the Company believes that the cases against it have no legal basis and that there is no pending litigation that will have a material or adverse effect on its financial position or operations.

Submission of Matters to a Vote of Security Holders

There was no meeting held during the 4th quarter of fiscal year ending December 31, 2019.

Management's Discussion and Analysis or Plan of Operation

(1) Plan of operation

TBGI started to establish its data services network in 2001 with the installation of a satellite main hub transmitter-receiver to link the interactive broadband requirements of educational institutions.

Aside from its new market development efforts, the Company plans to continue its business in the manner it did last year. The company's internal revenue generation, interest income from various money market placements, and the cash balance are sufficient to satisfy its cash requirements for the next twelve months. It will continue to focus on its existing principal activities and has no plan to engage in major product research and development or purchase or sell any plant and significant equipment. The company values its human resources and it has no plan to decrease the number of its employees.

There is no known trend or uncertainty that will significantly reduce TBGI's liquidity. Management expects growth in revenues to come increasingly from data services and Internet growth as the satellite data broadcast network expands with market demand. The demand of schools subscribing for Internet connectivity will require equipment purchases that will be taken out of inventory.

TBGI's profitability is significantly sensitive to revenues and cost of bandwidth used. While there is no known event that will materially affect revenues, the price of bandwidth has declined significantly with the sharing of the new DS3 line with various users located in Summit One Tower.

CY 2019

Total assets increased from PHP 563.359 million to PHP 594.0639 million as of December 31, 2019. The net increase of PHP 30.710 million in the total assets resulted from movements in the following:

Decrease in current assets of P 1.6 million arising from the following changes:

a. Decrease of PHP 2.162 million in cash primarily due to additional investment in associates.
b. Decrease of PHP 2.358 million in accounts receivables.
c. Decrease of PHP 332 thousand in other current assets.

Increase in non-current assets of PHP 35 million due to the following:

a. Amortization of franchise by PHP 0.6 million.
b. Increase of PHP 35 million in property and equipment.
c. Increase of PHP 902 thousand in other non-current assets due to increase in advances to related parties.

Total liabilities decreased from PHP 210 million as of December 31, 2018 to PHP 47 million as of December 31, 2019. The net decrease of PHP 162 million was due to the following:

Increase in current liabilities of PHP 17.876 million arising from the following changes:

a. Decrease of PHP 7.805 million in accounts payable and accrued expenses
b. Increase of PHP 25 million in unearned income..
c. Increase in income tax payable of PHP 21 thousand.

Decrease of non-current liabilities by PHP 180 million arising from the following changes:

a. Decrease of PHP 192 million in deposits due stock subscription.
b. Increase of PHP 62 thousand in pension liability.
c. Increase of PHP11.859 million in advances from related parties.

On the equity side, total equity increased from PHP353.244 million as of December 31, 2018 to PHP546.443 million as of December 31, 2019. The net increase of PHP193 million was due to the following:

a. Increase of PHP118 million in share capital due to additional subscription.
b. Increase of PHP 74 million in share premium.

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2019	December 31, 2018
Current Ratio	0.25	0.92
Debt-to-Equity Ratio	0.09	0.60
Gross Profit Margin	5.9%	5.1%
Net Income to Sales Ratio	1.8%	25%
Net Income (loss) in pesos	P699,877	P15,358,144

The following are important performance 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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
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.

There is no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

CY 2018

Total assets increased from PHP 358.371 million to PHP 563.359 million as of December 31, 2018. The net increase of PHP 205 million in the total assets resulted from movements in the following:

Decrease in current assets of P 1.6 million arising from the following changes:

a. Decrease of PHP 4.3 million in cash primarily due to additional investment in associates.
b. Increase of PHP 2.8 million in accounts receivables.

Increase in non-current assets of PHP 206 million due to the following:

a. Decrease in advances for projects of PHP 657 thousand due to liquidation.
b. Increase in investment in associates of PHP 204 million due to additional subscription.
c. Amortization of franchise by PHP 0.6 million.
d. Decrease of PHP 16.million in property and equipment due to depreciation.
e. Increase of PHP 16 million in investment property due to fair value adjustment.
f. Increase of PHP 4 million in other non-current assets due to increase in advances to related parties.

Total liabilities increased from PHP 60 million as of December 31, 2017 to PHP 210 million as of December 31, 2018. The net increase of PHP 149 million was due to the following:

Decrease in current liabilities of PHP 344 thousand arising from the following changes:

a. Decrease of PHP 400thousand in short term loans.
b. Increase in income tax payable of PHP 34 thousand.

Increase of non-current liabilities by PHP 149 million arising from the following changes:

a. Increase of PHP 192.500million in deposits due to deposit for future subscription.
b. Increase of PHP 48 thousand in pension liability.
c. Decrease of PHP43 million in advances from related parties.

On the equity side, total equity increased from PHP297.885 million as of December 31, 2017 to PHP353.244 million as of December 31, 2018. The net increase of PHP55 million was due to the following:

a. Increase of PHP40 million in share capital due to additional subscription.
b. Increase of PHP15 million in retained earnings due to income during the year.

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2018	December 31, 2017
Current Ratio	0.92	1.01
Debt-to-Equity Ratio	0.60	0.20
Gross Profit Margin	5.1%	-20.2%
Net Income to Sales Ratio	25%	-11.0%
Net Income (loss) in pesos	P14,394,862	-P4,576,591

The following are important performance 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.
Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.

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.

There is no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

CY 2017

Total assets increased from PHP 310.284 million to PHP 358,371 million as of December 31, 2017. The net increase of PHP 48 million in the total assets resulted from movements in the following:

Decrease in current assets of P 20 million arising from the following changes:

a. Decrease of PHP 6.6 million in cash primarily due to additional investment in associates.
b. Decrease of PHP 12.3 million in accounts receivables due to collection.
c. Decrease of PHP 920 thousand in spares inventory due to transfer to property and equipment.

Increase in non-current assets of PHP 68 million due to the following:

a. Decrease in advances for projects of PHP 5 million due to liquidation.
b. Increase in investment in associates of PHP 96 million due to additional subscription.
c. Amortization of franchise by PHP 0.6 million.
d. Decrease of PHP 16.millionin property and equipment due to depreciation.
e. Decrease of PHP6.237 million in other non-current assets due to decrease in advances to related parties.

Total liabilities increased from PHP 6.442 million as of December 31, 2016 to PHP 14.116 million as of December 31, 2017. The net increase of PHP 7.7 million was due to the following:

Increase in current liabilities of PHP 92thousand arising from the following changes:

a. Increase of PHP 7.55 million in accounts payable due to accruals.
b. Increase in income tax payable of PHP 120 thousand.

Increase of non-current liabilities by PHP 45 million arising from the following changes:

a. Decrease of PHP 125 thousand in deposits.
b. Increase of PHP 41 thousand in pension liability.
c. Increase of PHP45 million in advances from related parties.

On the equity side, total equity remains almost the same as of December 31, 2017 and 2016 of PHP 300 million and PHP302 million respectively.

The following table shows the top five (5) important financial indicators of the company with comparable period in the past year.

	December 31, 2017	December 31, 2016
Current Ratio	1.00	5.28
Debt-to-Equity Ratio	0.20	0.03
Gross Profit Margin	-20.2%	2.6%
Net Income to Sales Ratio	-11.2%	3.8%
Net Income (loss) in pesos	-P4,639,325	P1,477,317

The following are important performance 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.

Gross Profit margin	Calculate ratio expressed in percentage of the gross margin into revenues. Indicates the ability of the company to generate margin sufficient to cover administrative charges, financing charges and provide income for the stockholders.
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.

There is no material off balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

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.
7 There is no seasonal aspects that has a material effect on the FS.

Information on Independent Accountant and related Matter

(1) External Audit Fees and Services

R. R. TAN & ASSOCIATES, CPAs, the external auditor of the company, audited the financial position as at December 31, 2019 and 2018 with the contract amount of P335,000 and P325,000 respectively, inclusive of out of pocket expenses.

R. R. Tan & ASSOCIATES, CPAs will audit the Company's statement of financial positions and the related statements of comprehensive income, statement of changes in equity and statement of cash flows for the year then ending and will provide an audit report on the financial statements referred to above in accordance with Philippine Financial Reporting Standards.

As part of the engagement, R. R. Tan & ASSOCIATES, CPAs will also assist in the preparation of the Company's annual income tax returns for filing with the Bureau of Internal Revenue;

There were no tax fees paid for the last two fiscal years for professional services rendered on tax accounting, compliance, advice, planning and any other form of tax services.

There were no other fees paid by the company for product and other services provided by the auditor.

The audit committee headed by Kenneth C. Co (Chairman), Arsenio T. Ng (Member) and Paul B. Saria (Member) has no policies and procedures of the above services.

(2) Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There were no events where R. R. Tan & ASSOCIATES, CPAs and the company had any disagreement on any matter of accounting principles or practices, financial statements disclosures, audit scope or procedures which led to a change in external auditors and if not resolved to the satisfaction of any of these accountants, would have caused the latter to make reference to the subject matter of disagreement in connection with its report.

Expansion Plans

Transpacific installed its web site www.tbgi.net.ph and is developing a portal, which form the basis for hosting of B2B and B2C e-commerce. TBGI has at its disposal the use of facilities owned by the ATN Group for the performance of broadband services. Summit One Tower hosts the fiber optic backbone with bandwidth of 1 DS3 (equivalent to 22 E1 or 44 Mbps), and the necessary tower height for WIFI transmission in Metro Manila. With the DS3 bandwidth supply now available at Summit One Tower, the TBGI WIFI network envisaged for Metro Manila will be implemented in alliance with equipment suppliers from Taiwan and the USA.

TBGI expects to become a major wireless data services provider for schools in the Philippines. There is no foreseeable event, which may have a material impact on its short-term liquidity, and no seasonal aspect had material effect on the financial condition of the Company's operation. Funding for the expansion will be sourced from borrowings and available credit facilities from local banks.

TBGI market development and business expansion are focused on energy. TBGI has made investments in ATN Philippines Solar Energy Group, Inc. (ATN Solar) in cooperation with project proponent ATN Holdings, Inc. The TBGI affiliate has secured its Solar Energy Service Contract from the Department of Energy for a 30 Megawatt Solar PV Power Plant near Metro Manila. The project is shovel ready and is undertaking financial closing with banks and private equity.

Market Price for Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

The registrant's common equity is principally traded at the Philippine Stock Exchange. TBGI high and low sales prices for the last two years are indicated in the table below.

	Jan 1 to Dec 31, 2019		Jan 1 to Dec 31, 2018	
	High	Low	High	Low
Qtr. 1	0.61	0.26	0.56	0.44
Qtr. 2	0.49	0.41	0.41	0.41
Qtr. 3	0.41	0.31	0.54	0.51
Qtr. 4	0.35	0.27	0.46	0.44

The price information as of the latest practicable trading date, September 2, 2020 has a high of 0.178 and low of P0.175.

(2) Holders

There is no acquisition, business combination or other reorganization that affect the transaction on amounts and percentage of present holdings of the registrant's common equity owned beneficially by:

(a) more than five percent (5%) beneficial owner of registrant's common equity;
(b) each directors and nominee; and
(c) all directors and officers as a group, and the registrant's present commitments to such persons with respect to the issuance of shares.

There are approximately 376 holders of common shares of the Company as of August 31, 2020. (based on the number of accounts registered with the Stock Transfer Agent).

The top 20 common stockholders as of August 31, 2020 are as follows:

	Class "A" Stockholders	No of Shares Held	% of Total Shares Outstanding
1	NG, ARSENIO T.	1,712,370,990	45.11%
2	PCD NOMINEE CORP	1,309,194,790	34.49%
3	UNIPAGE MANAGEMENT INC.	496,320,000	13.08%
4	ATN HOLDINGS INC.	130,000,000	3.42%
5	PCD NOMINEE CORP (NON-FILIPINO)	79,294,590	2.09%
6	LIU, JESSILYN NG	15,000,000	0.40%
7	YAP, RODOLFO T.	8,000,000	0.21%
8	NG, HILARIO TUI	4,008,040	0.11%
9	NG, MARK T.	3,750,000	0.10%
10	NG, MATTHEW H.	3,750,000	0.10%
11	NG, ANNIE CGAM	3,750,000	0.10%
12	NG, TIFFANY ANNE	3,750,000	0.10%
13	OLIVA, DULCE MARIA S.	3,600,000	0.09%
14	NG, BUN KUI	3,600,000	0.09%
15	NG, IRENE T.	3,600,000	0.09%
16	LIMQUECO, MARGIE VILLAFLOR	3,500,000	0.09%
17	LIMQUECO, MARGIE V.	2,180,000	0.06%
18	CHUA, RICARDO R.	1,000,000	0.03%
19	CHOA, BONIFACIO N.	1,000,000	0.03%
20	TAN, CAESAR Y.	1,000,000	0.03%

(3) Dividends
There was no cash dividend declared for the last three fiscal years and there are no restrictions that limit the payment of dividend on common shares.

(4) Recent Sales of Unregistered Securities

The Company has not sold any securities within the past three years that were not registered under the RSA.

Compliance with leading practice on Corporate Governance

The company will make a separate submission on filling of Integrated Annual Corporate Governance. The detailed discussion of the Annual Corporate Governance Section deleted as per SEC memorandum Circular No. 5, series of 2013, issued last March 20, 2013

The Company did not deviate from the adopted Manual of Corporate Governance and all members of the Board Directors as well as Senior Management officers completed and were duly certified to have attended a 1-day special in-house seminar on Corporate Governance.

SEC FORM 17-A

A copy of SEC Form 17-A will be provided to any stockholder of Transpacific Broadband Group International Inc. without any charge upon written request addressed to:

Paul B. Saria
Transpacific Broadband Group International, Inc.
9th Floor Summit One Tower
530 Shaw Blvd., Mandaluyong City, Metro Manila

Transpacific Broadband Group
INTERNATIONAL, INC.
formerly: Transpacific Broadcast Group International, Inc.

CORPORATE OFFICE: 9/F SUMMIT ONE TOWER
530 SHAW BOULEVARD, MANDALUYONG CITY,
PHILIPPINES, 1550
TEL. (632) 717-0523
EMAIL: tbgi@tbgi.net.ph

SATELLITE CENTER: BLDG. 1751 CHICO ST.
CLARK SPECIAL ECONOMIC ZONE
ANGELES CITY, PAMPANGA, PHILIPPINES
TEL.: (6345) 599-3042, FAX: (6345) 599-3041

June 3, 2020

STATEMENT OF MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management on **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2019 and 2018, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

R.R. Tan and Associates, CPAs, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ARSENIO T. NG	**PAUL B. SARIA**	**HILARIO T. NG**
Chairman and CEO	Chief Operating Officer	Chief Financial Officer

SUBSCRIBED AND SWORN to before me this JUN 05 2020 day of June 2020, affiants exhibiting to me their driver's license, as follows:

NAMES	RES. CERT. NO.	EXPIRY DATE	PLACE OF ISSUE
Arsenio T. Ng	DL NO1-86-031588	03/13/2021	Manila
Paul B. Saria	DL N04-93-264992	12/15/2021	Mandaluyong
Hilario T. Ng	DL F03-89-049-506	08/23/2021	Manila

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Series of 2020

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020
PTR O.R No. 9332194 C 1-3-2020 / Roll No. 33832 / TIN# 129-871-009
MCLE No. VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

R. R. TAN & ASSOCIATES, CPAs

Unit 1705, Antel Global Corporate Center
Doña Julia Vargas Avenue, Ortigas Center
Pasig City, Philippines 1605
Tel.: (632) 8638-3430 to 32; Fax: (632) 8638-3430
e-mail : info@rrtan.net

PRC-BOA Reg. No. 0132, valid until December 31, 2021
SEC Accreditation No. A-173-F, valid until June 30, 2020
BIR Accreditation No. 07-100015-001-2019, valid until September 12, 2022

Report of Independent Public Accountants

The Board of Directors and Stockholders
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
9TH Floor, Summit One Tower
530 Shaw Blvd., Mandaluyong City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** (the Company), which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2019, in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, the description of how our audit addressed the matter is provided in that context.

Recoverability of Investment in an Associate

As of December 31, 2019 and 2018, the Company's investment in an associate amounted to ₱409 million, equivalent to a 30% equity interest. This asset represents 68% of the total assets at year-end. The associate, which is accounted under the equity method, is still in the pre-operating stage and is now venturing into quarrying activities. We consider this as a key audit matter based on the following key assessments: (i) volume of investment, (ii) complex nature of associate's operations and (iii) certainty or uncertainty of commencing operations.

