SEC Number AS095-006755
File Number ______________

TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.

(Company)

9th Floor, Summit One Tower,
530 Shaw Blvd., Mandaluyong City

(Address)

717-0523

(Telephone Number)

December 31

(Fiscal Year Ending)
(month& day)

SEC Form 17-A

(Form Type)

Amendment Designation (if applicable)

December 31, 2019

(Period Ended Date)

(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the year ended **December 31, 2019**
2. SEC Identification Number: **AS095-006755**
3. BIR Tax Identification No. **004-513-153**
4. Exact name of registrant as specified in its charter:
   TRANSPACIFIC BROADBAND GROUP INT'L.INC.
5. **Pampanga, Philippines**
   Province, Country or other jurisdiction of incorporation or organization
6. [ ] (SEC Use Only)
   Industry Classification Code:
7. **Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles City, Pampanga** Address

   9/F Summit One Tower, 530 Shaw Blvd., Mandaluyong City 1550
   Address of corporate office only Postal Code
8. **(632) 717-0523**
   Registrant's telephone number, including area code
9. **n/a**
   Former name, former address, and former fiscal year, if changed since last 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 A	**P379,562,200**

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

    Yes [X] **No [ ]**

12. Check whether the registrant:

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

Yes [X] **No [ ]**

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

Yes [X] **No [ ]**

13. Aggregate market value of the voting stock held by non-affiliate of the registrant.
    P548,104,429

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(1) Business Development

Transpacific Broadband Group International (TBGI or Transpacific) is a domestic corporation duly registered with the SEC on 14 July 1995. It started commercial operation in the first half of 1996, with authorized capital stock of Twenty-Five Million Pesos (Php 25,000,000.00), divided into Two Hundred Fifty Thousand shares (250,000) with a par value of One Hundred Pesos (Php 100.00) 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.

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) on 07 April 1999.

The Company is a PEZA-registered enterprise at Clark Special Economic Zone (CSEZ) under Registration Certificate No. 95-53 dated 29 November 1995. The Company has a 25-year Lease Agreement to build, maintain, and manage a satellite earth station within the CSEZ.

TBGI defines its corporate mission to contribute to national development by providing services in (1) information and communication technology and (2) Internet connectivity to rural communities for the enhancement of delivery of education, disaster management, health care and livelihood programs of government agencies and other institutions.

TBGI generates revenues 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 for Internet connectivity and virtual private network connectivity, and (2) video uplink services to local and foreign TV channels. Data and video services are delivered from TBGI earth station in Clark, Pampanga transmitted via Apstar-6 satellite to receiving customer premises equipment units (CPE) of clients. The Company has service experience with local Channels 4, 9, and 13, and international cable television program providers including an Egyptian channel and a Korea-based TV shopping network.

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 provides Internet connectivity via the Apstar-6 C-band Satellite and Kacific Ka-band Satellite, which both covers the continent of Asia and Australia. As back-up connectivity, a fiber optic line is terminated at TBGI data hub in Clark, Pampanga.

The Company uses existing technologies and forms alliances or supply arrangements with providers of applicable technology that come in the way to serve business opportunities and public demand better. TBGI operations do not generate waste or toxic emissions. TBGI ensures that all equipment suppliers comply with standards set by International Radio Consultative Committee (IRCC) of the International Telecommunications Union (ITU).

On 07 November 2002, the SEC approved the increase in authorized capital stock of TBGI from Twenty - Five Million Pesos (Php 25,000,000.00) divided into Two Hundred Fifty Thousand shares with par value of One Hundred Pesos (Php 100.00) each, to One Hundred Fifty Million Pesos (Php 150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php 1.00) each.

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

The conversion of additional paid- in capital amounting to Php 58,341,330.00 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 (Php 150,000,000.00) to Three Hundred Eighty Million Pesos (Php 380,000,000.00);

The increase in authorized capital stock from One Hundred Fifty Million Pesos (Php 150,000,000.00) divided into One Hundred Fifty Million (150,000,000) shares with par value of One Peso (Php 1.00) per share to Three Hundred Eighty Million Pesos (Php 380,000,000.00) divided into Three Hundred Eighty Million (380,000,000) shares with par value of One Peso (Php 1.00) per share; and

The amendment of Article Seventh of the Amended Articles of Incorporation in relation to the proposed increase in authorized capital stock. On April 15, 2003, the SEC approved the aforesaid increase and amendments.

(2) Business of Company

(a) Description of Company

(i) TBGI generates revenues from Internet , Intranet, and local loop services subscriptions of corporate private sector, schools, and government agencies. The Company sells (1) data services to subscriber private companies and schools for Internet connectivity, and (2) video uplink services to local and foreign TV channels. Data and video services are delivered from TBGI earth station in Clark, Pampanga transmitted via Apstar-6 and Kacific satellite to receiving equipment units of clients. The company business activities serve customers in Asian countries covered by Apstar-6 and Kacific satellite footprint.

(ii) As part of its subscription services, TBGI provides equipment to be installed on subscriber's site. The equipment is not owned or purchased by the subscriber. Substantially all its current sales of Internet connectivity to subscriber schools are being undertaken through a sole marketing agent under a non-exclusive arrangement, pursuant to which a commission is paid to the marketing agent based on revenues collected by Transpacific from such schools.

(iii) TBGI is a participant of the information and communications industry. New entrants to this industry are benefiting from declining prices of equipment and declining prices of bandwidth, which result from development of new wireless technologies.

On data transmission services, Transpacific is in a niche of its own providing high capacity C-band and Ka-band satellite ICT services to the educational institutions market. As of December 2011, TBGI was servicing 185 institutions. TBGI has the competitive edge from its use of the C-band of satellite signal that is not affected by weather conditions, and price advantage in Ka-band service for price sensitive clients. The Company is competitive in islands where landlines are not available or are too costly to serve an uneconomic number of customers.

On video uplink services, TBGI is one of very few active industry participants of the commercial video uplink market, each serving one or two clients at a time. The clients move around the same industry participants—TBGI served eight video clients during a span of five years before its major shift to data services in 2001.

The TBGI business model is expected to be competitive overseas via country-specific partners or landing rights to other Asian countries, particularly China, Cambodia, and India. TBGI can serve these markets competitively using its education, disaster management and health care software systems, and access nodes hardware linked to its Network Operations Center in Clark, Pampanga.

(iv) The company has no major customer that account for more than 10% of revenues.

(v) TBGI enjoys privileges granted by the government for the conduct of its business operations through franchise, authority to operate, and incentives:

I. Congressional Franchise RA 8657

RA 8657 enacted by Congress on June 22, 1998 grants for a term of 25 years (22 June 1998 to 2023) for TBGI to construct, establish, install, maintain and operate communications systems for the reception and transmission of messages within the Philippines, to include but not limited to voice, audio, data, facsimile, video, and such other intelligence by radio, wire, satellite and other means now known to sciences or which may be developed in the future.

Transpacific commercial operations depend on this franchise. The law allows TBGI to render communications uplink and downlink services between any points within the Philippines through (up to) 12 satellites in orbit. It allows TBGI to provide basic or enhanced telephone service in any municipality where it has approved certificate of public convenience and necessity. It authorizes TBGI to connect or demand connections of its telecommunications systems to any other existing telecommunications system. It mandates Transpacific to undertake an IPO by offering at least thirty percent (30%) of its outstanding capital stock within five (5) years from the commencement of the Company's operations.

II. Provisional Authority 2002-064 (International Internet Exchange Service Nodes)

Provisional Authority issued by NTC for an 18-month period from October 2002 to April 2004 grants TBGI the authority to procure, install, operate and maintain International Internet Exchange Service Nodes in Metro Manila, CSEZ and Angeles City, and to offer Value Added Services and charges rates thereof. With its renewed Provisional Authority TBGI complies with the regulation to provide clients with International Internet service connection.