The Company's disclosure in Investment in an associate is discussed in Note 10 of the Notes to Financial Statements.

Our audit procedures
In the audit of Investment in associates, the following procedures were carried out:

- Performing an analytical procedures of the associates latest financial statements and impairment assessment, where necessary;

- Discussion with key management and technical personnel regarding the developments of solar projects and the rock crusher project during the year and any subsequent material events;

- Review of financial forecast of the associates including project financing, revenue estimates and other investment opportunities.

- Review significant agreements entered into with other parties related to its solar project, including minutes of the Board of Directors meetings;

Other Information
Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019, but does not include the financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged With Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Supplementary Information Required Under Revenue Regulation (RR) 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information disclosed in Note 32 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management and has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audit resulting in this independent auditor's report is Chester Nimitz F. Salvador

R. R. TAN AND ASSOCIATES, CPAs

By: **CHESTER NIMITZ F. SALVADOR**
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 5242109, January 4, 2020, Pasig City
SEC Accreditation No. A-877A, valid until June 30, 2020
BIR Accreditation No. 07-000251-003-2019, valid until June 12, 2022

June 3, 2020
Pasig City

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS	*Note*		**2019**		2018
Current Assets					
Cash and cash equivalents	*7*	**P**	**5,695,235**	P	7,858,193
Receivables - net	*8*		**1,524,080**		3,882,099
Other current assets - net	*9*		**651,810**		984,056
			7,871,125		12,724,348
Non-current Assets					
Investment in an associate	*10*		**408,380,295**		408,993,627
Franchise - net	*11*		**2,542,405**		3,142,405
Property and equipment - net	*13*		**106,781,915**		70,908,215
Investment properties	*14*		**61,568,800**		61,568,800
Other non-current assets	*12*		**6,924,894**		6,022,032
			586,198,309		550,635,079
TOTAL ASSETS		**P**	**594,069,434**	P	563,359,427

LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued expenses	*15*	**P**	**574,131**	P	8,082,242
Short-term loans	*16*		**5,500,000**		5,500,000
Unearned income	*17*		**25,362,794**		-
Income tax payable			**148,583**		126,760
			31,585,508		13,709,002
Non-current Liabilities					
Deposits	*18*		**662,830**		192,903,000
Pension liability	*19*		**823,805**		761,550
Advances from related parties	*25*		**13,846,319**		1,987,143
Deferred tax liabilities - net	*27*		**707,033**		754,670
			16,039,987		196,406,363
Total Liabilities			**47,625,495**		210,115,365
Equity					
Share capital	*20*		**380,000,000**		262,019,330
Share premium	*20*		**103,947,352**		29,428,022
Share options outstanding	*20*		**8,921,814**		8,921,814
Retained earnings			**54,012,573**		53,312,696
Treasury shares	*20*		**(437,800)**		(437,800)
Total Equity			**546,443,939**		353,244,062
TOTAL LIABILITIES AND EQUITY		**P**	**594,069,434**	P	563,359,427

See accompanying notes to financial statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Note		**2019**		2018		2017
REVENUES							
Service income	*21*	**P**	**36,884,773**	P	37,948,577	P	36,216,325
Other income	*23*		**2,844,503**		20,506,969		5,308,685
			39,729,276		58,455,546		41,525,010
COST AND EXPENSES							
Direct costs	*22*		**34,721,453**		35,995,700		43,540,610
Administrative expenses	*24*		**3,095,070**		1,925,983		962,960
Finance costs	*16*		**387,414**		358,133		310,780
Impairment loss			**-**		918,887		-
			38,203,937		39,198,703		44,814,350
INCOME(LOSS) FROM OPERATION			**1,525,339**		19,256,843		(3,289,340)
EQUITY IN NET LOSS OF AN ASSOCIATE	*10*		**(613,332)**		(2,241,565)		(1,100,024)
INCOME(LOSS) BEFORE INCOME TAX			**912,007**		17,015,278		(4,389,364)
INCOME TAX EXPENSE	*27*		**212,130**		1,657,134		187,227
INCOME(LOSS) FOR THE PERIOD			**699,877**		15,358,144		(4,576,591)
OTHER COMPREHENSIVE INCOME			**-**		-		-
TOTAL COMPREHENSIVE INCOME (LOSS)		**P**	**699,877**	P	15,358,144	P	(4,576,591)
EARNINGS (LOSS) PER SHARE							
Basic	*28*	**P**	**0.0002**	P	0.0061	P	(0.0021)
Diluted			**0.0002**		0.0053		(0.0017)

See accompanying notes to financial statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Note	**2019**	2018	2017
SHARE CAPITAL				
Balance, January 1		**P 262,019,330**	P 222,019,330	P 222,019,330
Issuance during the year		**117,980,670**	40,000,000	-
Balance, December 31	*20*	**380,000,000**	262,019,330	222,019,330
SHARE PREMIUM				
Balance, January 1		**29,428,022**	29,428,022	29,428,022
Issuance during the year		**74,519,330**	-	-
Balance, December 31	*20*	**103,947,352**	29,428,022	29,428,022
SHARE OPTIONS OUTSTANDING	*20*	**8,921,814**	8,921,814	8,921,814
RETAINED EARNINGS				
Balance, January 1		**53,312,696**	37,954,552	42,531,143
Income(Loss) for the year		**699,877**	15,358,144	(4,576,591)
Balance, December 31		**54,012,573**	53,312,696	37,954,552
TREASURY SHARES - *at cost*	*20*	**(437,800)**	(437,800)	(437,800)
		P 546,443,939	P 353,244,062	P 297,885,918

See accompanying notes to financial statements

TRANSPACIFIC BROADBRAND GROUP INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Note	**2019**	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (Loss) before income tax expense		**P 912,007**	P 17,015,278	P (4,389,364)
Adjustments for:				
Provisions for (Reversal of):				
Depreciation and amortization	*11,13*	**15,152,613**	17,094,516	17,644,282
Retirement benefits	*19*	**62,255**	40,582	33,051
Probable loss on trade receivable		**-**	-	(3,159,565)
Impairment loss		**-**	918,887	-
Foreign exchange (gains) loss	*23*	**136,508**	(753,958)	387,344
Unrealized fair value gain on investment property		**-**	(17,053,000)	-
Equity in net loss of an associate	*10*	**613,332**	2,241,565	1,100,024
Interest income	*23*	**(11,252)**	(15,287)	(57,004)
Interest expense	*16*	**387,414**	358,133	310,780
Operating income before Working Capital Changes		**17,252,877**	19,846,716	11,869,548
Decrease (Increase) in Operating Assets:				
Receivables		**2,358,019**	(2,879,983)	15,041,500
Prepayments		**(77,630)**	-	-
Other non-current assets		**(902,862)**	(4,181,598)	(2,723,263)
Increase (Decrease) in Operating Liabilities:				
Accounts payable and accrued expenses		**(7,508,111)**	21,235	7,552,457
Unearned income		**25,362,794**	-	-
Deposits		**259,830**	-	(125,000)
Cash generated by operations		**36,744,917**	12,806,370	31,615,242
Income taxes paid		**(237,945)**	(103,475)	(82,031)
Retirement benefits paid		**-**	(88,761)	(74,602)
Interest received		**11,252**	15,287	57,004
Net Cash Provided by Operating Activities		**36,518,224**	12,629,421	31,515,613
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from:				
Return of funds from advances for projects		**-**	705,653	5,091,300
Collection from related parties		**-**	219,832	8,659,213
Proceeds from sale of communication device		**-**	-	301,548
Acquisition of property and equipment	*13*	**(50,016,437)**	-	-
Payment of stock subscription to associate		**-**	(206,800,000)	(97,000,000)
Net Cash Used in Investing Activities		**(50,016,437)**	(205,874,515)	(82,947,939)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of loan	*16*	**5,500,000**	5,500,000	-
Availments of advances from related parties	*25*	**12,500,000**	-	45,219,832
Loan maturities				
Principal	*16*	**(5,500,000)**	(5,900,000)	-
Interest expense	*16*	**(387,414)**	(358,133)	(310,780)
Payment of advances from related parties	*25*	**(640,823)**	(43,250,874)	-
Proceeds of Deposit for future subscription		**-**	192,500,000	-
Issuance of share capital		**-**	40,000,000	-
Net Cash Provided by Financing Activities		**11,471,763**	188,490,993	44,909,052
EFFECTS OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENTS		**(136,508)**	412,117	(88,158)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(2,162,958)**	(4,341,984)	(6,611,432)
CASH AND CASH EQUIVALENTS, January 1		**7,858,193**	12,200,177	18,811,609
CASH AND CASH EQUIVALENTS, December 31		**P 5,695,235**	P 7,858,193	P 12,200,177

See accompanying notes to financial statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

1. Corporate Information

Transpacific Broadband Group International, Inc. (TBGI or the Company), a corporation duly organized and existing under the laws of Republic of the Philippines, was incorporated and registered with Securities and Exchange Commission ("SEC") on July 14, 1995, primarily to engage in the business of public commercial radio, terrestrial, cable, and satellite broadcast. The Company is 9.57% owned by Unipage Management Inc.

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

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

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

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

The financial statements of the Company as of December 31, 2019 (including the comparative figures as of December 31, 2018 and 2017) were authorized for issue by the President on June 3, 2020.

2. Basis of Preparation and Presentation

Statement of Compliance
The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and interpretations thereof. PFRS are adopted standards by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board.

Basis of Financial Statement Preparation and Presentation
The accompanying financial statements have been prepared on a historical cost basis except for building and improvements, uplink equipment, leasehold improvements and data equipment, and investment properties that are carried at fair value.

The financial statements are presented in Philippine Peso, the Company's functional currency and all values represent absolute amount except when otherwise indicated.

3. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Current Versus Non-Current Classification
The Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading; ·
- Expected to be realized within twelve months after the end of the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period.

The Company classifies all other assets as noncurrent.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the end of the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the end of the reporting period.

The Company classifies all other liabilities as non-current.

Cash and Cash Equivalents
Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Financial Instruments

Date of Recognition
The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets, recognition and de-recognition, as applicable, that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition
Financial instruments are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The Company's initial measurement of financial instruments, except for those classified as FVTPL, includes transaction cost. For trade receivables, they are measured at the transaction price determined under PFRS 15.

Classification and Subsequent Measurement of Financial assets
Financial assets are classified in their entirety based on the contractual cash flows characteristics of the financial assets and the Company's business model for managing the financial assets. The Company classifies and measures its financial assets into the following measurement categories:

- financial assets measured at amortized cost
- financial assets measured at FVTPL

- financial assets measured at FVOCI, where gains or losses in fair value is recognized to profit or loss
- financial assets measured at FVOCI, where cumulative gains or losses previously recognized are not reclassified to profit or loss

If the financial asset is held within a business model whose objective is to hold assets to collect contractual cash flows or within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the Company assesses whether the cash flows from the financial asset represent solely payments of principal and interest (SPPI) on the principal amount outstanding. In making this assessment, the Company determines whether the contractual cash flows are consistent with a basic service arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other risks and costs associated with holding the financial asset for a particular period of time.

The Company's business model is determined at a level that reflects how a group of financial assets are managed together to achieve a particular business objective. The Company's business model does not depend on management's intentions for an individual instrument. The Company's business model refers to how it manages its financial assets in order to generate cash flows. The Company's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. Relevant factors considered by the Company in determining the business model for a Company of financial assets include how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel, the risks that affect the performance of the business model (and the financial assets held within that business model) and how these risks are managed and how managers of the business are compensated.

As at December 31, 2019 and 2018, the Company's financial assets represents financial asset is measured at amortized cost. These are captioned in the statement of financial position as Cash and cash equivalents, Receivables and Deposits.

A financial asset is measured at amortized cost if:

- it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost using the EIR method, less any impairment in value.

Classification and Subsequent Measurement of financial liabilities
The Company determines the classification of financial liabilities, at initial recognition based on the following categories:

- financial liabilities at FVPL
- other financial liabilities

Financial liabilities as of December 31, 2019 and 2018 are categorized as *Other financial liabilities.* These include accounts payable and accrued expenses, short-term loans and deposits.

After initial recognition, other financial liabilities are carried at amortized cost, taking into account the impact of applying the effective interest method of amortization for any direct attributable transaction cost. Gains or loss on financial liabilities are recognized in profit or loss when the liabilities are derecognized.

Derecognition of Financial Assets and Financial Liabilities
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of ownership of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of ownership of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of ownership of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company’s continuing involvement in the asset. If a transfer of financial asset does not result in derecognition since the Company has retained substantially all the risks and rewards of the ownership of the transferred asset, the Company continues to recognize the transferred asset in its entirety and recognizes a liability for the consideration received.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such modification is treated as the derecognition of the carrying value of the original liability and the recognition of a new liability at fair value, and any resulting difference is recognized in profit or loss.

Impairment of Financial Assets
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Company applies a simplified approach in calculating ECLs. The Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Company assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Company and all of the counterparties.

Contract assets and liabilities
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. As of December 31, 2019 and 2018, the Company has no contacts asset balances.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract.

As of December 31, 2019 and 2018, balances pertaining to this account is presented as Unearned income amounting to P25.4 million and nil, respectively.

Prepaid Expenses
Prepaid expenses are measured at amounts paid and subsequently recognized as expense over which the prepayments apply.

Spare Parts Inventory
Spare parts inventory is stated at the lower of cost and net realizable value (NRV). Cost is determined using the first-in first-out method. NRV is the selling price less the estimated cost to sell.

Property and Equipment
The initial cost of property and equipment consist of its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the properties have been put into operation, such as repairs and maintenance, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of the property and equipment.

Transportation equipment, furniture, and fixtures are subsequently carried at cost less accumulated depreciation and impairment in value, if any. Buildings and improvements, uplink/data equipment and leasehold improvements are subsequently carried at revalued amounts less accumulated depreciation and impairment losses, if any. Subsequent acquisitions are stated at cost less accumulated depreciation and impairment losses, if any.

As of December 31, 2015, the revaluation increment arising from revaluation of Buildings and improvements, uplink/data equipment and leasehold improvements amounting to P22.2 million are completely transferred to retained earnings which are absorbed through depreciation.

Depreciation is computed on a straight-line method over the estimated useful lives of the depreciable assets as follows:

Building and improvements	20 years
Uplink/data equipment	10-20 years
Furniture and fixtures	10 years
Transportation equipment	5 years
Lease improvements	6 years or lease term whichever is shorter

Assets under lease arrangements are depreciated over the term of the lease or the useful life of the asset, whichever is shorter, unless there is purchase option reasonably certain to be exercised by the Company. In which case, the asset is depreciated over its useful life.

An asset's residual value, useful life, and depreciation method are reviewed periodically to ensure that the period, residual value, and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold, retired, or otherwise disposed of, their cost and related accumulated depreciation and impairment losses are removed from the accounts and any resulting gain or loss is reflected in profit or loss for the period.

Fully depreciated assets are retained in the accounts until they are no longer in use.

Investment Properties
Investment properties consist of properties that are held to earn rentals or for capital appreciation or both and that is not occupied by the company. Investment properties are initially measured at cost, including transaction costs.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. The Company reviews these valuations annually.

Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. Investment property is derecognized when either it has been disposed of, or when the investment property is permanently withdrawn or sold and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal.

Investment in Associate
An associate is an entity over which the Company is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investment in an associate is initially recognized at cost and subsequently accounted for using the equity method. The equity method of accounting for investment in associate recognizes the changes in the Company's share of net assets of the associate. The share in the net results of the operations of the associate is reported as *Equity in Net Loss/Earnings of an Associate* reported in the Statement of Comprehensive Income. However, when the Company's share of losses in an associate equal or exceed its interest in the associate the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized. Changes resulting from other comprehensive income of the associate or items recognized directly in the associate's equity are recognized in other comprehensive income or equity of the Company, as applicable.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

If significant influence is lost over the associate, the Company measures the carrying value of investment at its fair value. The difference, if any, upon the loss of significant influence over its associate is reported in the Statement of Comprehensive Income.

Franchise
The Company holds a congressional franchise for the operation of telecommunication service. All cost and expenses directly related to its initial acquisition that meets the definition of an intangible asset is capitalized as Franchise. After the initial recognition, Franchise is carried at cost less accumulated depreciation and any impairment losses. Franchise is amortized using the straight-line method over its congressional term of 25 years. The amortization period and amortization method are reviewed at each financial year-end. If the expected useful life of the asset is different from previous estimate, the amortization period is changed accordingly. When the carrying amount of Franchise is greater that its estimated recoverable amount, the cost is written down to its recoverable amount. Franchise is derecognized either upon disposal or the right to use expired.

Other Non-current Assets
Other non-current assets of the Company include security deposit, other receivables, and other assets. These are measured at amortized cost.

Equity
Share capital is determined using the par value of shares that have been issued.

Share premium represents the excess of the par value over the subscription price.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

Share options is measured based on the fair value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

Treasury shares are recorded at cost, which is equal to the cash payment or for noncash consideration. It is shown in the statements of financial position as a deduction from the equity.

Revenue Recognition – Effective January 1, 2018
Revenue comprises revenue from rendering of services measured by reference to the fair value of consideration received or receivable by the Company for services rendered, excluding VAT and discounts. Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time. A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods or services transfers to the customer. If the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

Revenue and Costs Recognition – Prior to January 1, 2018

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

In addition, the following specific recognition criteria must also be met before revenue is recognized (applies to all years presented):

Service income
Revenues from internet services and bandwidth subscriptions are recognized when services are rendered and billed.

Rent income
Rent income is recognized on a straight-line basis over the lease term.

Interest income
Interest income from bank deposits is recognized as interest accrues taking into account the effective yield on the related asset.

Cost and Expense Recognition
Cost is recognized in the Statement of Comprehensive Income when the related revenue is earned (e.g. when goods are sold or services have been performed). Expenses are recognized upon utilization of the service or when they are incurred.

Income Taxes
Current tax liabilities are measured at the amount expected to be paid to the tax authority. The tax rates and tax laws used to compute the amount are those that have been enacted or substantially enacted as at the end of reporting period.

Deferred tax asset is recognized for all temporary differences that are expected to reduce taxable profit in the future, and for the carry forward of unused tax losses and unused tax credits. Deferred tax liability is recognized for all temporary differences that are expected to increase the taxable profit in the future. Deferred tax assets and liabilities are measured using the tax rates and laws substantively enacted at the end of the reporting period.

The carrying amount of deferred tax asset is reviewed at each end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in the statements of income. Only changes in deferred tax assets or liabilities that relate to a change in value of asset or liabilities are charged or credited directly to equity.

Employee Benefits

- Short-term Employee Benefits
  Short-term employee benefits include items such as salaries and wages, social security contributions and nonmonetary benefits, if expected to be settled wholly within 12 months after the reporting date in which the employees rendered the related services. Short-term employee benefits are recognized as expense as incurred.

- Retirement benefit cost
  The Company provides for estimated retirement benefits costs required to be paid under RA 7641 to qualifying employees. The cost of defined retirement benefits, including those mandated under RA 7641 is determined using the accrued benefits valuation method or projected benefit valuation method. Both methods require an actuarial valuation which the Company has not undertaken. Management believes, however, that the effect on the financial statements of the difference between the retirement cost determined under the current method used by the Company and an acceptable actuarial valuation method is not significant.

- Compensated absences
  Compensated absences are recognized for the number of paid leaves days (including holiday entitlement) remaining at reporting date. They are included as part of Accounts payable and accrued expenses account at the undiscounted amount the Company expects to pay as a result of the unused entitlement.

Leases

Company as a lessee – Effective as at January 1, 2019
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease

liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

As of December 31, 2019, the Company's lease arrangements are classified as short-term leases.

Company as a lessee – Effective as at January 1, 2018
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- there is achange in contractual terms, other than a renewal or extension of the arrangement;
- a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- there is a change in the determination of whether fulfillment is dependent on a specified asset; or
- there is a substantial change to the asset.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor
Leases where the Company does not transfer substantially all the risk and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as an income in the statement of comprehensive income on a straight-line basis over the lease term.

Borrowing Cost
Borrowing costs are:

- capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use.

- Other than the above, borrowing cost are expensed as incurred.

Foreign Currency Transactions and Translations
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (*the functional currency).* The financial statements are presented in Philippine Peso, the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency at exchange rates prevailing at the time of transaction. Foreign currency gains and losses resulting from settlement of such transaction and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Impairment of Non-Financial Assets

Spare parts inventory
The impairment is measured if NRV is less than the acquisition cost. Assessment is made at each reporting period whether there is an indication that previously recognized impairment may no longer exists or may have decreased.

Property and equipment
When carrying amount of the asset is greater than its estimated recoverable amount, the cost of the asset is written down immediately to its recoverable amount.

Franchise
Franchise is reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the franchise relates. When the recoverable amount of the cash-generating unit is less than its carrying amount, an impairment loss is recognized.

Investment in an associate
The Company determines at each reporting date whether there is any objective evidence that investment in an associate is impaired. If this is the case, the Company calculates the amount of impairment as being the difference between the recoverable amount of the investment in an associate and the carrying amount of the investment, and recognizes the amount in the Statement of Comprehensive Income.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist and the carrying amount of the asset is adjusted to the recoverable amount resulting in the reversal of the impairment loss.

Deposits for Future Stock Subscriptions
Deposits for future stock subscription refer to the amount of money received by the Company with the purpose of applying the same as payment for future issuance of stocks. The Company does not consider a deposit for stock subscription as an equity instrument unless all of the following elements are present:

- There is a lack or insufficient authorized unissued shares of stock to cover the deposit;
- The Company's BOD and stockholders have approved an increase in capital stock to cover the shares corresponding to the amount of the deposit; and,
- An application for the approval of the increase in capital stock has been presented for filing or filed with the SEC.

If any or all of the foregoing elements are not present, the transaction should be recognized as a liability. The amount of deposits for future stock subscription will be reclassified to equity accounts when the Company meets the foregoing criteria.

Related Party Transactions
Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The related party transactions are recognized based on transfer of resources or obligations between related parties, regardless of whether a price is charged.

Provisions
Provisions are recognized when present obligation will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example legal disputes for onerous contract.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at end of reporting period,

including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of settlement of the present obligation is recognized, if virtually certain, as a separate asset at an amount not exceeding the balance of the related provision. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligation as a whole. In addition, long-term provisions are discounted at their present values, where time value of money is material.
Provisions are reviewed at each end of reporting period and adjusted to reflect the current best estimate.

In those cases, where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements.

Probable inflows of economic benefits that do not yet meet the recognition criteria of an asset are considered contingent asset, hence, are not recognized in the financial statements.

Operating Segment
Operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the chief operating decision maker to make decisions about how resources are to be allocated and for which discrete financial information is available.

Management has determined that the Company has only one segment which is the provision of internet and broadband system to its clientele.

Contingencies
Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Events After End of Reporting Period
Post year-end events that provide additional information about the Company's financial position at the end of reporting period (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

Earnings (Loss) Per Share
Basic earnings per share is computed by dividing profit for the period by the weighted average number of shares issued and outstanding during the year.

Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive options and other dilutive potential ordinary shares.

4. Changes in Accounting Standards

New Accounting Standards and Amendments to Existing Standards Effective as of January 1, 2019
The accounting policies adopted in preparation of the consolidated financial statements are consistent with those of the previous year except for the following new and amended PFRSs and PAS which were adopted as of January 1, 2019.

Except as otherwise indicated, the following new and amended standards did not have a material impact on the accounting policies, financial position or performance of the Company.

PFRS 16 - Lease
Effective January 1, 2019, the Company adopted PFRS 16 – Leases. This standard introduces significant changes to lessee accounting by removing the distinction between the operating lease and finance lease and requiring the recognition of the right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged.

The Company has applied PFRS 16 using the full retrospective approach with restatement of the comparative information.

The Company has made use of the practical expedient available on the transition to PFRS 16 not to reassess whether a contract is of contains a lease. Accordingly, the definition of a lease in accordance with PAS 17 and IFRIC 4 will continue to be applied to those contracts entered or modified before January 1, 2019.

For short-term leases (lease term of 12 months or less) and leases of low value assets, the Company opted to recognize a lease expense on a straight-line basis as permitted by PFRS 16.

Except for the additional disclosures required, PFRS 16 has no impact for leases where the Company is the lessor. The Company's lease agreements covering transponders is set to expire in 2020. The parties thereto have not yet come to a definite terms pertaining to its renewal.

Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long- term interests. The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation. The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation. A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

- Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity. The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

- Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. Adoption of IFRIC Agenda Decision on Over Time Transfer of Constructed Goods (PAS 23, Borrowing Cost) for the Real Estate Industry. In March 2019, IFRIC published an Agenda Decision on whether borrowing costs can be capitalized on real estate inventories that are under construction and for which the related revenue is/will be recognized over time under par. 35(c) of IFRS 15. IFRIC concluded that borrowing costs cannot be capitalized for such real estate inventories as they do not meet the definition of a qualifying asset under IAS 23 considering that these inventories are ready for their intended sale in their current condition.

Philippine Interpretation IFRIC-23, Uncertainty over Income Tax Treatments

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, Income Taxes, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

New Accounting Standard, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2019

The Company will adopt the following standards and interpretations when these become effective. Except as otherwise indicated, the Company does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2020

Amendments to PFRS 3, *Definition of a Business* The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments will apply on future business combinations of the Company.

Amendments to PAS 1, *Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material* The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2025

PFRS 17, *Insurance Contracts* PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. PFRS 17 is not expected to have material effect to the Company.

Deferred effectivity

Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

5. Summary of Significant Accounting Judgments and Estimates

The Company makes estimates and assumptions that affect the reported amounts of the assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Judgments
The following judgments were applied which have the most significant effect on the amounts recognized in the financial statements.

Determination of functional currency
The Company has determined that its functional currency is the Philippine peso which is the currency of the primary economic environment in which the Company operates.

Revenue Recognition – Identifying performance obligation
The Company assessed that performance obligation for internet services and bandwidth subscription are satisfied at a point in time. The Company uses its judgement on when a customer obtains control of the promised services. The Company has assessed that the actual performance of services to the customer is the point in time when the performance obligation has been satisfied.

Revenue Recognition – Timing of Recognition
The Company recognizes revenue when it satisfied an identified performance obligation by transferring a promised service to a customer. A service is considered to be transferred when the customer obtains control. The Company determines, at contract inception. Whether it will transfer control of a promised service over time. If the Company does not satisfy a performance obligation over time, the performance obligation is satisfied at point in time.

The Company concluded that revenues from internet services and broadband subscription are to be recognized over time since customers receive and consume the benefits as the Company provides the service.

Determination of control
The Company makes an assessment whether or not it controls an investee by considering all relevant facts and circumstances that indicates that the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. A reassessment is made if circumstances indicate that there are changes in these control elements.

As of December31, 2019 and 2018, the Company has 30% equity interest in an associate where the Company has significant influence over the associate’s financial and operating policies.

Classification of leases – Company as lessor, Prior to January 1, 2019
The Company has lease agreement covering its transponder under operating leases where the lessors has determined that it has retained substantially all the risks and rewards incidental to ownership of the leased assets. These leases are classified as operating leases

Operating lease payment is reported in the Statement of Comprehensive Income.

Determining Business Models
The Company manages its financial assets based on a business model that maintains adequate level of financial assets to match expected cash outflows while maintaining a strategic portfolio of financial assets for trading activities. The Company’s business model can be to hold financial assets to collect contractual cash flows even when sales of certain financial assets occur.

Estimation of allowance for probable losses - Effective prior to January 1, 2018
The Company maintains allowance for probable losses at a level considered adequate to provide for uncollectible receivables. The Company reviews the age and the status of receivables, designed to identify accounts with objective evidence of impairment, and provide the appropriate allowance for impairment. The allowance for probable losses relating to receivables which were individually assessed as impaired is estimated as the difference between the carrying amount of the receivables and the present value of estimated future cash flows. The amount and timing of recorded expenses for any period could therefore differ based on the estimates made.

(ii) Estimates
The key assumptions concerning the future and other key sources of estimation of uncertainty at end of reporting period, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Determining ECL of trade receivables - Effective starting January 1, 2018
The Company uses a provision matrix to calculate ECLs for trade. The provision rates are based on days past due balances that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

As of December 31, 2019, trade receivables amounted to P1.5 million net of allowance for probable losses of P4.4 million.

Estimation of allowance for probable losses on trade receivables - Effective prior to January 1, 2018
The Company maintains allowance for probable losses at a level considered adequate to provide for uncollectible receivables. The Company reviews the age and the status of receivables, designed to identify accounts with objective evidence of impairment, and provide the appropriate allowance for impairment. The allowance for probable losses relating to receivables which were individually assessed as impaired is estimated as the difference between the carrying amount of the receivables and the present value of estimated future cash flows. The amount and timing of recorded expenses for any period could therefore differ based on the estimates made.

As of December 31, 2018, trade receivables amounted to P3.9 million net of allowance for probable losses of P4.4 million.

Determining of net realizable value of spare parts inventory
The Company's estimates of the net realizable values of spare parts inventory are based on the most reliable evidence (e.g., age and physical condition of the inventory) available at the time the estimates are made of the amount that these assets are expected to be realized. A new assessment is made of the net realizable value in each subsequent period. When the circumstances that previously caused spare parts inventory to be written down below cost no longer exist or when there is a clear evidence of an increase in net realizable value because of change in economic circumstances, the amount of the write-down is reversed so that the new carrying amount is the lower of the cost and the revised net realizable value.

The carrying value of spare part inventory amounted to P422,483 and P832,359 in 2019 and 2018, respectively. (*See Note 9*)

Estimating of useful lives and residual values of property and equipment
The Company estimates the useful lives of property and equipment based on internal technical evaluation and experience with similar assets. The estimated useful lives and residual values are reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical and commercial obsolescence and other limits on the use of the assets.

A reduction in the estimated useful lives of property and equipment would increase recorded depreciation and decrease the related asset account.

The carrying value of property and equipment as at December 31, 2019 and 2018 amounted to P106,781,915 and P70,908,215, respectively. (*See Note 13*)

Recoverability of deferred tax assets
The Company reviews the carrying amounts of deferred tax asset at each end of reporting period and reduces the deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The carrying value of deferred tax liabilities (net of deferred tax assets of P269,827 in 2019) as at December 31, 2019 amounted to P707,033. The carrying value of deferred tax liabilities (net of deferred tax assets of P259,888 in 2018) as at December 31, 2018 amounted to P754,670, respectively. (*See Note 27*)

Estimating retirement benefits
The determination of the Company's obligation and cost for retirement and other retirement benefits which is based on RA 7641 is dependent on the length of stay of the qualifying employees and reaching the age of 60 upon retirement. Annually, retirement benefits are computed based on existing employees as there is no assurance that the employee will still be with the Company at the age of retirement.

Retirement benefit cost recognized in the financial statements amounted to P62,255 in 2019, P40,582 in 2018, and P68,748 in 2017. (*See Note 19*)

Impairment of non-financial asset
The Company assesses impairment on assets whenever events or changes in circumstances indicate that the carrying amount of a non-financial asset (Property and equipment, Investment in Associate, Franchise and Investment Properties) may not be recoverable. Several factors are considered which could trigger that impairment has occurred. Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have material adverse effect on the results of operations.

As at December 31, 2019 and 2018, management believes that no provision for impairment losses is necessary.

The carrying value of non-financial assets as of December 31, 2019 and 2018 are as follows:

		2019		2018
Investment in an associate	**P**	**408,380,295**	P	408,993,627
Franchise - net		**2,542,405**		3,142,405
Property and equipment - net		**106,781,915**		70,908,215
Investment properties		**61,568,800**		61,568,800

Measurement of stock options
The compensation resulting from stock options is measured based on the fair market value of the stock option on the date of grant. If the fair value of the stock option cannot be estimated reliably, the intrinsic value method is used. The intrinsic value is the excess of the market value of the share over the option price.

During 2010, the TBGI Remuneration Committee met to discuss the request of the Chief Financial Officer to indefinitely defer the Stock Option plan for the CEO. The Stock Options Plan for the CEO may be restored only upon the recommendation of the Remuneration Committee and subject to the approval of the Board of Directors.

As at December 31, 2019 and 2018, share options outstanding amounted to P8,921,814. (*See Note 20*)

6. Financial Risk Management Objectives and Policies

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

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

  The table below shows the gross maximum exposure to credit risk of the Company as at December 31, 2019 and 2018.

	Gross Maximum Exposure			
		2019		2018
Cash and cash equivalents *	**P**	**5,682,235**	P	7,845,193
Trade receivables		**5,960,307**		8,318,326
Other non current assets		**6,924,894**		6,022,032
	P	**18,567,436**	P	22,185,551

**excludes cash on hand of P13,000*

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

  Trade receivables are accounts with its customer where appropriate trade relations have been established including billings and collections processes.

  The credit risk on other non-current assets are considered minimal.