III. Clark Development Corporation Certificate 2002-065 (Registration for Tax Exemption)

Certificate of Registration and Tax Exemption issued by Clark Development Corporation for a 25-year term from July 1995 and valid until July 2020, grants TBGI incentives available to CSEZ enterprise exemptions from customs and import duties, and national and internal revenue taxes on importation of capital goods supplies and other articles. TBGI pays 5% of gross income earned within the Clark Special Economic Zone (CSEZ) to the national government, to the local government units affected by the declaration of the economic zone, and the development fund of neighboring communities. The 5% preferential tax may be availed of by TBGI if its income from the sale of services outside of the CSEZ does not exceed 30% of its total income from all sources.

IV. CCAD–0040-2000/VAS (Registration for Value Added Services)

Certificate of Registration as Value Added Service Provider issued by NTC that allows TBGI to offer services for web page hosting, electronic mail, file transfer protocol, remote log-in, Internet fax, and electronic commerce.

V. Provisional authority 98-131 (Extension of Provisional Authority)

This was first granted on April 1999 and subsequently renewed on April 2002 for a period of 18 months to expire on October 2004. Extension of Provisional Authority issued by NTC allowing TBGI to construct, install, establish, operate, and maintain for commercial purposes an uplink service only in Clark Special Economic Zone. It has renewed such Provisional Authority.

(vii) The principal products or services of TBGI are not subject to government approval for as long as these comply with the rules stipulated in the franchise granted by Congress and the permits issued by the NTC. There is no probable government regulation that will affect the business of the company. Existing franchises, licenses, and regulations allow TBGI to execute its business plan to a wide extent. Transpacific can expand scope of its services to include Internet telephony to its specific clients. The company is not subject to environmental laws since it does not generate hazardous waste.

(viii) Existing government regulations have no significant effect on the business of TBGI.

(ix) The company presently undertakes minor research and development. Any development is centered in testing of new communications equipment for possible integration into its network.

(x) The company does not generate hazardous waste or emission; hence it has no foreseen costs of compliance to environmental laws. The company has no patent, trademarks, licenses, franchise, concessions, royalty agreements or labor contracts.

(xi) As of December 31, 2018, the company maintained 9 employees in its offices in Clark Field and Mandaluyong City and has no plan to hire additional employees for the next twelve months. The 9 employees consist of 8 Engineers, and 1 Administrative staff.

<u>The employees have no union and Collective Bargaining Agreement.</u>

While there are many suppliers of satellite bandwidth, TBGI is contracted to only one supplier because TBGI bandwidth requirement is not significant vis-à-vis total available bandwidth supply. TBGI is not dependent on one bandwidth supplier at any time, thus avoiding the supply risk.

TBGI is likewise not subject to single customer risk given that TBGI is serving more than a hundred customers comprising mostly schools that are financially independent.

TBGI can be considered as an information technology company; and a participant of an industry vulnerable to the major risk of obsolescence. However, TBGI retains its financial resiliency in the face of fast obsolescence by focusing more of its corporate business development in applications or software rather than investing in major irreversible capital investments.

Item 2 - Properties

All of the Company's properties and equipment units have been paid for in full and fully owned by the Company. TBGI owns satellite facilities in separate buildings for transmitter and power generators at the 1.1-hectare industrial area in Clark Special Economic Zone in Pampanga. The Company's satellite facility has available 20 studios for media production, post-production, and playback services inside 277 square meters area of industrial-grade raised flooring, and an enclosed soundproof broadcast studio.

The video and data uplink equipment located in Clark, Pampanga are state-of the-art and in excellent condition. These earlier equipment for video uplink were installed in 1996 while the latest equipment upgrade for data (VSAT) were installed in 2006 and 2012 to keep up with technology developments.

Complementing the facilities in Clark, Pampanga is the TBGI Network Monitoring and Operations Center at the 9^{TH} floor of Summit One Building in Mandaluyong City, Metro Manila. TBGI bought the remaining ATN financial interest in the 9^{th} Floor of Summit One Tower Building with a total area of 853 square meters. Portion of the 9^{th} floor is rented out on a monthly basis without incurring additional expenses on the part of the company. Rent income earned on investment properties amounted to Php2.969 in 2019 and Php2.684 million in 2018.

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

Item 3 - 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.

Item 4 - 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.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5 - Market Price for Registrant's Common Equity and Related Stockholder Matters (1) Market Information

TBGI shares are traded in the Philippine Stock Exchange only. TBGI high and low sales prices for the last two years:

	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

(2) Holders

As of May 31, 2020, the company had 376 holders of common shares. The high and low market price as of June 3, 2020 is P0.180 and P0.175 respectively.

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

Stockholder	No. of Common Shares Held	% of Total Shares Outstanding
1. Ng, Arsenio	1,712,170,990	45.11%
2. PCD Nominee Corp. (Filipino)	1,304,704,790	34.37%
3. Unipage Management Inc.	496,760,000	13.09%
4. ATN Holdings, Inc.	130,000,000	3.42%
5. PCD Nominee Corp. (Non-Fil)	83,.344.590	2.20%
6. Liu, Jessilyn	15,000,000	0.40%
7. Yap, Rodolfo	8,000,000	0.21%
8. Ng, Hilario Tiu Ng	4,008,040	0.11%
9. Ng, Mark T.	3,750,000	0.10%
10. Ng, Tiffany Anne	3,750,000	0.10%
11. Ng, Matthew H	3,750,000	0.10%
12. Ng, Annie Cham	3,750,000	0.10%
13. Ng, Bun Kui	3,600,000	0.09%
14. Ng, Irene	3,600,000	0.09%
15. Oliva, Dulce Maria	3,600,000	0.09%
16. Limqueco, Margie Villaflor	3,500,000	0.09%
17. Limqueco, Margie	2,180,000	0.06%
18. Choa, Bonifacio	1,000,000	0.03%
19. Chua, Ricardo	1,000,000	0.03%
20.Tan, Caesar	1,000,000	0.03%

(3) Dividends

There was no cash dividend declared for the last three fiscal years and there are no present or future restrictions that limit the ability to pay dividends on common equity.

(4) Recent Sales of Unregistered Securities

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

Item 6 - 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. The main hub is linked to remote units in site locations of clients, TBGI was servicing 185 institutions and other clients located in Luzon, Visayas and Mindanao have been connected as of end 2011.

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.

TBGI market development and business expansion are focused on the following:

1. 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 Certificate of Registration and Solar Energy Service Contract from the Department of Energy for a 30 Megawatt Solar PV Power Plant near Metro Manila. The project has secured approval for project debt financing with a local bank. TBGI signed its Interconnection Agreement. The company likewise secured ERC approval of its Point-to-Point Connection Assets, and has completed construction of said assets that will connect its solar farm to Meralco.

2. TBGI is developing a niche market as participant in the telecoms tower infrastructure providers.

There is no known trend or uncertainties that will significantly reduce TBGI's liquidity. The demand of schools subscribing for Internet connectivity will require equipment that will be taken out of inventory. Subscriber financing can meet any shortfall in funds for equipment acquisition, which is the ultimate source of funds for subscriber equipment purchases.

TBGI's profitability is 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 od 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.millionin 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.
c. Increase of PHP 41 thousand in pension liability.
d. 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.

Expansion Plans

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 OC3 to OC12 (equivalent to 622 Mbps), and the necessary tower height for WIFI transmission in Metro Manila. With the 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.

With the company's sound financial condition and market niche in client schools that will eventually become last mile network nodes, TBGI will become a major wireless data services provider for schools in the Philippines. Hence, 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.

Item 7 - Financial Information

Audited financial statements are attached.