  The credit quality of the Company's assets as at December 31, 2019 and 2018 is as follows:

	December 31, 2019									
	Neither past due nor impaired				Past due but not impaired		Past due and impaired			
		High grade		Standard grade						Total
Cash and cash equivalents	**P**	**5,682,235**	**P**	**-**	**P**	**-**	**P**	**-**	**P**	**5,682,235**
Trade receivables		**-**		**1,524,080**		**-**		**4,436,227**		**5,960,307**
Other non-current assets		**-**		**6,924,894**		**-**		**-**		**6,924,894**
	P	**5,682,235**	**P**	**8,448,974**	**P**	**-**	**P**	**4,436,227**	**P**	**18,567,436**

	December 31, 2018				
	Neither past due nor impaired		Past due but not impaired	Past due and impaired	
	High grade	Standard grade			Total
Cash and cash equivalents	P 7,845,193	P -	P -	P -	P 7,845,193
Trade receivables	-	3,882,099	-	4,436,227	8,318,326
Other non-current assets	-	6,022,032	-	-	6,022,032
	P 7,845,193	P 9,904,131	P -	P 4,436,227	P 22,185,551

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

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

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

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

The table below summarizes the maturity profile of the Company's financial liabilities at December 31, 2019 and 2018.

	December 31, 2019				
	< 1 month	**> 1 month& <3 months**	**>3 months & < 1 year**	**> 1 year & <3 years**	**Total**
Accounts payable and accrued expenses	**P 574,131**	**P -**	**P -**	**P -**	**P 574,131**
Interest-bearing liabilities					
Loans payable	**-**	**-**	**5,500,000**	**-**	**5,500,000**
	P 574,131	**P -**	**P 5,500,000**	**P -**	**P 6,074,131**

	December 31, 2018				
	< 1 month	> 1 month& <3 months	>3 months & < 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	P 8,082,242	P -	P -	P -	P 8,082,242
Interest-bearing liabilities					
Loans payable	-	-	5,500,000	-	5,500,000
	P 8,082,242	P -	P 5,500,000	P -	P 13,582,242

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

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

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

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

	2019		2018	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Cash and cash equivalents	**$ 111,103**	**P 5,637,828**	$ 64,101	P 3,379,670

The following table demonstrates the sensitivity to a reasonable change in the US$ exchange rate, with all other variables held constant, the Company's income before tax for the years ended December 31, 2019 and 2018:

	Effect on Income Before Taxes	
Increase/decrease in Peso to US Dollar Rate	**2019**	2018
+ P5.00	**P 438,011**	P 320,506
- P5.00	**(438,011)**	(320,506)

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

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

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

Exposure to interest rate risk arises from bank loans with interest dependent on the prevailing market rate. As of December 31, 2019 and 2018, the Company is not exposed to any interest rate risk from fluctuation of market interest.

The following table demonstrates the sensitivity to a reasonable change in interest rates, with all other variables held constant, the Company's income before tax for the years ended December 31, 2019 and 2018:

Increase/decrease in interest rate	Effect on Income Before Taxes
+2%	**P 110,000**
-2%	**(110,000)**

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

Capital management
The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.
The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the dividends paid to shareholders, issue new shares, or sell assets to reduce debt.
The capital structure of the Company consists of issued capital, share premium and retained earnings.

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

	2019	2018
Equity	**P 546,443,939**	P 353,244,062
Total Assets	**594,069,434**	563,359,427
Ratio	**0.920**	0.627

7. Cash and Cash Equivalents

As of December 31, 2019 and 2018, cash and cash equivalents represent cash on hand and cash in banks of P5,695,235 and P7,858,193, respectively.

Cash in bank represents peso accounts and US dollar account that earn interests at prevailing bank interest rates.

Interest income on these deposits amounted to P11,252 in 2019, P15,287 in 2018, and P10,038 in 2017.

8. Receivables - net

The composition of this account is as follows:

		2019		2018
Trade				
In local currency	**P**	**5,351,227**	P	4,436,227
In foreign currency		**609,080**		3,882,099
		5,960,307		8,318,326
Less: Allowance for probable losses		**(4,436,227)**		(4,436,227)
	P	**1,524,080**	P	3,882,099

Trade receivable in foreign currency represents US dollar subscription on uplink services from customers based in Hong Kong. The net unrealized foreign exchange gain(loss) on this account amounted to (P1,872) in 2019, P237,124 in 2018 and (P419,316) in 2017.

On February 18, 2020, trade receivables amounting to P1.5 million were collected in full.

9. Other Current Assets

The breakdown of this account is as follows:

		2019		2018
Spare parts inventory	P	422,483	P	832,359
Prepaid taxes		153,356		151,697
Prepaid insurance		75,971		-
	P	651,810	P	984,056

- Spare parts inventory includes of communication supplies and materials that are normally provided to customers in the delivery of services. Spare part inventory as of December 31, 2019 is measured at cost which approximates the NRV.

- Prepaid taxes represent advance payment of real property taxes that will be applicable and expensed in the subsequent period. Payments are made in advance so as to take advantage of the discounts granted by the local government. Expired portion is charged to taxes and licenses reported as part of administrative expenses in in the statement of comprehensive income.

- Prepaid insurance represents unexpired portion of insurance paid during the year.

10. Investment in an Associate

Investment in an Associate represents the 29.93% equity interest in ATN Solar Energy Group, Inc (ATN Solar). Management believes that it exercises significant influence over the financial and operating policies of ATN Solar.

The composition of this account is as follows:

		2019		2018
Cost	P	209,500,000	P	209,500,000
Equity in net loss				
Balance at beginning of year		(7,306,373)		(5,064,808)
Share in net loss for the year		(613,332)		(2,241,565)
Balance at end of year		(7,919,705)		(7,306,373)
Deposit on stock subscription		206,800,000		206,800,000
	P	408,380,295	P	408,993,627

ATN Solar is a grantee of Solar Energy Service Contract with the Philippine Government through the Department of Energy to develop, own and operate a 30MW solar power plant in Rodriguez, Rizal.

In a progress report submitted to the Department of Energy dated January 6, 2020, ATN Solar cannot yet reply to the BOI request for DOE document related to the revised Start of Commercial Operation which ATN has indicated to DOE to be in the second half of 2021. The Company is requesting DOE approval of Revised Work Plan so that commercial operation can start in the second half of 2021 of Phase 1 of 5 MW of the total 30 MW service contract. In addition, ATN Solar reiterate its request for DOE to issue the issuance of a Certificate of National Significance to the ATN Solar Project.

Also, in the same report, the Company continues its community relations with Information, Communication Campaign and Dissemination to the affected families in the community. A new community survey was conducted in October 2019 to support the environmental impact study on the feasibility of developing a rock crusher project. A Social Impact Assessment was also piloted by the Company to understand the various needs of the community.

The financial information of ATN Solar as of and for year ended December 31, 2019 and 2018 is as follows:

	2019	2018
Total current assets	P 31,764,389	P 21,178,754
Total non-current assets	1,724,616,164	1,476,378,726
Total current liabilities	72,158,213	74,657,758
Total non-current liabilities	1,010,824,228	747,452,388
Net loss	(2,049,221)	(7,489,360)
Cash flow from investing activities	(265,575,740)	(617,758,347)
Cash flow from financing activities	260,524,551	604,814,947

The reconciliation of net assets of the associate to the carrying amounts of investments in associates recognized in the statement of financial position is as follows:

		2019		2018
Net asset of associate	P	673,398,113	P	675,447,334
proportionate ownership interest (%)		29.93		29.93
		201,548,056		202,161,388
Pre-acquisition adjustment		32,239		32,239
Deposit on stock subscription		206,800,000		206,800,000
	P	408,380,295	P	408,993,627

11. Franchise - net

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communication systems for the reception and transmission of messages within the Philippines with a cost of P15M.

The movement in this account is as follows:

		2019		2018
Balance, January 1	P	3,142,405	P	3,742,405
Amortization		(600,000)		(600,000)
Balance, December 31	P	2,542,405	P	3,142,405

The amortization of franchise is shown as part of direct costs in the Statement of Comprehensive Income. Management believes that the carrying amount of franchise is recoverable in full and no impairment loss in necessary.

12. Other Non-current Assets

This account consists of:

		2019		2018
Advances to (see Note 25):				
Palladian Land Development Inc. (PLDI)	**P**	**1,545,810**	P	1,176,051
ATN Phils. Solar Energy Group Inc. (Solar)		**3,788,189**		3,261,475
Stockholders		**45,000**		-
Security deposits		**1,545,895**		1,584,506
	P	**6,924,894**	P	6,022,032

Security deposits are made to secure leasing arrangement on transponders. These deposits are refundable at the expiration of lease term.

13. Property and Equipment – net

The movement in this account is as follows:

2019	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2019	P 23,893,402	P 254,121,190	P 5,180,726	P 19,145,709	P 14,675,284	P 317,016,311
Reclassification from spare parts inventory	-	409,876	-	-	-	409,876
Additions	-	50,016,437	-	-	-	50,016,437
At December 31, 2019	23,893,402	304,547,503	5,180,726	19,145,709	14,675,284	367,442,624
Accumulated depreciation						
At January 1, 2019	21,893,413	186,965,727	4,863,560	18,292,076	14,093,320	246,108,096
Provisions	1,194,676	12,122,029	200,311	853,633	181,964	14,552,613
At December 31, 2019	23,088,089	199,087,756	5,063,871	19,145,709	14,275,284	260,660,709
Net Carrying Value						
At December 31, 2019	P 805,313	P 105,459,747	P 116,855	P -	P 400,000	P 106,781,915

2018	Building & improvements	Uplink/data Equipment	Furniture & Fixtures	Leasehold improvements	Transportation equipment	Total
Carrying Amount						
At January 1, 2018	P 23,893,402	P 254,121,190	P 5,180,726	P 19,145,709	P 14,675,284	P 317,016,311
Reclassification from spare parts inventory	-	-	-	-	-	-
Additions	-	-	-	-	-	-
At December 31, 2018	23,893,402	254,121,190	5,180,726	19,145,709	14,675,284	317,016,311
Accumulated depreciation						
At January 1, 2018	20,698,746	174,928,109	4,487,346	16,144,086	13,355,293	229,613,580
Provisions	1,194,667	12,037,618	376,214	2,147,990	738,027	16,494,516
At December 31, 2018	21,893,413	186,965,727	4,863,560	18,292,076	14,093,320	246,108,096
Net Carrying Value						
At December 31, 2018	P 1,999,989	P 67,155,463	P 317,166	P 853,633	P 581,964	P 70,908,215

During 2019, the Company entered into a contract to design, deliver, install and commission the antenna gateways for its satellite center in Subic Pampanga. Total cost incurred thereto amounted to P50 million.

Building and improvements, uplink equipment, leasehold improvements and data equipment were revalued on October 28, 2002 by a firm of independent appraisers at market prices. The net appraisal increment resulting from the revaluation is credited to the "Revaluation Increment" account shown under equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings. Management believes that fair value has not significantly changed since date of initial valuation.

During 2019, additions to property and equipment amounting to P409,876 represent reclassification from spare parts inventory.

14. Investment Properties

As of December 31, 2019 and 2018, investment property consists of the following:

Condominium units	P	**55,421,800**
Land and improvements		**6,147,000**
	P	**61,568,800**

Condominium units represent the beneficial ownership of four (4) commercial units held at Summit One Office Tower in Mandaluyong City with a total floor area of 852.64 square meters. Land and improvements represent a parcel of residential lot with house thereon and covers an area of 432 square meters. This is situated in Paliparan 1, Dasmariñas, Cavite.

On April 2, 2018, these properties were subject of an appraisal conducted by Asian Appraisal Company, Inc. Accordingly, the aggregate fair market value of the Mandaluyong property amounted to P55.4 million or an increment of P17 million as of the date of appraisal. Fair value is determined using the Market approach under the level 2 of the fair value hierarchy. The highest and best use of these properties is commercial, its current use.

Meanwhile, the fair value of the Cavite property amounted to P6.1 million. The highest and best use of this property is for residential use. For strategic reason, the property is not used in that manner. Fair value of the land was determined under the Market approach. Fair value of improvements is determined using the Cost Approach. These are estimated under the level 3 of the fair value hierarchy.

The description of valuation techniques and inputs used in determining the fair value of investment properties classified as Level 2 and Level 3 in the fair value hierarchy is as follows:

Location	Type	Valuation techniques	Significant observable inputs	Fair value hierarchy	Range
Summit One Tower	Condominium Units	Market approach	Selling price(per square meter)	Level 2	P 61,864 - P 64,937
			Size		5%
			Location		-5%
			Improvement		10% - 15%
Caribe Subdivision Island Park, Parliparan II, Dasmariñas, Cavite	Residential Unit	Market approach	Selling price(per square meter)	Level 3	P 6,667 - P 9,000
			Neighborhood		10%
			Development		10%

Significant increase (decrease) in selling price per square meter would result in a significantly higher (lower) fair value of the property.

As of December 31, 2019, the lot remains idle and no immediate plan to develop or sell the property. There is no contractual obligation to develop the property or for repairs, maintenance and enhancements. Management believes that there are no significant events during 2019 that increase or decrease the carrying value of investment property as at December 31, 2019.

During 2019 and 2018, there were no transfers between levels of fair value hierarchy.

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

	2019	2018	2017
Rental income	**P 2,969,759**	P 2,684,723	P 2,479,460
Direct operating expenses on investment properties that:			
Generated rental income	**151,697**	151,697	151,697
Did not generate rental income	**829**	829	829

15. Accounts Payable and Accrued Expenses

This account is broken down as follows:

	2019	2018
Accrued expenses	**P 574,131**	P 452,659
Accounts payable	**-**	7,629,583
	P 574,131	P 8,082,242

The description of this account is as follows:

- Accounts payable as of December 31, 2018 represents the unpaid balance of Supervision and Regulatory Fee (SRF) due to National Telecommunication Commission. SRF are assessed to public telecommunication companies based on paid up capital. SRF is payable on demand.

  On September 26, 2019, in compliance with the resolution of the Supreme Court, the Company paid the amount of P7,629,583 which is based on the NTC Order dated March 31, 2013. On top of the amount affirmed by the Supreme Court, the Company has paid its respective SRF for the period 2013 to 2018. On the same date, the Company paid P1,045,097 as payment of its SRF for the year 2019.

  The payment of the Company of all deficiencies represent the full settlement with a waiver of all arrears resulting from delays caused by its diverging views on the SRF charges.

- Accrued expenses are accruals for various expenses and are usually settled for a maximum period of 6 months.

16. Short-term Loans

Short-term loans are availed for working capital requirements. The loan carries a floating interest rate initially peg at 6% per annum, payable monthly in arrears. The principal is payable after 12 months renewable at the option of the both parties. The maximum credit line with the bank is up to P6 million. As of December 31, 2019 and 2018, the balance of the loan amounted to P5.5 million.

The loan is collateralized by the following:

- Real estate mortgages over properties owned by a related party; and
- Suretyship agreement by the Company as borrower and a stockholder as a surety.

Total interest paid and accrued reported in the Statement of Comprehensive Income amounted to P387,414 in 2019, P358,133 in 2018 and P310,780 in 2017.

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of December 31, 2019 and 2018.

17. Unearned Income

As of December 31, 2019, unearned income amounted to P25,362,794. This represents advance payment received from the customer based in Hong Kong related to uplink services.

Unearned income is recognized as earned income on the Statement of Comprehensive Income as the service is provided to the customer.

18. Deposits

This account is broken down as follows:

		2019		2018
Deposit on lease contracts	**P**	**662,830**	P	403,000
Deposit on stock subscription (see Note 20)		**-**		192,500,000
	P	**662,830**	P	192,903,000

Deposits on lease contracts are amounts paid by various lessee as guarantee for the faithful compliance to the terms and conditions of the lease contract. The amount is expected to be settled at the termination of the contract.

19. Pension Liability

The Company provides retirement benefits in accordance with the provisions of Republic Act No. 7641 (RA 7641), prescribing the minimum retirement benefits to be paid by a company to its qualified retiring employees. No actuarial valuations were made since the Company employs a minimal number of employees.

Among others, RA 7641 provides for retirement benefits to retiring employees who have reached sixty (60) years old or more, but not beyond 65 years and have served at least five (5) years with the Company. Such retiring employee is entitled to a retirement pay of one half (1/2) month salary for every year of service computed based on the following components:

- 15 days salary;
- 5 days of service incentive leave; and
- One half (½) of the 13th month pay

The movements of pension liability as of December 31, 2019, 2018 and 2017 are as follows:

		2019		2018		2017
Balance at the beginning of the year	**P**	**761,550**	P	809,729	P	851,280
Current service cost		**62,255**		40,582		68,748
Benefits paid		**-**		(88,761)		(74,602)
Actuarial gain		**-**		-		(35,697)
Balance at year end	**P**	**823,805**	P	761,550	P	809,729

Differences in computation of pension liability arising from changes in number of employees are absorbed by current service cost as shown below.

	2019	2018	2017
Salaries and wages	**P 1,650,289**	P 1,451,253	P 1,474,695
Provision for retirement benefit cost			
Current service cost	**62,255**	40,582	68,748
Actuarial gain	**-**	-	(35,697)
	P 1,712,544	P 1,491,835	P 1,507,746

Management believes that any disparity of retirement benefit cost computed internally against independent actuarial valuations will not significantly affect the Company's financial statements.

20. Equity

Share capital
The Company's capital movements is as follows:

	2019				
	Authorized		**Issued**		**Share Premium**
	Shares	**Amount**	**Shares**	**Amount**	**Amount**
Balance, beginning	**3,800,000,000**	**P 380,000,000**	**2,620,193,300**	**P 262,019,330**	**P 29,428,022**
Issuance during the year	**-**	**-**	**1,179,806,700**	**117,980,670**	**74,519,330**
	3,800,000,000	**P 380,000,000**	**3,800,000,000**	**P 380,000,000**	**P 103,947,352**

	2018				
	Authorized		Issued		Share Premium
	Shares	Amount	Shares	Amount	Amount
Balance, beginning	380,000,000	P 380,000,000	222,019,330	P 222,019,330	P 29,428,022
Effect of change in par value	3,420,000,000	-	1,998,173,970	-	-
Issuance during the year	-	-	400,000,000	40,000,000	-
	3,800,000,000	P 380,000,000	2,620,193,300	P 262,019,330	P 29,428,022

On June 3, 2019, the Company and a stockholder entered into a subscription agreement for the issuance of 1,179,809,700 shares to the latter at a subscription price of P0.1632 per share. The payment was satisfied via conversion of deposit on stock subscription made in 2018 amounting to P192,500,000. The excess of subscription price over the par value was credited to Share premium amounting to P74.5 million.

From the total issued shares of 3,800,000,000, 2,090,193,300 shares are listed in the Philippine Stock Exchange (PSE) and 4,378,000 shares are held in treasury. Such listing started on December 12, 2003.

Share options
On May 28, 2008, the Company's BOD approved the grant of share option to its Chief Executive Officer (CEO). The CEO has been largely responsible for bringing the Company to its present financial condition. Furthermore, the CEO has not been compensated since his assumption of management in 2000. Hence, the grant of share option to the CEO will be in order.
The share option comprises the following:

(i) 350 million shares of TBGI at par value of P0.10 per share as compensation for services rendered as CEO of the Company during the period 2001 to 2007, and;
(ii) 50 million shares of TBGI at par value of P0.10 per share as compensation for services rendered as CEO of the Company during 2008 and onwards, provided,

that the subject shares will not be sold in quantities exceeding 20% of the trading volume of Philippine Stock Exchange in any single business day.

The stock options were measured using the intrinsic value method since the fair value of the options cannot be measured reliably.

On April 23, 2009 in a special meeting of the BOD, additional terms and conditions were agreed upon defining the vesting schedule of the options as management believes that a one-time recognition of the options cannot be afforded in 2008 alone. The vesting period was stretched up to 2023 of which 5,000,000 shares may be exercised starting 2013 up to 2022. Another 55 million shares in 2022 and finally, 300 million shares in 2023

During 2010, the Company's BOD through the Remuneration Committee approved the indefinite deferment of the aforementioned stock options of the CEO. No options were exercised prior to the said deferment.

As of December 31, 2019 and 2018, the stock options has a carrying value of P8,921,814.

21. Service Income

As discussed in Note 1, the Company is duly enfranchised to provide telecommunication services to various clients. Services include provision for uplink services, VSAT-based internet service, wireless networking, hosting and content conversion.

Revenues from customers pertain to broadband and uplink services that are based on fixed monthly fee. All of the Company's revenues are earned overtime.

The geographic distribution of the Company's revenues as reported in the Statement of Comprehensive Income is as follows:

		2019		2018		2017
Domestic	**P**	**4,214,550**	P	6,262,377	P	5,953,225
Hong Kong		**32,670,223**		31,686,200		30,263,100
	P	**36,884,773**	P	37,948,577	P	36,216,325

22. Direct Costs

This account consists of:

		2019		2018		2017
Depreciation *(see Note 13)*	**P**	**14,552,613**	P	16,494,516	P	17,044,282
Transponder lease *(see Note 29)*		**10,653,909**		10,806,141		10,952,003
Rental *(see Note 29)*		**3,878,865**		3,529,137		3,208,444
Salaries, wages and other benefits *(see Note 19)*		**1,712,544**		1,491,835		1,507,746
Utilities and communication		**1,107,662**		1,012,143		895,411
Taxes and licenses		**1,062,157**		1,062,142		8,400,018
Amortization of franchise *(see Note 11)*		**600,000**		600,000		600,000
Transportation and travel		**554,188**		376,985		238,262
Security services		**511,400**		480,351		487,478
Insurance		**88,115**		139,000		109,607
Office supplies		**-**		3,450		97,359
	P	**34,721,453**	P	35,995,700	P	43,540,610

23. Other Income

The composition of this account is as follows:

		2019		2018		2017
Fair value gain on investment properties	**P**	**-**	P	17,053,000	P	-
Rent income *(see Note 14)*		**2,969,759**		2,684,723		2,479,460
Foreign exchange gain (loss):						
Cash		**(195,769)**		412,117		(88,158)
Accounts receivable		**(1,872)**		237,124		(419,316)
Advances for projects		**-**		47,954		120,130
Deposits		**61,133**		-		-
Other non-current assets		**-**		56,764		-
Interest income		**11,252**		15,287		57,004
Reversal of provision for probable loss		**-**		-		3,159,565
	P	**2,844,503**	P	20,506,969	P	5,308,685

Foreign exchange loss arising from the translation of foreign currency accounts receivable is net of unrealized foreign exchange gain of P243,678 in 2017.

24. Administrative Expenses

This account consists of:

		2019		2018		2017
Permits, taxes and licenses	**P**	**1,855,130**	P	1,293,325	P	414,613
Legal and professional fees		**544,000**		430,000		430,000
Repairs and maintenance		**132,832**		-		-
Office supplies		**116,669**		82,208		
Representation and entertainment		**54,580**		40,450		39,000
Transportation and travel		**15,000**		40,000		63,495
Miscellaneous		**376,859**		40,000		15,852
	P	**3,095,070**	P	1,925,983	P	962,960

Pursuant to a *Teaming Agreement* executed in January 2013 and 2015, a 75%-25% cost sharing of cost/expenses related to technical operations was implemented. All other cost including, but not limited to salaries, utilities and associate dues shall be borne solely by PLDI. (See Note 25)

25. Related Party Transactions

It is the policy of the Company that any transaction with a Related Party be conducted at arms' length and on terms generally available to an unaffiliated third party under at least the same or similar circumstances. There must be sound business reason(s) to enter into such a related party transaction, taking into account such factors as cost efficiency, time, and such other terms advantageous to Company, among others. The Audit Committee is tasked to oversee and review the propriety of related party transactions (RPT) and the required reporting disclosures. The Company’s material RPT Policy covers all transactions meeting the materiality threshold of transactions, i.e., 10% or more of the total consolidated assets as of the latest audited financial statements.

RPT is defined as a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged; or, outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Related Parties covers the Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the company. It also covers Company's parent company, subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

The BOD shall have the overall responsibility in ensuring that transactions with Related Parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interests of the company's shareholders and other stakeholders.

The following related party transactions occurred during 2019 and 2018:

Related party		Nature of transaction	Amount of Transaction 2019	Amount of Transaction 2018	Year-end balances 2019	Year-end balances 2018	Terms and condition
Associate							
ATN Solar		Payment of inter-company advances	**P 526,714**	P 2,948,782	**P -**	P -	
		Collection of advances	**-**	-	**3,788,189**	3,261,475	Unsecured, unimpaired and no payment terms
Affiliated companies							
Palladian Land Devt. Inc (PLDI)	(i)	Rent income	**2,969,759**	2,684,723	**-**	-	
	(ii)	Share in utilities	**369,759**	1,395,883	-	-	
		Collection of advances	**1,176,051**	(219,832)	**1,545,810**	1,176,051	Unsecured, unimpaired and no payment terms
ATN Holdings, Inc (ATN)		Availment of inter-company advances	**(12,500,000)**	-	**(12,500,000.00)**	-	Unsecured, unimpaired and no payment terms
Stockholder	(iii)	Availment of inter-company advances	**(640,823)**	(43,012,857)	**(1,346,319)**	(1,987,143)	Unsecured, unimpaired and no payment terms
	(iv)	Deposits for future subscription	**192,500,000**	(192,500,000)	**-**	(192,500,000)	
		Total advances to related parties			**5,333,999**	4,437,526	
		Total advances from related parties			**(13,846,319)**	(194,487,143)	
		Net			**P (8,512,320)**	P (190,049,617)	

Details of significant related party transactions are as follows:

(i) As discussed in Note 14, the Company is a beneficial owner of certain condominium units registered under the name of PLDI. Title to the properties has not been released to the Company as the Company intends to sell the properties through the sales network of PLDI. These properties are leased out to third parties also through PLDI. Proceeds of the rent are remitted to the Company by the latter.

Rent income collected by PLDI on these properties amounted to P2,969,759 in 2019 and P2,684,723 in 2018.

(ii) Pursuant to *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

(iii) Deposit for future stock subscription was received from a stockholder as payment for additional stock subscription to ATN Solar.

For the years ended December 31, 2018, 2017, and 2016, the Company charged PLDI and MCPI their proportionate share of communication, dues, and utilities expenses as shown below:

		2019		2018		2017
PLDI	**P**	**369,759**	P	1,395,883	P	883,548
MCPI		**-**		-		230,452
	P	**369,759**	P	1,395,883	P	1,114,000

For the years ended December 31, 2019, 2018, and 2017, the Company did not provide compensation to its key management personnel.

26. Registration with Clark Special Economic Zone

The Company is a duly registered Clark Special Economic Zone ("CSEZ") enterprise with Registration Certificate No. C2013-683 issued last January 10, 2014. This certificate supersedes Certificate of Registration No. 2002-065 dated July 25, 2002 and 95-53 dated November 29, 1995, issued by Clark Development Corporation ("CDC") to the Company, and shall be valid until December 15, 2016 unless earlier revoked by CDC. As of December 31, 2019, the Company has renewed its tax exemption with CDC.

Pursuant to Section 15 of Republic Act No. 7227, Section 5 of Executive Order No. 80 and Proclamation 163, and as further confirmed by BIR Ruling No. 046-95 dated March 3, 1995, the Company is entitled to all incentives available to a CSEZ-registered enterprise, including but not limited to exemption from customs and import duties and national and internal revenues taxes on importation of capital of goods, equipment, raw materials, supplies and other articles including household and personal items.

Subject to compliance with BIR Revenue Regulations and such other laws on export requirements, exemption from all local and national taxes, including but not limited to corporate withholding taxes and value added taxes ("VAT"). In lieu of said taxes, the enterprise shall pay 3% of gross income earned to the national government, 1% to the local government units affected by the declaration of the CSEZ and 1% to the development fund to be utilized for the development of the municipalities contiguous to the base area.

Exemption from inspection of all importations at the port of origin by the Societe Generale de Surveillence ("SGS'), if still applicable, pursuant to Chapter III, C.1 of Customs Administrative Order No. 6-94.

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

27. Income Tax Expense (Benefit)

The major components of provision for income tax for the years ended December 31, 2019, 2018 and 2017 are as follows:

		2019		2018		2017
Current	**P**	**259,767**	P	230,235	P	140,011
Deferred		**(47,637)**		1,426,899		47,216
	P	**212,130**	P	1,657,134	P	187,227

The components of deferred taxes that were recognized in the statements of financial position are as follows:

		2019		2018
Deferred tax assets				
Pension liability	**P**	**41,190**	P	38,077
Unrealized loss on foreign exchange		**6,826**		-
Allowance for probable losses		**221,811**		221,811
		269,827		259,888
Deferred tax liability				
Unrealized gain on fair value adjustment on investment property - net		**(976,860)**		(976,860)
Unrealized income on foreign exchange		**-**		(37,698)
		(976,860)		(1,014,558)
Net	**P**	**(707,033)**	P	(754,670)

The reconciliation of tax on pretax income computed at the applicable statutory rate to income tax expense is as follows:

		2019		2018
Gross profit before income tax	**P**	**5,007,823**	P	21,687,845
Statutory income tax (@5%)		**250,391**		1,084,392
Adjustment for:				
Interest income subject to final tax		**(563)**		-
Non-taxable income		**(37,698)**		(156,748)
Non-deductible expenses		**-**		729,490
Actual provision for income tax	**P**	**212,130**	P	1,657,134

28. Earnings (Loss) Per Share

Earnings (loss) per share is computed by dividing the profit (loss) for the year by the weighted average number of common shares outstanding during the year as follows:

		2019		2018		2017
(a) Profit (loss) for the year	**P**	**699,877**	P	15,358,144	P	(4,576,591)
Number of shares						
Shares issued		**2,620,193,300**		222,019,330		2,220,193,300
Effect of changes in par vaue from P1 to P0.10		**-**		1,998,173,970		-
Weighted average number of shares issued during the year		**688,220,575**		300,000,000		-
Treasury shares (see Note 20)		**(4,378,000)**		(4,378,000)		(4,378,000)
(b) Adjusted weighted average number of shares outstanding - basic		**3,304,035,875**		2,515,815,300		2,215,815,300
Effect of dilutive potential shares (see Note 20)		**400,000,000**		400,000,000		400,000,000
(c) Adjusted weighted average number of shares outstanding - diluted		**3,704,035,875**		2,915,815,300		2,615,815,300
EPS:						
Basic (a/b)	**P**	**0.0002**	P	0.0061	P	(0.0021)
Diluted (a/c)		**0.0002**		0.0053		(0.0017)

29. Lease Commitments

Company as a Lessee

(a) Transponder lease with APT Satellite Company Ltd.
The Company renewed its lease agreement with APT Satellite Company Ltd. to provide transponder satellite service requiring payment of US$16,380 until September 2020. APT agrees to waive the monthly service fee for the month of September 2019.

Transponder lease recognized in the Statements of Comprehensive Income amounted to P10,653,909 in 2019, P10,806,141 in 2018, and P10,952,003 in 2017. None of these leases include contingent lease rental.

(b) Lease Agreement with Clark Development Corporation
The Company leases a land it presently occupies in Clarkfield, Pampanga with Clark Development Corporation for a period of twenty-five years starting July 10, 1995 to July 10, 2020.

(c) Staff Housing and Guest House
The Company leases its staff houses and a residential unit in Clarkfield, Pampanga. Both leases have minimum term of one year and renewable within one year upon mutual agreement of both parties.

Rent expense recognized in the Statements of Comprehensive Income amounted to P3,878,865 in 2019, P3,529,137 in 2018, and P3,208,444 in 2017.

Future minimum lease payments from these lease contracts are as follows:

		2019		2018
within 12 months	**P**	**11,293,535**	P	13,843,403
more than 12 months		**-**		3,878,195
	P	**11,293,535**	P	17,721,598

Company as a Lessor

(d) Lease Agreement with Various Lessees

Through PLDI, the Company's investment properties are leased out to various third parties (see Note 25). The lease is for a period of one year subject to renewal upon mutual agreement of the lessee and the lessor.

Rent income recognized in the Statements of Income amounted to P2,969,759 in 2019, P2,684,723 in 2018, P2,479,460 in 2017. (See Note 14)

30. Segment Reporting

The Company has one reportable operating segment, which is the broadband and internet services. This is consistent with how the Company's management internally monitors and analyzes the financial information for reporting to the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making operating decisions.