Item 8 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The audited financial position of the Company as of December 31, 2019 and 2018 is audited by R. R. TAN & ASSOCIATES, CPAs

There were no events in the past where in 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 procedures.

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 a contract amount of P335,000 and P325,000 respectively inclusive of out of pocket expenses.

R. R. TAN & ASSOCIATES, CPAs audited the Company's balance sheet and the related statements of income, changes in stockholders' equity and cash flows for the year then ending and 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 assisted 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 has no policies and procedures of the above services.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9 - Directors, Executive Officers, Promoters and Control Persons

The Directors of the Company for fiscal year 2018 – 2019 who were elected at the meeting of the stockholders on 16 October 2019 are as follows:

Name	Position
Arsenio T. Ng	Chairman, President and CEO
Hilario T. Ng	VP/Managing Director/Treasurer
Simoun S. Ung	Director (Independent)
Ardi Bradley L. Ng	Director
Oscar Mapua, Jr.	Director (Independent)
Kenneth C. Co	Director
Paul B. Saria	Director, Assistant Corporate Secretary

Arsenio T. Ng
Age 61
Period Served September 2000 to Present

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
Age 58
Period Served September 2000 to Present

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
Age 25, Filipino Citizen
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.
Age 76
Period Served May 2003 to Present

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 S. Ung
Age 52
Period Served May 2007 to Present

Mr. Ung took Master of Business Administration in the University of Western Ontario in London, in 1991-1993. He is also a graduate in Bachelor of Arts, Psychology and Economics in the University of British Columbia in Vancouver, BC. in 1989. In 1994 he finished Property Management Course, Real Estate Division, Faculty of Extension in Edmonton, AB.

Mr. Ung is the Director and President of Four Star Consulting from 1998 to present. He is also the service provider of Coutts Bank Von Ernst Ltd. in Hongkong from 2001 to present. In 2004 he was elected as Chief Executive Officer and Director of CNP Worldwide Inc., a company that processed over US$500 million in credit card transactions as agent of Bankard, Inc., the credit card subsidiary of Rizal Commercial Banking Corporation and licensee of Visa, MasterCard and JCB International. Mr. Ung also holds the following positions such as Director of Bastion Payment Systems Corp. from 2005 to present; Business Introducer of EFG Private Bank, SA in Hong Kong, from 2005-present and a Member of Board of Advisors of Essential Innovations Technology Corp. in Bellingham, WA. From 2006 to present; President and Director of Twin Card Merchant Solutions, Inc. from 2006-present and Chairman of Century Peak Corporation from 2007 to present.

Kenneth Chua Co
Age 47
Period Served November 2012 to Present

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
Age 49
Period Served September 2000 to Present

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.

The aforementioned directors and officers have served the fiscal year ended December 31, 2019, and shall continue to serve until their successors have been duly elected at the Company's next annual stockholders' meeting.

There are no other significant employees.

Family Relationships
The Chairman, Arsenio T. Ng and Director, Hilario T. Ng are brothers. Director Ardi Bradley L. Ng is the son of the Chairman, Arsenio T. Ng

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.

Item 10 - Executive Compensation

The aggregate compensation paid to the Company's six (6) most highly compensated executive officers and all other officers and directors as a group in 2019 and 2018as follows:

	Year	Salary	Bonus	Other Compensation
CEO and Four Most Highly Compensated Executives	2019	None	None	None
All Other Officers and Directors	2019	None	None	None
Total		none	None	None

	Year	Salary	Bonus	Other Compensation
CEO and Four Most Highly Compensated Executives	2018	None	None	None
All Other Officers and Directors	2018	None	None	None
Total		none	None	None

As per the By-Laws of Transpacific, each Director shall receive 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.

On May 28, 2008, the Board of Directors approved to grant of stock options to the CEO 35 Million shares for services rendered as CEO for the company covering periods 2001 to 2007 and 5 Million shares for period 2008, both at a par value of P1.00. The same stock option plan has been deferred indefinitely effective in year 2010.

Item 11 - Security Ownership of Certain Record and Beneficial Owners and Management

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

Class	Name of Record Owner and Relationship with Record Owner	Name of Beneficial Owner	Citizenship	Shares Owned	%
Common	1. PCD Nominee Corp. (F) 37th floor Tower 1, the Enterprise Ctr., 6766 Ayala Ave, Makati City, Phil.	Various	Filipino	1,304,704,790"r"	34.37%
Common	2. Unipage Management, Inc. 9F Floor Summit One Tower, 530 Shaw Boulevard Mandaluyong City (Investor)	Stockholders	Filipino	496,760,000"r"	13.09%
Common	3. Arsenio T. Ng 9F Summit One Tower, 530 Shaw Blvd.Mandaluyong City (CEO)	None	Filipino	1,712,370,990r"	45.11%

The Board of Directors of Unipage appoints its authorized representative and has the right to vote and direct or dispose of the shares held by Unipage.

The clients of PCD Corporation are the beneficial owners and have the power to decide how their shares are to be voted based on the Rules on proxy under the Corporation's Articles of Incorporation and By-laws and the Corporation Code.

Security ownership of management as of May 31, 2020 :

Class	Name of Stockholders	Address	No. of Shares	%	Position
	Directors:				
Common	Arsenio T. Ng	9F Summit One Tower 530 Shaw Blvd. Mand. City	1,712,370,990"r"	45.11%	Chairman, President and CEO
Common	Hilario T. Ng	455 Jaboneros St., Manila	4,008,040"r"	0.11%	Director
Common	Ardi Bradley Ng	9F Summit One Tower 530 Shaw Blvd. Mand. City	100,000"r"	0.00%	Director
Common	Simoun Ung	27F Chatham House, 116 Valero St. Makati City	10,000"r"	0.00%	Director
Common	Oscar B. Mapua	502 B. Valerio Hills, San Juan	40,000"r"	0.00%	Independent Director
Common	Kenneth C. Co	Don Benito Bldg, Mayambo Dagupan City	42,590,000"r"	1.12%	Independent Director
Common	Paul Saria	9F Summit One Tower 530 Shaw Blvd. Mand. City	258,040"r"	0.01%	Director, Corporate Secretary
	All directors and executive officers as a group		1,759,377,070"r"	46.35%	

Every security holder is the beneficial owner in his own right.

Voting Trust Holders of 5% or More
The company has no voting trust agreement with any person or entity.

Changes in Control
There is no change in control or ownership of the company.

Voting Trust Holders of 5% or More
The company has no voting trust agreement with any person or entity.

Item 12 - Certain Relationship and Related Transaction

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 by the latter.

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

A teaming agreement was executed in 2013 and 2015 between the company and certain related parties within Summit One Condominium Tower, a cost and expenses 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.

Funds were released to certain officer intended to finance key projects. These funds are to be liquidated whenever disbursement are made and to be returned when a project is completed.

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

Item 13 – Part IV - 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

Reports on SEC Form 11-C
No reports on SEC Form 11-C were filed during the year.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Mandaluyong on June ______, 2020.

By:

ARSENIO T. NG
Chairman and CEO

ARCH. HILARIO T. NG
Principal Financial Officer

PAUL B. SARIA
Chief Operating Officer

JUN 08 2020

SUBSCRIBED AND SWORN to before me this __ day of June 2020, affiant(s) exhibiting to me his/their driver's license, as follows:

NAMES	RES. CERT. NO.	DATE EXPIRES	PLACE OF ISSUE
ARSENIO T. NG	DL NO1-86-031588	03-13-2021	Manila
HILARIO T. NG	DL F03-89-049506	08-23-2021	Manila
PAUL SARIA	DL NO4-93-264992	12-15-2021	Mandaluyong City

Notary Public

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.