Segment information for the reportable segment is shown in the following table:

	2019	2018	2017
Revenues	**P 36,884,773**	P 37,948,577	P 36,216,325
Cost and expenses	**20,899,579**	19,774,248	26,372,774
Non-cash expenses	**15,214,868**	17,135,098	17,677,332
Net Income (Loss)	**770,327**	1,039,231	(7,833,781)
Reportable segment asset	**116,966,118**	86,623,271	105,677,357
Reportable segment liabilities	**32,409,313**	14,470,552	14,862,975

The reconciliation of total revenue reported by reportable operating segment to revenue in the statements of comprehensive income is presented in the following table:

	2019	2018	2017
Total revenue in the income statement of comprehensive income	**P 39,729,276**	P 58,455,546	P 41,525,010
Less: revenues other than broadband and internet services	**2,844,503**	20,506,969	5,308,685
Total segment revenues	**P 36,884,773**	P 37,948,577	P 36,216,325

The reconciliation of net income reported by reportable operating segment to net income in the statements of comprehensive income is presented in the following table:

	2019	2018	2017
Net income (loss) in the statement of comprehensive income	**P 699,877**	P 15,358,144	P (4,576,591)
Less: unallocated segment items			
Income	**2,844,503**	20,506,969	5,308,685
Expenses	**(2,914,953)**	(6,188,056)	(2,051,495)
Segment income (loss)	**P 770,327**	P 1,039,231	P (7,833,781)

The following items of asset and liabilities are excluded in the segment assets and liabilities:

	2019	2018	2017
Investment in an associate	**P 408,380,295**	P 408,993,627	P 204,435,192
Investment properties	**61,568,800**	61,568,800	45,287,800
Other assets	**7,154,221**	6,173,729	2,971,376
Deposits	**662,830**	192,903,000	403,000
Deferred tax liabilities	**707,033**	754,670	-
Advances from related parties	**13,846,319**	1,987,143	45,219,832

31. Event After the Reporting Period

On March11, 2020, the World Health Organization declared a global pandemic as a result of increasing number of COVID-19 cases worldwide. This was followed by the President of Philippines' issuance of Presidential Proclamation Order No. 929 declaring a State of Calamity in the country from the COVID-19 outbreak

These events resulted in a slowdown in the Philippine economy as lock downs and quarantine protocols are put in place. While the financial impact is considered a non-adjusting event as at December 31, 2019, the effect on the Company's operations and financial performance, however, cannot be reasonably determined as at June 3, 2020. The Company believes that it can remain on a going concern when the State of Calamity is lifted.

32. Supplementary Information Required Under Revenue Regulation 15-2010

The Bureau of Internal Revenue (BIR) issued Revenue Regulation (RR) 15-2010 which requires additional tax information to be disclosed in the Notes to Financial Statements. The following information covering the calendar year ended December 31, 2019 is presented in compliance thereto.

- The Company is a CSEZ-registered entity subject to zero-rated value-added tax. Pursuant to Section 15 of Republic Act No. 7227, Section 5 of Executive Order No. 80 and Proclamation 163, the Company is entitled to all incentives available to a CSEZ-registered enterprise.

- The amounts of withholding taxes paid and accrued, by category are as follows:

Expanded withholding taxes	**P**	**23,368**
Tax on compensation		**-**

- As of December 31, 2019, the Company has no pending tax cases within and outside the administration of the BIR.

- Taxes and licenses presented in the statements of comprehensive income are as follows:

Direct cost		
Supervision and regulatory fee - NTC	**P**	**1,045,097**
Other licenses - NTC		**17,060**
		1,062,157
Administrative expenses		
Business permits and licenses		**1,195,249**
Additional listing fee - PSE		**254,184**
Annual listing fee - PSE		**250,000**
Real property tax		**151,697**
Other permits and licenses		**4,000**
	P	**1,855,130**

R. R. TAN & ASSOCIATES, CPAs

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PRC-BOA Reg. No. 0132, valid until December 31, 2021
SEC Accreditation No. A-173-F, valid until June 30, 2020
BIR Accreditation No. 07-100015-001-2019, valid until September 12, 2022

Independent Auditors' Report on Supplementary Schedules

The Board of Directors and Stockholders
TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.
9TH Floor, Summit One Tower
530 Shaw Blvd., Mandaluyong City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of **TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.** (the Company) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 included in this Form 17-A, and have issued our report thereon dated June 3, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

R. R. TAN AND ASSOCIATES, CPAs

By: **CHESTER NIMITZ F. SALVADOR**
Partner
CPA Certificate No. 0129556
Tax Identification No. 307-838-154
PTR No. 5242109, January 4, 2020, Pasig City
SEC Accreditation No. A-877A, valid until June 30, 2020
BIR Accreditation No. 07-000251-003-2019, valid until June 12, 2022

June 3, 2020
Pasig City

Transpacific Broadband Group International, Inc.
Index to Supplementary Schedules
Under the Revised Securities Regulation Code Rule 68

Table of Contents

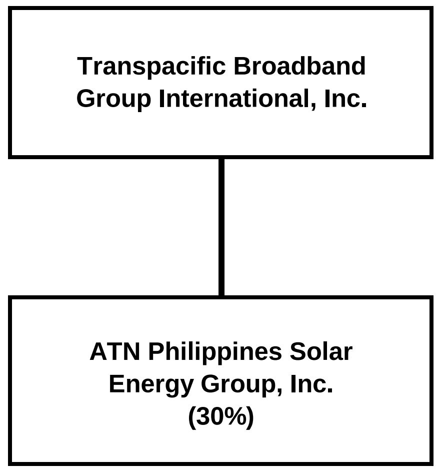
Transpacific Broadband Group International, Inc.
Schedule I - Financial Soundness

Key Performace Indicators	Formula	For the Years Ended December 31	
		2019	2018
A. Current/liquidity ratios			
Current ratio	Current assets / Current liabilites	**0.25:1**	0.93:1
Acid test ratio	Current assets - Inventory / Current liabilites	**0.24:1**	0.87:1
B. Solvency ratio/Debt-to-equity ratio			
Solvency ratio	After tax profit + Depreciation + Amortization / Long term + Short term liabilities	**0.33:1**	0.15:1
Debt-to-equity ratio	Total liabilities / Total equtiy	**0.09:1**	0.59:1
C. Asset to Equity Ratio	Total assets / Total equtiy	**1.09:1**	1.59:1
D. Interest rate coverage ratio	After tax profit + Depreciation + Amortization / Interest expense	**3.35:1**	48.51:1
E. Profitability ratios			
Return on equity	Net Income / Average total equity	**0.16%**	4.72%
Return on assets	Net Income / Average total assets	**0.12%**	3.33%
Net profit margin	Net Income / Net sales or revenue	**1.90%**	40.47%

Transpacific Broadband Group International, Inc.
Schedule II - Retained Earnings Available for Dividend Declaration
December 31, 2019

Retained Earnings, as at December 31, 2018		P	53,312,696
Adjustments:			
Cumulative share in losses of associate - prior period			7,305,373
Gain on fair value adjustment of investment properties - prior period			(17,053,000)
Deferred tax assets - net			754,670
Retained Earnings, as at December 31, 2018, *as adjusted*			44,319,738
Net loss during the period closed to Retained Earnings	699,877		
Less: Non-actual/unrealized income net of tax	-		
Equity in net income of associate/joint venture	-		
Unrealized foreign exchage gain - net (except those attributable to cash and cash equivalents)	59,261		
Unrealized actuarial gain	-		
Fair value adjustment (mark-to-market gains)	-		
Fair value adjustment of investment property resulting to gain	-		
Recognized deferred tax asset that increased the net income	-		
Adjustment due to deviation from PFRS/GAAP - gain	-		
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-		
Subtotal	59,261		
Add: Non-actual losses			
Depreciation on revaluation increment (after tax)	-		
Unrealized actuarial loss	-		
Equity in net loss of associate/joint venture	613,332		
Recognized deferred tax liability that decreased the net income	47,637		
Fair value adjustment (mark-to-market losses)	-		
Adjustment due to deviation from PFRS/GAAP - loss	-		
Loss on fair value adjustment of investment property (after tax)	-		
Subtotal	660,969		
Net loss actually incurred during the period			1,301,585
Add(less):			
Dividend declarations during the period	-		
Appropriations of retained earnings during the year	-		
Reversals of appropriations	-		
Deemed cost adjustment on investment property	-		
Treasury shares	437,800		
Subtotal			(437,800)
Retained Earnings as at December 31, 2019, available for dividend declaration		P	45,183,523

Transpacific Broadband Group International, Inc.
Schedule III - A Map Showing the Relationship Between and Among the Parent Company and its Subsidiaries
December 31, 2019



Transpacific Broadband Group International, Inc.
Schedule A - Financial Assets
December 31, 2019

Name of Issuing Entity and Association of Each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Statement of Financial Position	Valued based on Market Quotation at End of Reporting Period	Income Received and Accrued
None to report				

Transpacific Broadband Group International, Inc.
Schedule B: Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Non current	Balance at End of Period
ATN Philippines Solar Energy Group, Inc. - Related party	P 3,261,475	P 526,714	P -	P -	P -	P 3,788,189	P 3,788,189
Palladian Land Development Inc. - Related Party	1,176,051	2,869,759	2,500,000	-	-	1,545,810	1,545,810
	P 4,437,526	P 3,396,473	P 2,500,000	P -	P -	P 5,333,999	P 5,333,999

Transpacific Broadband Group International, Inc.
Schedule C: Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial statements
December 31, 2019

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amount Collected	Amounts Written Off	Current	Non-Current	Balance at End of Period
			None to report				

Transpacific Broadband Group International, Inc.
Schedule D: Long Term Debt
December 31, 2019

Title Issue and Type of Obligation	Amount Authorized by Indenture	Amounts shown under Caption "Current Portion of Long-term Debt" in Related Statement of Financial Position	Amounts shown under Caption "Long-term Debt" in Related Statement of Financial Position
None to report			

Transpacific Broadband Group International, Inc.
Schedule E: Indebtedness to Related Parties
December 31, 2019

Name of related party	Balance at Beginning of Period		Balance at End of Period	
Arsenio T. Ng	P	1,987,143	P	1,346,319
ATN Holdings, Inc.		-		12,500,000
	P	1,987,143	P	13,846,319

Transpacific Broadband Group International, Inc.
Schedule F: Guarantees of Securities of Other Issuers
December 31, 2019

Name of Issuing Entity of Securities Guaranteed by the Company for which this Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by Person for which Statement is Filed	Nature of Guarantee
None to report				

Transpacific Broadband Group International, Inc.
Schedule G: Capital Stock
December 31, 2019

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as Shown Under Related Statement of Financial Position Caption	Number of Shares Reserved for Options, Warrants, Conversion and other Rights	Number of shares Held by Related Parties	Directors, Officers and Employees	Others
Share capital	3,800,000,000	3,800,000,000	400,000,000	627,070,000	1,716,379,030	1,452,172,970

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, 2020

(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, 2020

2. Commission identification no. AS095-006755 3.BIR Tax Identification No. 004-513-153

4. TRANSPACIFIC BROADBAND GROUP INT'L., INC.

5. Philippines

6. Industry Classification Code:

7. Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga
(Satellite Center)

8. Telephone No. (0632)7 717-0523

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	P380,000,000

11. These securities are listed on the Philippine Stock Exchange.

(a) The company has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

(b) The company has been subject to such filing requirements for the past ninety (90) days.

I. Financial Statements.

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENT OF FINANCIAL POSITION

	Notes	(Unaudited) 30-Jun 2020	(Audited) 31-Dec 2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	**P6,736,445**	P5,695,235
Receivables - net	6	**695,670**	1,524,080
Other current assets	7	**537,147**	651,810
Total Current Assets		**7,969,262**	7,871,125
Noncurrent Assets			
Investment in an associate	8	**407,925,349**	408,380,295
Franchise - net	9	**2,242,405**	2,542,405
Property and equipment - net	11	**99,731,992**	106,781,915
Investment properties	12	**61,568,800**	61,568,800
Other non-current assets	10	**8,171,689**	6,924,894
		579,640,235	586,198,309
		P587,609,497	P594,069,434
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	13	**P3,244,458**	P574,131
Short-term loans	14	**5,500,000**	5,500,000
Unearned income	15	**10,768,298**	25,362,794
Income tax payable		**62,759**	148,583
Total Current Liabilities		**19,575,516**	31,585,508
Noncurrent Liabilities			
Deposits	16	**662,830**	662,830
Pension liability		**823,805**	823,805
Advances from related parties	22	**18,151,320**	13,846,319
Deferred tax liabilities-net		**707,033**	707,033
		20,344,988	16,039,987
Total Liabilities		**39,920,503**	47,625,495
Equity			
Share capital	17	**380,000,000**	380,000,000
Share premium		**103,947,352**	103,947,352
Share option outstanding	17	**8,921,814**	8,921,814
Retained earnings		**55,257,627**	54,012,573
Treasury shares	17	**(437,800)**	(437,800)
Total Stockholders' Equity		**547,688,993**	546,443,939
		P587,609,497	P594,069,434

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Quarter ending		Six (6) month ending	
		30-Jun-20	30-Jun-19	**30-Jun-20**	30-Jun-19
REVENUES					
Service income	**18**	**P9,104,788**	P8,860,300	**P17,672,111**	P17,510,850
Other Income	**20**	**659,052**	687,590	**1,606,115**	1,366,296
		9,763,840	9,547,890	**19,278,226**	18,877,146
COST AND EXPENSES					
Direct cost	**19**	**8,506,578**	8,964,769	**16,757,613**	17,987,859
Administrative expenses	**21**	**99,939**	1,443,556	**529,714**	1,970,820
Finance costs - net		**82,834**	168,875	**165,143**	248,319
		8,689,351	10,577,200	**17,452,470**	20,206,998
INCOME (LOSS) FROM OPERATION		**1,074,489**	(1,029,310)	**1,825,756**	(1,329,852)
EQUITY IN NET LOSS OF AN ASSOCIATE		**259,690**	218,048	**454,946**	408,745
PROFIT (LOSS) BEFORE INCOME TAX		**814,799**	(1,247,358)	**1,370,810**	(1,738,597)
INCOME TAX EXPENSE		**62,760**	28,947	**125,756**	44,216
PROFIT (LOSS) FOR THE PERIOD		**752,039**	(1,276,305)	**1,245,054**	(1,782,813)
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME(LOSS)		**752,039**	(1,276,305) P	**1,245,054**	P (1,782,813)
EARNINGS PER SHARE				**0.0033**	(0.0047)

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CHANGES IN EQUITY

	Six (6) month ending	
	30-Jun-20	30-Jun-19
SHARE CAPITAL	**P 380,000,000**	P 380,000,000
SHARE PREMIUMS	**103,947,352**	103,947,352
SHARE OPTIONS OUTSTANDING	**8,921,814**	8,921,814
RETAINED EARNINGS (DEFICIT)		
Balance, January 1	**54,012,573**	53,312,696
Profit (loss)	**1,245,054**	(1,782,813)
	55,257,627	51,529,883
TREASURY SHARES	**(437,800)**	(437,800)
	P547,688,993	P543,961,249

See Notes to Financial Statements

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC

STATEMENT OF CASH FLOWS

		Quarter ending			Six (6) month ending			
		30-Jun-20		30-Jun-19		**30-Jun-20**		30-Jun-19
CASH FLOWS FROM OPERATING ACTIVITIES								
(Loss) profit before income tax	P	814,799	P	(1,247,358)	P	1,370,810	P	(1,738,597)
Adjustments for:								
Depreciation and amortization		3,741,851		4,118,416		7,049,923		8,236,832
Amortization of franchise		150,000		150,000		300,000		300,000
Equity in net loss of an associate		259,690		218,048		454,946		408,745
Interest income		(4,181)		(4,181)		(4,975)		(4,975)
Operating income before working capital change:		4,962,159		3,234,925		9,170,704		7,202,005
Decrease (increase) in Operating Assets:								
Receivables		(617,270)		(5,224,203)		828,410		(10,507,250)
Other current assets		57,331.10		644,091		114,663		151,697
Decrease (increase) in Other non-current assets		(413,554)		-		(1,246,795)		(33,821)
Increase/(decrease) in Operating liabilities								
Accounts payable and accrued expenses		2,837,854		(338,717)		2,670,327		(592,841)
Unearned income		(7,256,016)				(14,594,496)		-
Cash generated from operation		(429,495)		(1,683,904)		(3,057,186)		(3,780,210)
Income taxes paid		(211,580)				(211,580)		-
Interest received		4,181		4,181		4,975		4,975
Net Cash Provided by Operation		(636,894)		(1,679,723)		(3,263,791)		(3,775,235)
CASH FLOWS FROM INVESTING ACTIVITIES								
Advances of related parties		2,000,001		36,250		4,305,001		(200,000)
Deposits		-		(192,500,000)		-		(192,500,000)
Net Cash Used in Investing Activities		2,000,001		(192,463,750)		4,305,001		(192,700,000)
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of loans		-		-		-		-
Proceeds from stock subscription		-		192,500,000		-		192,500,000
Net Cash Provided by(used in) Financing Activitie		-		192,500,000		-		192,500,000
NET INCREASE (DECREASE) IN CASH EQUIV		1,363,107		(1,643,473)		1,041,210		(3,975,235)
CASH AT THE BEGINNING OF THE YEAR						5,695,235		7,858,193
CASH AT END OF YEAR						**P6,736,445**		**P3,882,958**

1. Corporate Information

Transpacific Broadband Group International, Inc. (TBGI or the Company), a corporation duly organized and existing under the laws of Republic of the Philippines, was incorporated and registered with Securities and Exchange Commission ("SEC") on July 14, 1995, primarily to engage in the business of public commercial radio, terrestrial, cable, and satellite broadcast. The Company is 9.57% owned by Unipage Management Inc.

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

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

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

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The interim financial statements as at June 30, 2020 and for the six-month periods ended June 30, 2020 and 2019 have been prepared on a historical cost basis, except for building and improvements, uplink equipment, leasehold improvements and data equipment, and investment properties that are carried at fair value.

The interim financial statements are presented in Philippine Peso (P) which is the functional and presentation currency of Company, and all amounts are rounded to the nearest Philippine Peso, unless otherwise indicated.

<u>Statement of Compliance</u>
The accompanying unaudited interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting.*

<u>New Standards. Interpretations and Amendments adopted by the Company</u>
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 statements for the year ended December 31, 2019 except for the adoption of new standards effective as at January 1, 2020.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective except for the amendment to PFRS 16, *Leases.*

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim financial statements of the company.

Amendments to PFRS 3, Definition of a Business The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. These amendments will apply on future business combinations of the Company.

Amendments to PAS 1, Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements. An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Amendments to PFRS 16, COVD-19-related Rent Concessions
The amendments provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after June 1, 2020. Early adoption is permitted. The amendments has no impact to the interim financial statements as of June 30, 2020.

3. Significant Judgements Estimates and Assumptions

The preparation of the interim financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements and related notes at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the affected asset or liability in the future.

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the six-month period ended June 30, 2020 except, as a consequence of COVID 19 pandemic.

4. Financial Risk Management Objectives and Policies

Financial Risk

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

- *Credit Risk*

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

  The table below shows the gross maximum exposure to credit risk of the Company as at June 30, 2020 and December 31, 2019.

	Gross Maximum Exposure			
		June 30, 2020		2019
Cash and cash equivalents *	**P**	**6,723,445**	P	5,682,235
Trade receivables		**695,670**		1,524,080
Other non current assets		**8,171,689**		6,924,894
	P	**15,590,804**	P	14,131,209

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

Trade receivables are accounts with its customer where appropriate trade relations have been established including billings and collections processes.

The credit risk on other non-current assets are considered minimal.

The credit quality of the Company's assets as at June 30, 2020 and December 31, 2019 is as follows:

	June 30, 2020									
	Neither past due nor impaired				**Past due but not impaired**		**Past due and impaired**			
		High grade		**Standard grade**						**Total**
Cash and cash equivalents	**P**	**6,723,445**	**P**	**-**	**P**	**-**	**P**	**-**	**P**	**6,723,445**
Trade receivables		**-**		**695,670**		**-**		**4,436,227**		**5,131,897**
Other non-current assets		**-**		**8,171,689**		**-**		**-**		**8,171,689**
	P	**6,723,445**	**P**	**8,867,358**	**P**	**-**	**P**	**4,436,227**	**P**	**20,027,030**

	December 31, 2019									
	Neither past due nor impaired				Past due but not impaired		Past due and impaired			
		High grade		Standard grade						Total
Cash and cash equivalents	P	5,682,235	P	-	P	-	P	-	P	5,682,235
Trade receivables		-		1,524,080		-		4,436,227		5,960,307
Other non-current assets		-		6,924,894		-		-		6,924,894
	P	5,682,235	P	8,448,974	P	-	P	4,436,227	P	18,567,436

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

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

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

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

The table below summarizes the maturity profile of the Company's financial liabilities at June 30, 2020 and December 31, 2019.

	June 30, 2020				
	< 1 month	> 1 month& <3 months	>3 months &< 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	**P 768,343**	**P -**	**P 2,476,115**	**P -**	**P 3,244,458**
Interest-bearing liabilities					
Loans payable	**-**		**5,500,000**	**-**	**5,500,000**
	P 768,343	**P -**	**P 7,976,115**	**P -**	**P 8,744,458**

	December 31, 2019				
	< 1 month	> 1 month& <3 months	>3 months & < 1 year	> 1 year & <3 years	Total
Accounts payable and accrued expenses	P 574,131	P -	P -	P -	P 574,131
Interest-bearing liabilities					
Loans payable	-	-	5,500,000	-	5,500,000
	P 574,131	P -	P 5,500,000	P -	P 6,074,131

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

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

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

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

	June 30, 2020		2019	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Cash and cash equivalents	**$ 112,896**	**P 5,724,830**	$ 111,103	P 5,637,828

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 as at June 30, 2020 for the years ended December 31, 2019:

	Effect on Income Before Taxes	
Increase/decrease in Peso to US Dollar Ra	June 30, 2020	2019
+P5.00	P 564,480	P 555,515
-P5.00	(564,480)	P (555,515)

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

ii. Interest rate risk

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

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

Exposure to interest rate risk arises from bank loans with interest dependent on the prevailing market rate. As of June 30, 2020, and December 31, 2019, the Company is not exposed to any interest rate risk from fluctuation of market interest.

Operational risk

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

Capital management

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

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

The capital structure of the Company consists of issued capital, share premium and retained earnings.

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

	June 30, 2020	2019
Equity	**P 547,688,993**	P 546,443,939
Total Assets	**587,609,497**	594,069,434
Ratio	**0.932**	0.920

5. Cash and Cash Equivalents

As of June 30, 2020 and December 31, 2019, cash and cash equivalents represent cash on hand and cash in banks of P6,736,445 and P5,695,235, respectively.

Cash in bank represents peso accounts and US dollar account that earn interests at prevailing bank interest rates.

Interest income on these deposits amounted to P5,494 and P11,252 in June 30, 2020 and December 31, 2019,

6. Receivables - net

The composition of this account is as follows:

		30-Jun-20		2019
Trade				
In local currency	**P**	**5,131,897**	P	5,351,227
In foreign currency		**-**		609,080
		5,131,897		5,960,307
Less: Allowance for probable losses		**4,436,227**		4,436,227
	P	**695,670**	P	1,524,080

		Current		Over 31-60 days		More than One Year		Total
Trade								
In local currency		695,670			P	4,436,227	P	5,131,897
In foreign currency		-		-		-		-
	P	695,670	P	-	P	4,436,227	P	5,131,897

On February 18, 2020, trade receivables amounting to P1.5 million were collected in full.

7. Other current assets

The breakdown of this account is as follows:

		30-Jun-20		2019
Spare parts inventory	**P**	**422,483**	P	422,483
Prepaid taxes		**76,678**		153,356
Prepaid insurance		**37,986**		75,971
	P	**537,147**	P	651,810

- Spare parts inventory includes of communication supplies and materials that are normally provided to customers in the delivery of services. Spare part inventory as of December 31, 2019 is measured at cost which approximates the NRV.

- Prepaid taxes represent advance payment of real property taxes that will be applicable and expensed in the subsequent period. Payments are made in advance so as to take advantage of the discounts granted by the local government. Expired portion is charged to taxes and licenses reported as part of administrative expenses in in the statement of comprehensive income.

- Prepaid insurance represents unexpired portion of insurance paid during the year.

8. Investment in an Associate

Investment in an Associate represents the 29.93% equity interest in ATN Solar Energy Group, Inc (ATN Solar). Management believes that it exercises significant influence over the financial and operating policies of ATN Solar.

The composition of this account is as follows:

		30-Jun-20		2019
Cost				
Beginning balance	**P**	**209,500,000**	P	209,500,000
Equity in net loss				
Beginning		**(7,919,705)**		(7,306,373)
Share in net loss for the year		**(454,946)**		(613,332)
		(8,374,651)		(7,919,705)
Deposit for stock subscription		**206,800,000**		206,800,000
	P	**407,925,349**	P	408,380,295

ATN Solar is a grantee of Solar Energy Service Contract with the Philippine Government through the Department of Energy to develop, own and operate a 30MW solar power plant in Rodriguez, Rizal.

In a progress report submitted to the Department of Energy dated January 6, 2020, ATN Solar cannot yet reply to the BOI request for DOE document related to the revised Start of Commercial Operation which ATN has indicated to DOE to be in the second half of 2021. The Company is requesting DOE approval of Revised Work Plan so that commercial operation can start in the second half of 2021 of Phase 1 of 5 MW of the total 30 MW service contract. In addition, ATN Solar reiterate its request for DOE to issue the issuance of a Certificate of National Significance to the ATN Solar Project.

Also, in the same report, the Company continues its community relations with Information, Communication Campaign and Dissemination to the affected families in the community. A new community survey was conducted in October 2019 to support the environmental impact study on the feasibility of developing a rock crusher project. A Social Impact Assessment was also piloted by the Company to understand the various needs of the community.

9. Franchise - net

The Company holds a 25-year Congressional Franchise to construct, establish, install, maintain, and operate communication systems for the reception and transmission of messages within the Philippines with a cost of P15M.

The movement in this account is as follows:

		30-Jun-20		2019
Balance, January 1	P	**2,542,405**	P	3,142,405
Amortization		**(300,000)**		(600,000)
Balance, December 31	P	**2,242,405**	P	2,542,405

The amortization of franchise is shown as part of direct costs in the Statement of Comprehensive Income. Management believes that the carrying amount of franchise is recoverable in full and no impairment loss in necessary.

10. Other Non-current Assets

This account consists of:

		30-Jun-20		2019
Advances to:				
Palladian Land Development Inc. (PLDI)	P	**3,146,431**	P	1,545,810
ATN Phils. Solar Energy Group Inc. (Solar)		**3,466,363**		3,788,189
Stockholder		**-**		45,000
Security deposits		**1,558,895**		1,545,895
	P	**8,171,689**	P	6,924,894

Security deposits are made to secure leasing arrangement on transponders. These deposits are refundable at the expiration of lease term.

11. Property and Equipment – net

The movement in this account is as follows:

June 30, 2020		Building & improvements		Uplink/data Equipment		Furniture & Fixtures		Leasehold improvements		Transportation equipment		Total
Carrying Amount												
At January 1, 2020	P	23,893,402	P	304,547,503	P	5,180,726	P	19,145,709	P	14,675,284	P	367,442,624
Addition				191,428								191,428
At June 30, 2020		23,893,402		304,738,931		5,180,726		19,145,709		14,675,284		367,634,052
Accumulated depreciation												
At January 1, 2020		23,088,089		199,087,756		5,063,871		19,145,709		14,275,284		260,660,709
Provisions		597,334		6,644,017		-		-		-		7,241,351
At June 30, 2020		23,685,423		205,731,773		5,063,871		19,145,709		14,275,284		267,902,060
Net Carrying Value												
At June 30, 2020	P	207,979	P	99,007,158	P	116,855	P	-	P	400,000	P	99,731,992

2019		Building & improvements		Uplink/data Equipment		Furniture & Fixtures		Leasehold improvements		Transportation equipment		Total
Carrying Amount												
At January 1, 2019	P	23,893,402	P	254,121,190	P	5,180,726	P	19,145,709	P	14,675,284	P	317,016,311
Reclassification from spare parts inventory		-		409,876		-		-		-		409,876
Additions		-		50,016,437		-		-		-		50,016,437
At Dec. 31, 2019		23,893,402		304,547,503		5,180,726		19,145,709		14,675,284		367,442,624
Accumulated depreciation												
At January 1, 2019		21,893,413		186,965,727		4,863,560		18,292,076		14,093,320		246,108,096
Provisions		1,194,676		12,122,029		200,311		853,633		181,964		14,552,613
At Dec. 31, 2019		23,088,089		199,087,756		5,063,871		19,145,709		14,275,284		260,660,709
Net Carrying Value												
At Dec. 31, 2019	P	805,313	P	105,459,747	P	116,855	P	-	P	400,000	P	106,781,915

During 2019, the Company entered into a contract to design, deliver, install and commission the antenna gateways for its satellite center in Subic Pampanga. Total cost incurred thereto amounted to P50 million.

Building and improvements, uplink equipment, leasehold improvements and data equipment were revalued on October 28, 2002 by a firm of independent appraisers at market prices. The net appraisal increment resulting from the revaluation is credited to the "Revaluation Increment" account shown under equity. The amount of revaluation increment absorbed through depreciation is transferred from the revaluation increment to retained earnings. Management believes that fair value has not significantly changed since date of initial valuation.

During 2019, additions to property and equipment amounting to P409,876 represent reclassification from spare parts inventory.

12. Investment Properties

As of June 30, 2020 and December 31, 2019, investment property consists of the following:

	30-Jun-20
Condominium units	**P 55,421,800**
Land and improvements	**6,147,000**
	P 61,568,800

Condominium units represent the beneficial ownership of four (4) commercial units held at Summit One Office Tower in Mandaluyong City with a total floor area of 852.64 square meters. Land and improvements represent a parcel of residential lot with house thereon and covers an area of 432 square meters. This is situated in Paliparan 1, Dasmariñas, Cavite.

On April 2, 2018, these properties were subject of an appraisal conducted by Asian Appraisal Company, Inc. Accordingly, the aggregate fair market value of the Mandaluyong property amounted to P55.4 million or an increment of P17 million as of the date of appraisal. Fair value is determined using the Market approach under the level 2 of the fair value hierarchy. The highest and best use of these properties is commercial, its current use.

Significant increase (decrease) in selling price per square meter would result in a significantly higher (lower) fair value of the property.

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

		30-Jun-20
Rental income	**P**	**1,600,620**
Direct operating expenses that:		
Generated rental income		**151,697**
Did not generate rental income		**829**

13. Accounts Payable and Accrued Expenses

This account consists of:

		30-Jun-20		2019
Trade payables	**P**	**2,476,115**	P	-
Accrued expenses		**768,343**		574,131
	P	**3,244,458**	P	574,131

Trade payables and accrued expenses are various expenses and are usually settled for a maximum period of 6 months.

14. Short-term loans

Short-term loans are availed for working capital requirements. The loan carries a floating interest rate initially peg at 6% per annum, payable monthly in arrears. The principal is payable after 12 months renewable at the option of the both parties. The maximum credit line with the bank is up to P6 million. As of June 30, 2020, and December 31, 2019, the balance of the loan amounted to P5.5 million.

The loan is collateralized by the following:

- Real estate mortgages over properties owned by a related party; and
- Suretyship agreement by the Company as borrower and a stockholder as a surety.

Total interest paid and accrued reported in the Statement of Comprehensive Income amounted to P82,309 in March 31, 2020 and P79,444 in March 31, 2019, P358,133

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of March 31, 2020 and December 31, 2019.

15. Unearned income

As of June 30, 2020, and December 31, 2019, unearned income amounted to P10,788,298 and P25,362,794 respectively. This represents advance payment received from the customer based in Hong Kong related to uplink services.

Unearned income is recognized as earned income on the Statement of Comprehensive Income as the service is provided to the customer.

16. Deposits

Deposits on lease contracts are amounts paid by various lessee as guarantee for the faithful compliance to the terms and conditions of the lease contract. The amount is expected to be settled at the termination of the contract.

17. Equity

Share capital
The Company's capital movements is as follows:

	Authorized			Issued			Share Premium
	Shares		Amount	Shares		Amount	Amount
Balance, Jan 1, 2019	3,800,000,000	P	380,000,000	2,620,193,300	P	262,019,330	P 29,428,022
Issuance during the year	-		-	1,179,806,700		117,980,670	74,519,330
	3,800,000,000	P	380,000,000	3,800,000,000	P	380,000,000	P 103,947,352

Share options
On May 28, 2008, the Company's BOD approved the grant of share option to its Chief Executive Officer (CEO). The CEO has been largely responsible for bringing the Company to its present financial condition. Furthermore, the CEO has not been compensated since his assumption of management in 2000. Hence, the grant of share option to the CEO will be in order.
The share option comprises the following:

(i) 350 million shares of TBGI at par value of P0.10 per share as compensation for services rendered as CEO of the Company during the period 2001 to 2007, and;
(ii) 50 million shares of TBGI at par value of P0.10 per share as compensation for services rendered as CEO of the Company during 2008 and onwards, provided, that the subject shares will not be sold in quantities exceeding 20% of the trading volume of Philippine Stock Exchange in any single business day.