Doc. No. : 229
Page No.: 49
Book No.: XLIV
Series of 2020

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

NOTARY PUBLIC
Doc. No. : 210
Page No. : 21
Book No. XVIII
Series of 2020

ATTY. ROGELIO J. BOLIVAR
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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	Note		2019		2018
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 su bstance of the arrangement at inception date of whether the fulfillment of the arrangeme nt is dependent on the use of a specific asset or assets or the arrangement conveys a rig ht to use the asset. A reassessment is made after inception of the lease only if one of th e following applies:

- there is achange in contractual terms, other than a renewal or extension of the ar rangement;
- a renewal option is exercised or extension granted, unless the term of the renew al or extension was initially included in the lease term;
- there is a change in the determination of whether fulfillment is dependent on a sp ecified 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-lin e 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

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

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

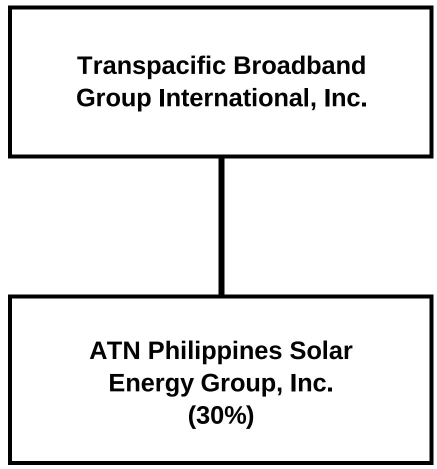
Transpacific Broadband Group International, Inc.
Schedule I - Financial Soundness

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

Sustainability Report 2019

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	**TRANSPACIFIC BROADBAND GROUP INT'L., INC.**
Location of Headquarters	**1751 Chico Street, CSEZ, Angeles City, Pampanga**
Location of Operations	**1751 Chico Street, CSEZ, Angeles City, Pampanga**
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	**Not applicable**
Business Model, including Primary Activities, Brands, Products, and Services	**Telecommunications and Uplink services with interests in VSAT-based internet services, wireless networking, educational programs, applications hosting, and content conversion**
Reporting Period	**Year 2019- 2020**
Highest Ranking Person responsible for this report	**Paul B. Saria, COO/ CIO**

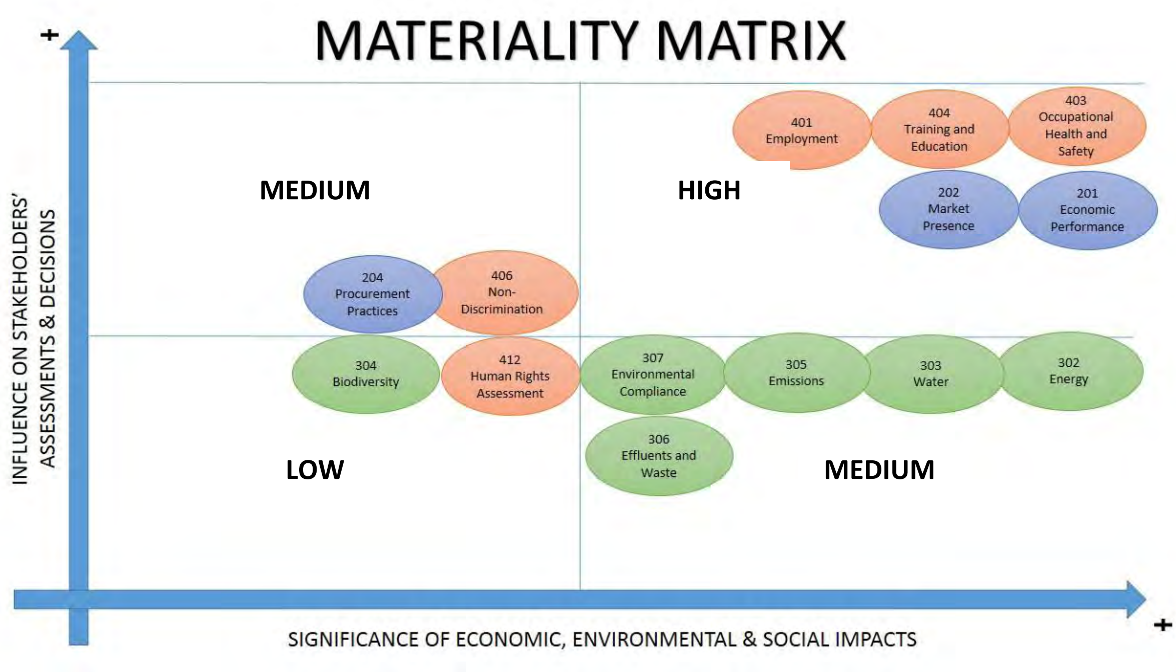
**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
TBGI acknowledges that the Company and stakeholder has a key role in the economy, environment, and good social development. As our society becomes more interconnected, at the same time threatened, it is our responsibility to safeguard and manage our impact to our surroundings and our audience. Integrating ESG Principles in our day to day operations is a work in progress yet is a necessary step in creating a more sustainable environment. **TBGI is mainly involved in providing connectivity over satellites including but not limited to video, data or voice on an Internet and Intranet sphere. Given our industry context, the company contributes to economic and social development via serving the unserved and under-served promoting rural development. Given the island-based geographical structure of the Philippines, satellite connectivity is the best way to reach these remote areas in the fastest possible time. Therefore, TBGI is continually investing in infrastructure to provide wider coverage and fast connectivity to its clients.** **Apart from rural and social development, the Company maintains good environmental protection and sanitation practices. Although the company is not involved in any major emissions that cause harm to the environment, we consider protection of the environment very material.**

[1] See *GRI 102-46* (2016) for more guidance.

In this report our stakeholders are our customers, suppliers and our very own employees. Methods of stakeholder engagement include customer and supplier surveys, focus groups, corporate advisory panels, written communication, management, and other mechanisms available. Attached is the Material Matrix by TBGI.



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	36,884,773	PhP
Direct economic value distributed:		
a. Operating costs	34,721,453	PhP
b. Employee wages and benefits	1,712,544	PhP
c. Payments to suppliers, other operating costs	10,653,909	Php
d. Dividends given to stockholders and interest payments to loan providers	387,414	PhP
e. Taxes given to government	2,917,287	PhP
f. Investments to community (e.g. donations, CSR)	-	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **TBGI satellite service's impact on economic performance is pervasive given its nationwide coverage, especially rural, remote, unserved and underserved areas. VSAT telecommunication system drive the links among institutions delivering education, health care, commercial transactions, disaster management, navigation, etc. Unlike terrestrial telecom operator, VSAT systems does not look at economic viability of an area. If connectivity is required in the remote areas, TBGI can provide in those areas, like power plants, plantation, offshore oil drill sites, ships, remote sensing areas.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **TBGI operation of VSAT earth station and remote sites has direct impact on all stakeholders and beneficiaries of its services.** **Philippine economic development can benefit from TBGI's satellite services, especially in the remote areas of the country, which have been neglected by wireless-terrestrial telecom operator for the longest time, because remote areas have no capacity to provide economic viability to Terrestrial Telecom operators to layout fiber and microwave networks.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI supports the long-distance haul of signals of the third telco, including provisions for remote sites and towers. TBGI plans to install 10,000 sites and towers of the third telco thru its network of affiliate organization.** **Operation and maintenance of TBGI VSAT earth station and remote sites can be outsourced to experienced operator entities with long experience in the business.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Financial Threat- stemming from volatility in market economy** **Regulatory/Compliance Threat- new rules and regulations on telecom franchise/license and technology obsolescence**	**Shareholders, employees, clients**	**Management takes an active approach towards risk management. The Company invests in new infrastructure and keep abreast with current industry practices and developments to safeguard the interests of clients and investments of shareholders.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the		

organization **The Philippine telecom market gives huge opportunity for new players and new technology.** **As of to date the Philippines is short of 50,000 towers on top of the existing 18,000 tower provided by existing telco operators. Given the standard average of 1,000 subscribers per tower, it means 60% of the Philippine population does not have good and reliable connectivity.**	**Shareholders, employees, clients**	**Management continue to invest in new satellite infrastructure to provide the most reliable and cost-efficient connectivity to its subscribers, thereby increasing shareholder value and economic performance.**

Climate-related risks and opportunities[2]

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities **TBGI complies with the required (a) environmental rules and regulation in the operation of its VSAT facility, and (b) National Telecommunications Commission (NTC) and International Telecommunications Union (ITU) regulations on equipment type-approvals.** **TBGI VSAT operations and support of remote sites for monitoring short- and long-term climate parameters is**	Disclose the actual and potential impacts[3] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material **VSAT systems are affected by Climate change in various degrees.** **All stakeholders of the agriculture and fishery sectors, and shipping operators stand to benefit from early warning signals generated by the TBGI remote sensing stations.** **TBGI can provide subsidized remote site**	Disclose how the organization identifies, assesses, and manages climate-related risks **Diversity of sites with automatic uplink power controls are provided to mitigate effect of climate change in satellite systems.** **As new forms of cooperation or opportunities emerge, TBGI invests on companies that have significant impact on the country's economic and sustainable growth.**	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material **Satellite strength is measured based on an Equivalent Isotropically Radiated Power (EIRP) under a link budget formula.** **Management execute with clients a Service Level Agreement taking into account refunds and credit based on a service uptime of 99.9% for C-band, and 98.8% for Ka-bands**

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.
[3] For this disclosure, impact refers to the impact of climate-related issues on the company.

the best solution for the application. **e.g. Occurrence of red tides, storm surge, and tidal movements, weather disturbances, etc. can help potential victims such as the fishermen, aquaculture operators, ship operators, and farmers in getting prepared for impending events of climate changes and disasters.**	**operations to government agencies like DICT, Philvolcs, DA, Marina, etc., as well as for disaster mitigation and Health care**	**We keep abreast with current developments of the country to ensure that our investments are also aligned to company.**	
Recommended Disclosures			
a) Describe the board's oversight of climate-related risks and opportunities **The board provides guidance for management in dealing with climate-related risk and opportunities.**	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term **Long-term risk – slowdown of economic development** **Medium-term risk– Frequency and Intensity of climate-related disasters** **Short-term risk– Delay in arrival of cargo and installation time due to climate-related disasters** **Long-term opportunity – Country policy on climate change in place would require more data gathering** **Medium-term opportunity –**	a) Describe the organization's processes for identifying and assessing climate-related risks **Management collects feedback data from suppliers, customers and sub-contractors and submits to committee for policy recommendation and board approval**	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process **Metrics Cycle:** • **Information gathering- quantitative and qualitative** • **Client reporting** • **Analysis & strategy** • **Asset allocation & benchmark** • **Policy formation** • **Risk Management**

	increased requirement of connectivity **Short-term opportunity – requirement of quick-deploy satellite systems for disaster management and remote sensing**		
b) Describe management's role in assessing and managing climate-related risks and opportunities **Management committee provides policy recommendation for board approval**	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning. **Company focus on multi-lateral funding for climate change solutions**	b) Describe the organization's processes for managing climate-related risks **Process Cycle:** • **Identify and Map** • **Address Risk** • **Engage & Communicate** • **Measure and Monitor**	b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets **Reduce energy usage by 20% targeted on 2023**
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario **Investment in technology and robust installation methods for infrastructure to withstand climate changes.**	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management **Please refer to TBGI Risk Assessment Control System Setup** http://www.tbgi.net.ph/enterpriseriskmanagement.html	

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	**20**	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Procurement practices affects both business operations and supply chain**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Suppliers and Customers are affected. Clients benefit from declining prices of internet bandwidth**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management execute with clients a Service Level Agreement considering refunds and credit based on a service uptime of 99.9% for C-band, and 98.8% for Ka-bands**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Equipment Obsolescence**	**Customers**	**Investment on equipment software and hardware upgrades to provide the committed uptime based on the SLAs**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **VSAT systems are provided by global suppliers with extensive R&Ds.**	**The Company, Suppliers, and clients**	**Provides NTC type-approved globally accepted and environmentally compliant VSAT terminals**

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	**ALL**	**100%**
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	**ALL**	**100%**
Percentage of directors and management that have received	**ALL**	**100%**

anti-corruption training		
Percentage of employees that have received anti-corruption training	**ALL**	**100%**

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Trainings on Anti-corruption Policies and Procedures will impact primary business operations by educating both management and staff on how they can take collective action to combat corruption. Possible incidents where corruption will most likely occur would be in procurement of telecommunication parts or acquiring various network permits.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Suppliers-employees**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **It is essential for the organization to be wary of all forms of corruption, hence training and/or guidance from both management and third-party providers is necessary. TBGI conducts corporate governance seminars yearly with the help of various training providers accredited by SEC. Amongst which are how conflicts of interest can be intervened with good management decisions. Our employees also get trainings concerning human behaviour and ethics for self-development.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **If there are no trainings or any form of management supervision, violation of Business Code and Ethics as well as Corporate Reputation will be destroyed**	**Management, employees, creditors, investors, suppliers**	**Aside from trainings, TBGI has made their policies readily available in their website for various stakeholders to stay informed and reminded on the company's code of conduct and ethics. Officers and employees are asked to abide to company code of conduct via** http://tbgi.net.ph/ codeofbusiness conducts.html **and observe various policies that can be found in** http://tbgi.net.ph/ company policy.html **TBGI believe that any act or form of corruption is a serious offense and will pose major consequences to the organization.**

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization **Trainings improve both management and employees to function accordingly to their duties and responsibilities with morals and ethics intact.**	**Management, employees, creditors, investors, suppliers, economy**	**The company sees to it that there is continuing education for its employees whether thru seminars or guidance from management. We encouraged them to report any unethical act to safeguard the reputation of the company as well as employees** http://tbgi.net.ph/Adobe/WHISTLEBLOWING%20POLICY.pdf

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	**NONE**	**#**
Number of incidents in which employees were dismissed or disciplined for corruption	**NONE**	**#**
Number of incidents when contracts with business partners were terminated due to incidents of corruption	**NONE**	**#**

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Corruption can occur in either procurement of satellite dish or network parts in the form of having preferred suppliers due to something promised in exchange. It can also happen when there are permits or accreditations to be secured from inter-agencies.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Suppliers-employees-government**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Employees are not privy to the terms and conditions of procurement contacts. Any solicitations are also not allowed. Officers and employees adopt company code of conduct via http://tbgi.net.ph/codeofbusinessconducts.html and observe various policies that can be found in http://tbgi.net.ph/companypolicy.html**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Violation of Business Code and Ethics; Corporate Reputation**	**Management, employees, creditors, investors, suppliers**	**Any act or form of corruption is a serious offense and is a major stakeholder issue. We insist that decisions be made objectively and fairly without any**

destroyed		**pressure created thru corruption.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Company gets to function and make managerial and investment decisions with morals and ethics intact.**	**Management, employees, creditors, investors, suppliers, economy**	**Corruption inhibits not only the organization's growth and its business operations but as well as economic growth. We urge our employees to whistle blow or immediately inform management said actions so TBGI can conduct investigations. We have policy intact** http://tbgi.net.ph/Adobe/WHISTLEBLOWING%20POLICY.pdf