The stock options were measured using the intrinsic value method since the fair value of the options cannot be measured reliably.

On April 23, 2009 in a special meeting of the BOD, additional terms and conditions were agreed upon defining the vesting schedule of the options as management believes that a one-time recognition of the options cannot be afforded in 2008 alone. The vesting period was stretched up to 2023 of which 5,000,000 shares may be exercised starting 2013 up to 2022. Another 55 million shares in 2022 and finally, 300 million shares in 2023

During 2010, the Company's BOD through the Remuneration Committee approved the indefinite deferment of the aforementioned stock options of the CEO. No options were exercised prior to the said deferment.

18. Service Income

Revenues from customers pertain to broadband and uplink services that are based on fixed monthly fee. All of the Company's revenues are earned overtime.

The geographic distribution of the Company's revenues as reported in the Statement of Comprehensive Income is as follows:

		30-Jun-20		20-Jun-19
VSAT uplink services				
In local currency	**P**	**3,077,615**	P	1,867,800
In foreign currency		**14,594,496**		15,643,050
	P	**17,672,111**	P	17,510,850

19. Direct Costs

This account consists of:

		30-Jun-20		30-Jun-19
Depreciation	**P**	**7,241,351**	P	8,236,832
Transponder lease		**5,407,378**		5,682,788
Rental		**2,040,011**		1,851,345
Salaries, wages & other benefits		**757,188**		799,331
Utilities and communication		**493,833**		556,237
Amortization of franchise		**300,000**		300,000
Transportation and travel		**197,337**		214,786
Security services		**233,984**		248,466
Insurance		**59,581**		81,014
Taxes and licenses		**26,950**		17,060
	P	**16,757,613**	P	17,987,859

20. Other Income

The composition of this account is as follows:

		30-Jun-20		30-Jun-19
Rent income *(see Note 16)*	**P**	**1,600,620**	P	1,361,321
Interest income		**5,494**		4,975
	P	**1,606,115**	P	1,366,296

21. Administrative expenses

This account consists of:

		30-Jun-20		30-Jun-19
Permits, taxes and licenses	**P**	**347,835**	P	1,629,871
Management services		**86,628**		171,000
Office supplies		**25,301**		26,540
Miscellaneous		**69,950**		143,409
	P	**529,714**	P	1,970,820

22. Related party transactions

It is the policy of the Company that any transaction with a Related Party be conducted at arms' length and on terms generally available to an unaffiliated third party under at least the same or similar circumstances. There must be sound business reason(s) to enter into such a related party transaction, taking into account such factors as cost efficiency, time, and such other terms advantageous to Company, among others. The Audit Committee is tasked to oversee and review the propriety of related party transactions (RPT) and the required reporting disclosures. The Company's material RPT Policy covers all transactions meeting the materiality threshold of transactions, i.e., 10% or more of the total consolidated assets as of the latest audited financial statements.

RPT is defined as a transfer of resources, services or obligations between the Company and a related party, regardless of whether or not a price is charged; or, outstanding transactions that are entered into with an unrelated party that subsequently becomes a related party.

Related Parties covers the Company's directors, officers, substantial shareholders and their spouses and relatives within the fourth civil degree of consanguinity or affinity, legitimate or common-law, if these persons have control, joint control or significant influence over the company. It also covers Company's parent company, subsidiary, associate, affiliate, joint venture or an entity that is controlled, jointly controlled, or significantly influenced or managed by a person who is a related party.

The BOD shall have the overall responsibility in ensuring that transactions with Related Parties are handled in a sound and prudent manner, with integrity, and in compliance with applicable laws and regulations to protect the interests of the company's shareholders and other stakeholders.

The following related party transactions occurred as of June 30, 2020 and December 31, 2019:

Related party		Nature of transaction	Amount of Transaction 30-Jun-20	2019	Year-end balances 30-Jun-20	2019	Terms and condition
Associate							
ATN Solar		Collection of advances	**321,826**	526,714	**P 3,466,364**	P 3,788,190	Unsecured, unimpaired and no payment terms
Affiliated companies							
Palladian Land Devt. Inc (PLDI)	(i)	Rent income	**1,600,621**	2,969,759	**-**	-	
		Collection of advances	**-**	1,176,051	**3,146,431**	1,545,810	Unsecured, unimpaired and no payment terms
ATN Holdings (ATN)		Availment of intercompany advances	(2,600,000)	-	**(15,100,000)**	(12,500,000)	Unsecured, unimpaired and no payment terms
Stockholder	(ii)	Advances	**(1,705,000)**	(640,823)	**(3,051,319)**	(1,346,319)	Unsecured, unimpaired and no payment terms
	(iii)	Deposit for future subscription	-	192,500,000	**-**	-	
	Total advances to repated parties				**6,612,795**	5,334,000	
	Total advances from reated paries				**(18,151,319)**	(13,846,319)	
	Total				**(11,538,525)**	(8,512,320)	

Details of significant related party transactions are as follows:

(i) As discussed in Note 12, the Company is a beneficial owner of certain condominium units registered under the name of PLDI. Title to the properties has not been released to the Company as the Company intends to sell the properties through the sales network of PLDI. These properties are leased out to third parties also through PLDI. Proceeds of the rent are remitted to the Company by the latter.

Rent income collected by PLDI on these properties amounted to P1,600,620 and P1,361,321 as of June 30, 2020 and June 30, 2019 respectively.

(ii) Pursuant to *Teaming Agreements* executed in January 2013 and 2015 between the Company and certain related parties operating within Summit One Condominium Tower, a cost and expense sharing scheme related to technical operations was implemented. All other cost including, but not limited to salaries, utilities, and dues shall be borne by PLDI. Accordingly, certain cost and expenses maybe advanced by a party and to be reimbursed from another party on the proportionate share or usage between the related parties involved.

(iii) Deposit for future stock subscription was received from a stockholder as payment for additional stock subscription to ATN Solar.

For the quarter ending June 30, 2020 and year ended December 31, 2019 the Company did not provide compensation to its key management personnel.

23. Registration with Clark Special Economic Zone

The Company is a duly registered Clark Special Economic Zone ("CSEZ") enterprise with Registration Certificate No. C2013-683 issued last January 10, 2014. This certificate supersedes Certificate of Registration No. 2002-065 dated July 25, 2002 and 95-53 dated November 29, 1995, issued by Clark Development Corporation ("CDC") to the Company, and shall be valid until December 15, 2016 unless earlier revoked by CDC. As of December 31, 2019, the Company has renewed its tax exemption with CDC.

Pursuant to Section 15 of Republic Act No. 7227, Section 5 of Executive Order No. 80 and Proclamation 163, and as further confirmed by BIR Ruling No. 046-95 dated March 3, 1995, the Company is entitled to all incentives available to a CSEZ-registered enterprise, including but not limited to exemption from customs and import duties and national and internal revenues taxes on importation of capital of goods, equipment, raw materials, supplies and other articles including household and personal items.

Subject to compliance with BIR Revenue Regulations and such other laws on export requirements, exemption from all local and national taxes, including but not limited to corporate withholding taxes and value added taxes ("VAT"). In lieu of said taxes, the enterprise shall pay 3% of gross income earned to the national government, 1% to the local government units affected by the declaration of the CSEZ and 1% to the development fund to be utilized for the development of the municipalities contiguous to the base area.

Exemption from inspection of all importations at the port of origin by the Societe Generale de Surveillence ("SGS'), if still applicable, pursuant to Chapter III, C.1 of Customs Administrative Order No. 6-94.

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

24. Earnings (loss) per share

Earnings (loss) per share is computed by dividing the profit (loss) for the year by the weighted average number of common shares outstanding during the year as follows:

		30-Jun-20		30-Jun-19
Profit (loss) for the year (a)	**P**	**1,245,054**	P	(1,782,813)
Weighted average number of shares outstanding during the year (b)		**380,000,000**		380,000,000
Earnings (loss) per share (a/b)		**0.0033**		(0.0047)

25. Lease commitments

Company as a Lessee

(a) Transponder lease with APT Satellite Company Ltd.
The Company renewed its lease agreement with APT Satellite Company Ltd. to provide transponder satellite service requiring payment of US$16,380 until September 2020.

Transponder lease recognized in the Statements of Comprehensive Income amounted to P2,879,262 in March 31, 2020and P2,908,828 in March 31, 2019. None of these leases include contingent lease rental.

(b) Lease Agreement with Clark Development Corporation
The Company leases a land it presently occupies in Clarkfield, Pampanga with Clark Development Corporation for a period of twenty-five years starting July 10, 1995 to July 10, 2020.

(c) Staff Housing and Guest House
The Company leases its staff houses and a residential unit in Clarkfield, Pampanga. Both leases have minimum term of one year and renewable within one year upon mutual agreement of both parties.

Rent expense recognized in the Statements of Comprehensive Income amounted to P2,040,044 in June 30, 2020 and P1,851,345 in June 30, 2019.

Company as a Lessor

(d) Lease Agreement with Various Lessees

Through PLDI, the Company's investment properties are leased out to various third parties. The lease is for a period of one year subject to renewal upon mutual agreement of the lessee and the lessor.

Rent income recognized in the Statements of Income amounted to P943,642 and P1,600,620 as of June 30, 2020 and June 30, 2019 respectively.

26. Segment Reporting

The Company has one reportable operating segment, which is the broadband and internet services. This is consistent with how the Company's management internally monitors and analyzes the financial information for reporting to the chief operating decision-maker, who is responsible for allocating resources, assessing performance and making operating decisions.

Management Discussion and Analysis of Operation

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

	June 30, 2020	June 30, 2019
Profit (Loss) for the period	P1,245,054	(P1,782,813)
Number of Outstanding Shares	380,000,000	380,000,000
Earnings per Share	P0.0056	(P0.0047)

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 cyclicality 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 except for the potential impact of the Covid-19 pandemic.

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 except for the potential impact of the Covid-19 pandemic. .
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 remained the same from Php594 million in December 31, 2019 compared to Php587 million in June 30, 2020. The net decrease of Php6.459 million (1%) in total assets arose from the following items:

1. Increase in cash by Php1.041million (18%).
2. Decrease in receivables by Php828 thousand (-54%).
3. Decrease in other current assets by Php114 thousand (-18%)
4. Increase in other non-current assets by Php1.246 million (18%)

Total liabilities decreased by Php7.704 million (-16%) from Php47 million in December 2019 to Php39.920 million in June 30, 2020. The net decrease in liabilities resulted from the following significant items:

1. Increase in accounts payable and accrued expenses by Php2.670 million (465%).
2. Decrease in unearned income by Php14.594 million (-59%)
3. Increase in income payable by Php63 thousand (42%).
4. Increase in advances from related parties by Php4.3 million (31%).

Stockholders' equity almost the same from Php546.444 million as of December 31, 2019 to Php546.937 million in March 31, 2020. The net increase of Php1,245 million resulted from the net income during the quarter ending June 30, 2020.

Total revenue almost the same from Php18,877 million as of June 30, 2019 to Php19.278 million as of June 30, 2020.

Direct costs decreased from Php9 million in the 1st quarter ending March 31, 2019 to Php8.2 million (-9%) in the 1st quarter ending March 31, 2020. The net decrease arose from the following accounts:

1. Depreciation decreased by Php976 thousand (-11%) from Php8.236 million to Php7.260 million.
2. Rent expense increased by Php188 thousand (10%) from Php1.851 million to Php2.040 million due to increase in monthly rent.
3. Salaries, wages and other benefits decreased by Php42 thousand(-5%) from Php799 thousand to Php757 thousand.
4. Utilities and communication decreased by Php62 thousand (-11%) from Php556 thousand to Php493 thousand.
5. Transportation and travel decreased by Php17 thousand (-8%) from Php214 thousand to Php197 thousand.
6. Security services decrease by Php14 thousand (-5%) from Php248 thousand to Php233 thousand.
7. Insurance decreased by Php40 thousand (-49%) from Php81 thousand to Php40 thousand.
8. Taxes and licenses increased by Php9 thousand (57%) from Php17 thousand to Php26 thousand.

Administrative expenses decreased from Php1.970 million for the 2nd quarter ending June 30, 2019 to Php529 thousand (-73%) in the 2nd quarter ending June 30, 2020. The net decrease arose from the following account:

1. Permits, taxes and licenses decreased by Php1.282million (-78%).
2. Management services decreased by Php84 thousand (-49%)
3. Miscellaneous expenses decreased by Php73 thousand (-51%).

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, 2020	June 30, 2019
Current Ratio	0.41	0.25
Debt-to-Equity Ratio	0.073	0.087
Asset-to-Equity Ratio	1.07	1.09
Interest Rate Coverage Ratio	12.06	(4.36)
Gross Profit Margin	13.07%	4.71%
EBITDA	P9,175,679	P7,206,980
Net Income to Sales Ratio	6.46%	-9.44%
Earnings per share	0.0033	-0.0047

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, 2020

CELINIA FAELMOCA
Principal Accounting Officer
August 12, 2020

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Oscar B. Mapua, Jr.**, Filipino, of legal age and a resident of 1705 Summit One Tower, 530 Shaw Blvd., Mandaluyong City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **Transpacific Broadband Group Int'l., Inc.** since November 2012.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Mapua Institute of Technology	Exec. Vice President	1973 to 2000
Design Center of the Phils.	Director for Promotion	1973 to 1976

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of **Transpacific Broadband Group Int'l., Inc.** as provided for in Section 38 of the Securities Regulation Code and its implemented Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its implemented Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the corporate secretary of **Transpacific Broadband Group Int'l., Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this SEP 08 2020 day of ________, at QUEZON CITY.

Oscar B. Mapua Jr.
Affiant

SUBSCRIBED AND SWORN to before me this SEP 08 2020 day of ______ at QUEZON CITY ______________, affiant personally appeared before me and exhibited to me his Philippine Passport EB4814737 issued at Manila and expires on ________.

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Series No. 2020

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020
PTR O.R No. 9332194 C 1-3-2020 / Roll No. 33832 / TIN# 129-871-009
MCLE No. VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Kenneth Chua Co**, Filipino, of legal age and a resident of Don Benito Building, Mayombo District, Dagupan City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of **Transpacific Broadband Group Int'l., Inc.** and have been its independent director since November 2012.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Dagupan Commercial	Proprietor	2010 to Present
Pharmanex & Nu Skin	Distributor	2007 to Present
Road on Call	Managing Director	2005 to 2007
Chamco Food Ventures Inc.	Managing Director	1999 to 2005

3. I posses all the qualifications and none of the disqualifications to serve as an Independent Director of Transpacific Broadband Group Int'l., Inc. as provided for in Section 38 of the Securities Regulation Code and its implemented Rules and Regulations and other SEC issuances.

4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceedings.

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.

6. I shall inform the corporate secretary of Transpacific Broadband Group Int'l., Inc. of any changes in the abovementioned information within five days from its occurrence.

SEP 08 2020 QUEZON CITY

Done, this ____ day of __________, at __________________.

Kenneth Chua Co
Affiant

SEP 08 2020 QUEZON CITY

SUBSCRIBED AND SWORN to before me this ____day of _______ at___________ __________________, *affiant personally appeared before me and exhibited to me his* Driver's License No. _____________ issued at ______________and expires on __________.

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Series No. 20

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
IBP O.R. No. 055255 Jan. 2019 & IBP O.R. No. 055256 Jan. 2020
PTR O.R No. 9332194 C 1-3-2020 / Roll No. 33832 / TIN# 120-871-008
MCLE No. VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address: 31-F Harvard St. Cubao, Q.C.

Transpacific Broadband Group
INTERNATIONAL, INC.

CERTIFICATION

I, PAUL B. SARIA, of legal age, Filipino, married and with office address at 9th Floor Summit One Tower, 530 Shaw Blvd., Mandaluyong City, being the Corporate Information Officer and Corporate Secretary of Transpacific Broadband Group International, Inc. hereby certify that following Executive Officers and Directors of the Corporation, for the year 2019-2020, are not employed as employee in any government agency.

Name	Designation	Name	Designation
Arsenio T. Ng	President & CEO	Kenneth C. Co	Independent Director
Ardi Bradley L. Ng	Director	Oscar B. Mapua	Independent Director
Hilario T. Ng	Director, CFO	Paul B. Saria	Director, Corp. Secretary
Simon Ung	Director	Santos Cejoco	Chief Corp. Planner

Certified by:

Paul B. Saria
Corporate Secretary

ACKNOWLEDGEMENT

SUBSCRIBED AND SWORN to before me this SEP 0 8 2020, affiant Paul B. Saria exhibited to me his Driver's License No. NO4-93-264992, expires on December 16, 2021

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
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