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Billing Month	Billing Period	Reading Date	Previous Reading	Present Reading	KWH / Used
January	27 Dec 2018-Jan 2019	1/27/2019	290,100	299,618	9,518
February	27 Jan-Feb 2019	2/27/2019	299,618	307,799	8,181
March	27 Feb-mArch 2019	3/27/2019	307,799	315,096	7,297
April	27 March-April 2019	4/27/2019	315,096	324,197	9,101
May	27 April-May 2019	5/27/2019	324,197	333,036	8,839
June	27 May- june 2019	6/27/2019	333,036	342,210	9,174
July	27 June-July 2019	7/27/2019	342,210	349,964	7,754
August	27 July-August 2019	8/27/2019	349,964	357,100	7,136
September	27 July- September 2019	9/27/2019	357,100	364,522	7,422
October	27 September- October 2019	9/27/2019	364,522	373,370	8,848
November	27 October-November 2019	11/27/2019	373,370	382,065	8,695
December	27 November- December 2019	12/27/2019	382,065	389,631	7,566

Disclosure	Quantity	Units
Energy consumption (renewable sources)	**0**	GJ
Energy consumption (gasoline)	**0**	GJ
Energy consumption (LPG)	**0**	GJ
Energy consumption (diesel)	**35**	liters
Energy consumption (electricity)	**99,531** **(Jan to Dec 2019)**	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	**0**	GJ
Energy reduction (LPG)	**0**	GJ
Energy reduction (diesel)	**0**	GJ
Energy reduction (electricity)	**10%**	%
Energy reduction (gasoline)	**0**	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Reduction of energy consumption would impact the Primary Business Operations thru the employee's proper observation of energy saving measures.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees and management**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **To reduce electric consumption, TBGI implements the following policy:** - **Conversion of fluorescent bulbs to led bulbs.** - **Use Solar-powered flood lights for perimeter lighting** - **Observe proper maintenance of generator unit to ensure efficiency.**
What is the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Unscheduled brownouts due to energy shortage creates risk to equipment.** **High energy consumption increases greenhouse gases and creates air pollution.**	**Employees, management, Community, environment**	**TBGI acknowledges that there are available renewable sources available to tap for energy. We will slowly adapt to these sources to reduce our electric consumption; We will continue to observe proper energy saving measures such as regular cleaning of our aircons and generator.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Reduction in Carbon Footprint**	**Employees, management, Community, environment**	**Climate Change is significantly caused by businesses and individuals who depend mostly on fossil fuels to operate. By slowly shifting to more efficient sources and using electricity more efficiently, it will help reduce TBGI environmental impact in terms of carbon footprint.**

		TBGI continues to invest in renewable energy projects to support the environment.

Water consumption within the organization

Billing Month	Billing Period	Consumption
January	**22Jan2019- 21 February 2019**	**20**
February	**22 February 2019- 21 March 2019**	**34**
March	**23 March 2019- 22 April 2019**	**25**
April	**23 April 2019- 22 May 2019**	**28**
May	**23 May 2019- 22 June 2019**	**30**
June	**23 22 June 2019- 22 July 2019**	**765***
July	**23 July 2019- 22 August 2019**	**45**
August	**23 August 2019- 22 September 2019**	**8**
September	**23 September 2019 - 22 October 2019**	**14**
October	**23 October 2019 - 22 November 2019**	**35**
November	**23 November 2019 - 22 December 2019**	**18**
December	**23 December 2019- 22 January 2020**	**19**

**Surge in water consumption, which is explained below.*

Disclosure	Quantity	Units
Water withdrawal	**0**	Cubic meters
Water consumption	**1,041 (Jan to Dec bill)**	Cubic meters
Water recycled and reused	**0**	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **This impacts the Primary Business Operations of TBGI and involves both management and employee's proper attention and action. Water consumption is mainly used for employee hygiene and consumption. An increase in consumption on the month of**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees and management.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI gets their water source from 3rd Party, Clark Water. We acknowledge their initiatives to constantly improve the quality of their water distribution network thru cleaning and maintenance of their tanks. As their customer, we support them by immediately reporting and addressing leaking pipes to avoid water wastage. Based on June and July 2019 water records, TBGI immediately**

June was due to leaks in the water supply piping system, which was repaired immediately.		**replaced the broken pipes with new pipes, which reverted to normal consumption. The Company observes water saving measures and practices, such as the collection of rainwater for use in cleaning as well as in cases of water interruptions.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Risk of curtailed supply of water**	**Employees and management**	**Management has provided reservoir to store water in case of short supply.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **TBGI reputation on Sustainable management of water and sanitation**	**Employees and management**	**TBGI manages and uses water efficiently by making the environment more sustainable via collecting rainwater for cleaning and storage. Proper maintenance of water supply and sewer supply systems is also observed.**

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	**500 per year**	kg
• non-renewable	**0**	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	**0**	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Impact occurs on the business operations of the Company- VSAT equipment terminals are**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Suppliers and employees**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management reuses cartons to be used for domestic deployment**

imported and sealed in cartons.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Disposal of obsolete equipment**	**Management and accredited material recovery facilities**	**Proper recording and disposal of obsolete items and or damaged equipment thru DENR accredited disposal facilities**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **VSAT terminals are robust and have long utilization life.**	**Management and clients**	**Management regularly provides software upgrades to VSAT terminals to extend utilization factors.**

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	**Not applicable**	
Habitats protected or restored	**Not applicable**	ha
IUCN[4] Red List species and national conservation list species with habitats in areas affected by operations	**Not applicable**	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Not applicable**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Not applicable**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Not applicable**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Not applicable**	**Not applicable**	**Not applicable**

[4] International Union for Conservation of Nature

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
Identify the opportunity/ies related to material topic of the organization **Not applicable**	**Not applicable**	**Not applicable**

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	**93 kgs.**	kgs CO_2e
Energy indirect (Scope 2) GHG Emissions	**0**	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	**0**	Tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Business operations of the satellite operations with the usage of diesel-fired standby 90kVA generators during brownout**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management makes sure generators are properly maintained to run efficiently**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Risk on transport of diesel fuel (e.g. spillage and wastage)**	**Employees and Management**	**Provision of diesel day tanks to minimize frequency of transporting diesel fuel.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Reduced usage of diesel fuel contributes to clean environment**	**Employees and Management**	**Management makes sure generators are properly maintained to run efficiently**

Air pollutants

Disclosure	Quantity	Units
NO_x	.56	kg
SO_x	**0**	kg
Persistent organic pollutants (POPs)	**0**	kg
Volatile organic compounds (VOCs)	**0**	kg
Hazardous air pollutants (HAPs)	**0**	kg
Particulate matter (PM)	**0**	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Transport of VSAT terminal are thru third-party logistics company**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Clients and supplier**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management implements milk-run logistics approach in transporting VSAT terminal to save on logistics cost**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **No direct risk to Company in terms of GHG emissions**	**Clients and supplier**	**Management implements milk-run logistics approach in transporting VSAT terminal to save on logistics cost**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Reduce in logistics cost resulting from milk-run logistics approach**	**Clients and supplier**	**Management provides strategic warehousing nationwide. Routes also planned out with third-party logistics company for shortest and most efficient route.**

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	**0**	kg
Reusable	**0**	kg
Recyclable	**0**	kg
Composted	**0**	kg

Incinerated	**0**	kg
Residuals/Landfilled	**180**	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Impact is on Primary Business Operations particularly on health of the whole organization.** **The Solid wastes are primarily generated by employees on duty and not by business operations.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees, management and community**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI strictly abides to environmental rules and regulations implemented by government agencies such as proper segregation of solid waste and proper collection and disposal of solid waste by authorized agency (Metro Clark Waste Management Corporation). The company believes that proper disposal of solid waste is key in avoiding any serious impacts on health as well as cause any problems to surrounding environment.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Occupational risks associated with waste handling and disposal can pose a health risk to the organization** **a. Skin infections from direct contact with waste** **b. Respiratory problems** **c. Intestinal infections that can be transmitted from flies that feed on accumulated solid waste** **d. Environmental risk-climate change**	**Employees, management and society**	**Proper methods of waste segregation and disposal must be undertaken by TBGI to ensure that it does not cause health hazards to the people working as well as affect the environment around the area. Unhygienic conditions can lead to the spread of infectious diseases as Poorly managed waste serves as a breeding ground of various bacteria.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization		**Management of solid waste is everyone's social responsibility, not just the government. Whenever possible, we**

Managing waste is a core component of sustainability. Wastes can be commercially viable through the help of waste-to-energy technologies, hence generate employment and economic development. Improving TBGI's sustainability practices can boost our corporate image and morale and attract investors. It will create a clean and safe work environment for the entire organization.	**Employees, management, community, creditors, shareholders**	**minimize waste by reusing goods to reduce waste impact to environment. TBGI organization is encouraged to only print what they need and ensure that printer settings are defaulted to print double sided to save on paper. We also do proper segregation of solid waste thru the collection and disposal of solid waste by authorized agency (Metro Clark Waste Management Corporation). TBGI also asks employees to reuse products and packaging to prolong the useful life of materials, in order to delay final disposal. An example of which is using reusable coffee mugs rather than single-use, disposable cups.**

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	**0.5**	kg
Total weight of hazardous waste transported	**0.5**	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Primary Business Operations- Hazardous wastes generated are fluorescent bulbs, used oil, car batteries, UPS batteries, damaged computer equipment.**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees, management and community**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Managing hazardous waste is essential for building a sustainable work environment and community. TBGI participates in recycling/collection events conducted by Clark Development Corporation Environmental Division for collection and disposal of Hazardous waste.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **Exposure to hazardous waste is detrimental to human health and**	**Employees, management and community**	**Hazardous Wastes leaves a damaging footprint to our ecosystems. Tapping to**

may create serious health, safety, and environmental consequences. If not carefully handled and disposed, it could explode or become toxic.		**recycling centers will help recover the value of the material.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **TBGI will be able to contribute in reduction of greenhouse gas emissions thru waste recycling with the help of recycling and collection drives conducted by Clark Development Corporation Environmental Division for collection and disposal of Hazardous waste. The recycling would thereby help conserve natural resources.**	**Employees, management, community, creditors, shareholders**	**Recycling wastes will help prolong the usable component of the product. By actively participating in the collection and disposal drives of Hazardous wastes conducted by Clark Development Corporation Environmental Division will help create a more sustainable environment.**

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	300 average	Cubic meters
Percent of wastewater recycled	**0**	%

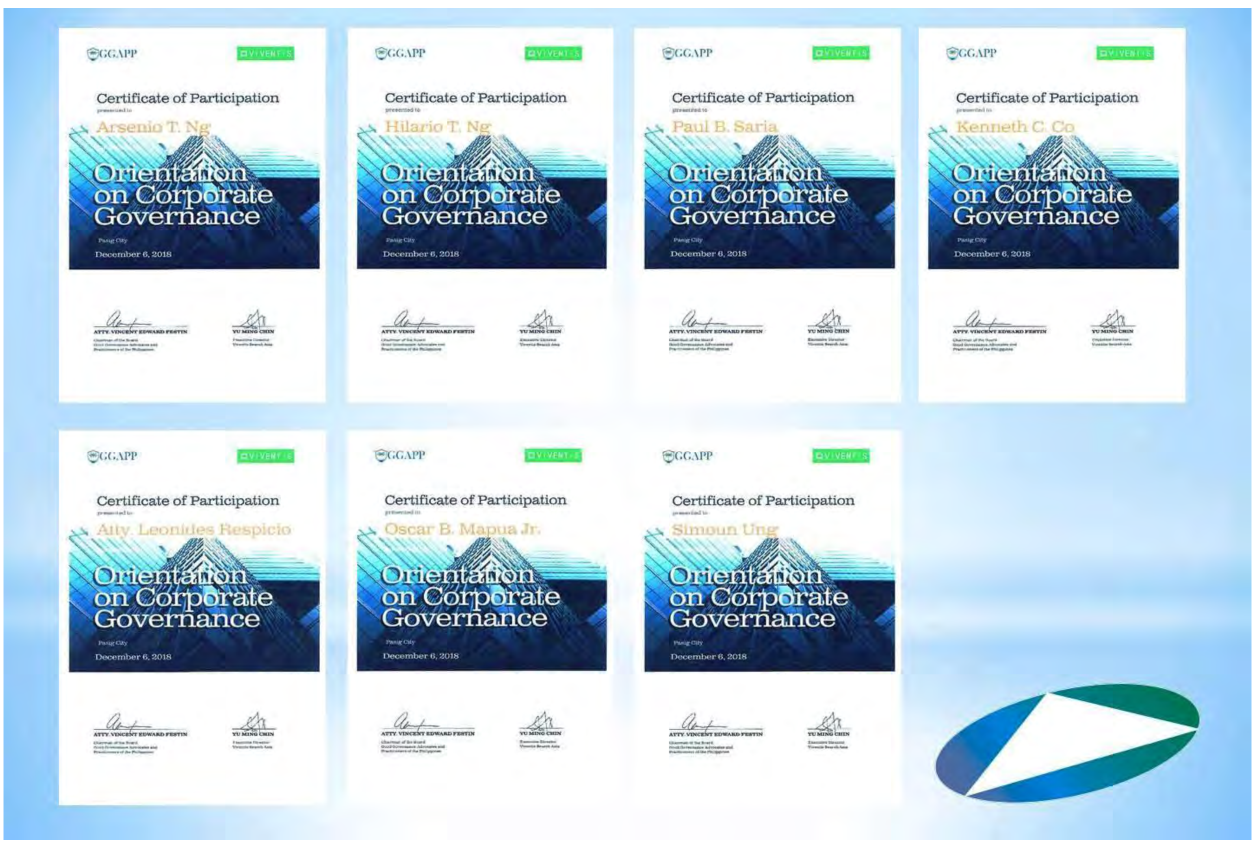
What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship) **Impact occurs on primary business operation from two toilets and kitchen sink**	*(e.g. employees, community, suppliers, government, vulnerable groups)* **Employees and management**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **In-building sewer lines goes to in-building septic tanks then to main Clark sewer facilities. Sewer tank remaining solid effluents are siphoned by Clark water every 5 years.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization		

In the event of damage to sewer lines	**Employees and management**	**Regular weekly inspection on sewer lines is being conducted.**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Maintains sanitation in the area and prevents any foul odour**	**Employees and management**	**Good maintenance of facilities projects clean surroundings and environment**

Environmental compliance

<u>Non-compliance with Environmental Laws and Regulations</u>

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	**0**	-
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	**0**	-
No. of cases resolved through dispute resolution mechanism	**0**	-



What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)	*(e.g. employees, community, suppliers, government, vulnerable groups)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
While there are no environmental fines sanctioned against TBGI, the primary business operation is where the impact can occur. TBGI believes in continuous education and actively participate in seminars to stay attuned with latest developments to address needs of stakeholders, as well as protect the environment.	**Management and employees**	**TBGI complies with DENR rules and regulations. We have appointed a Pollution Control Officer to monitor pollution related activities. TBGI sponsors their Engineers to participate in seminars conducted by various organizations to keep them updated on new technologies and other topics that could benefit the company operations. Aside from this, the management, directors and staff are introduced to the importance of sustainability and ethics as they represent the company.**
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify risk/s related to material topic of the organization **TBGI would incur penalties and sanctions in case of any violation**	**Management**	**Management complies with the updating of necessary permits and observes proper maintenance of facilities regularly**
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Continuous compliance with DENR rules and regulations promotes good corporate reputation**	**Management and employees**	**Management ensures consistency in updating of permits and proper maintenance of facilities.**

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[5]		
a. Number of female employees	**3**	#
b. Number of male employees	**10**	#
Attrition rate[6]	0	rate
Ratio of lowest paid employee against minimum wage	0.50	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	**Y**	100%	100%
PhilHealth	**Y**	100%	100%
Pag-ibig	**Y**	100%	100%
Parental / Maternal leaves	**Y**	33%	10%
Vacation leaves	**Y**	100%	100%
Sick leaves	**Y**	100%	100%
Medical benefits (aside from PhilHealth)	N	n/a	n/a
Housing assistance (aside from Pag-ibig)	N	n/a	n/a
Retirement fund (aside from SSS)	**Y**	0%	0%
Further education support	**N**	n/a	n/a
Company stock options	**N**	n/a	n/a
Telecommuting	N	n/a	n/a
Flexible-working Hours	**Y**	0%	100%
(Others) Night Differential	N	n/a	80%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*
The impact is on Primary business operations of Satellite Facility. Company employs Electronics Communications Engineering graduates and PRC	**Management complies with government and NTC rules in the operation of the satellite facilities on permits and proper workforce**

[5] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)
[6] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Registered ECEs.	**composition.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Resignation of key employees**	**Management provides continuous training for employees through various seminars.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **VSAT service is a niche segment of the telecom industry. Clients and companies rely on service provider to install the whole system.**	**Management provides continuous training for employees and their growth.**

<u>Employee Training and Development</u>

Disclosure	**Quantity**	**Units**
Total training hours provided to employees		
a. Female employees	24	hours
b. Male employees	184	hours
Average training hours provided to employees		
a. Female employees	8	hours/employee
b. Male employees	18	hours/employee

DATE	TOPIC	SPEAKER	HOURS	ATTENDEE's
February 24, 2018	Structured Cabling: Standards and Practices	Engr.Edwin A. Sta Maria, PECE, MBA	8	Christian Nucom Riden Tiongson Warren Venzon
July 14, 2018	Telecommunications Grounding and Bonding Systems	Engr.Anthony I. Madrono	8	Warren Venzon
November 06, 2018	CC Sustainability/Risk Management	Mr. Caloy Yturzaeta Atty. Lani Villar - Altamira Atty. Vincent Festin Atty. Marlon Marquez	4	Management & Directors
December 1, 2018	Human Behaviour in Organization: Towards Ethical Self-Management	Prof. Emilson U. Jimenez	8	Vincent Layson Christian Nucom Riden Tiongson Warren Venzon
March 9, 2019	Electronics Engineering in the Field of Maritime: Electro-Techonology on Modern Ships	Engr. Arjay M. Magpantay	8	Vincent Layson Christian Nucom Warren Venzon
August 17, 2019	Swarm Intelligence & Maximum Power Point Tracking for Solar Photovoltaic System	Dr. Angelp A. Beltran Jr.	8	Warren Venzon
December 7, 2019	Digital Image Processing for Medical Applications	Engr. Emmanuel M. Virtudazo Engr.Rea Elena T. Agawin	8	Vincent Layson Christian Nucom Riden Tiongson
March 03, 2020	Creative and Strategic Thinking	Center for Global Best Practices Mr. Jose S. Navarro	4	Management & Directors

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business*	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?*

relationship) **Impact on business operations and management ; Seminars for management and trainings for employees**	**Management provides annual corporate governance seminar for directors and officers, and software and in-house hardware training for employees.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Lack of seminar and trainings would run counter to corporate growth**	**Management continuously provides annual corporate governance seminar for directors and officers, and software and in-house hardware training for employees.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Trainings and seminar provide fresh and news ideas on company management. It encourages product development and expanded VSAT product utilization for various industries.**	**Management invests (a) in new technologies for for employees-clients, and (b) continuously provides annual corporate governance seminar for directors and officers, and software and in-house hardware training for employees.**

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	2	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Primary business operating on 24/7. Scheduling of employee work-hours.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management provides flexible work hours for employees and complies with Philippine labor law.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the	

organization **Prolonged labor issues can create demoralization of workforce**	**Management complies with country labor laws. Night differentials are paid, transportation allowances given et.al.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **"Happy Employees make Happy Customers"**	**Management complies with labor laws. Company believes that taking care of employees would reflect back with them performing well to clients and customers.**

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce **(support/clerical)**	**3**	**23%**
% of male workers in the workforce	**10**	**77%**
Number of employees from indigenous communities and/or vulnerable sector*	**1**	#

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Impact is on primary business operation which requires field work installations. Workforce are mostly male resulting from the interest and graduates of the electronics engineering field.** **TBGI however does not discriminate and in fact welcomes everyone with the expertise and job fit to join company.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI believes promotion of diversity is best served through careful consideration of all the knowledge, experience, skills and backgrounds of each applicant/candidate. TBGI has a policy in place wherein the Company seeks to maintain a Board comprised of talented and dedicated directors and staff with a diverse mix of expertise, experience, skills and backgrounds. We do not discriminate.** **http://tbgi.net.ph/Adobe/Board%20Diversity%20Policy.pdf** **Aside from that, we also request both management and employees to have respect in the workplace, as indicated in the Code of Business Conduct & Ethics** **http://tbgi.net.ph/Adobe/CODE%20OF%20BUSI**

	NESS%20CONDUCT.pdf
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **The risk can be limited perspectives due to the lack of gender diversity. There is also a possibility that female applicants if any would feel discriminated.**	**TBGI aims to attract, hire and retain a diverse set of employees with a diverse mix of expertise, experience, demographics, skills and background. We most especially welcome younger generations to join the team as this means new and fresh perspectives from a different set of demographics.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **TBGI can get broader perspectives in terms of business situations as well as improve global reach.**	**TBGI encourages the organization to express their ideas. We do not discriminate and welcome various opinions and feedback. We believe one is of equal standing to other members of the company.**

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	**8,640**	Man-hours
No. of work-related injuries	**0**	#
No. of work-related fatalities	**0**	#
No. of work related ill-health	**0**	#
No. of safety drills	**2**	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Primary business operations especially during installation of VSAT systems**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management promotes and adheres to occupational health and safety rules of the Labor Code of the Philippines by providing PPE within the workplace**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Injury of employee create setbacks to company**	**Trainings for employees to be multi-skilled to augment operations during such event**

operations	
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Government OHSC standards in the workplace contributes to proper and safe operations of the facility**	**Management promotes and adheres to occupational health and safety rules of the Labor Code of the Philippines by providing PPE and regular OHSC training within the workplace**

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	**0**	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	**N**	
Child labor	**N**	
Human Rights	**N**	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **While TBGI does not have a policy that explicitly disallows violation of labor laws and human rights, we believe if such an instance happens, it would most likely occur in supply chain wherein, we are not fully aware of our supplier's employment procedures.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI does not tolerate abuse in the workplace. Our operations respect human rights and do not contribute to human rights abuses.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	**TBGI should not profit from the exploitation of**

If an incident as such occurs, it will cause mental distress to the victim, cause dissatisfaction with organization, as well as ruin corporation's image.	**children nor abuse of human rights. It is inhumane.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **A Workplace that supports human rights and labor laws creates a safe and healthy environment for the organization. It will also strengthen Brand reputation and attract investors.**	**Everyone has equal human rights and thereby must be protected from any form of abuse.**

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

The Company need not have a standard accreditation policy due to low purchasing frequency. Suppliers are evaluated on a case-to-case basis as needed.

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	Y	**Company makes sure suppliers have proper government permits and standards in the operation of their business. Mandatory background investigation of suppliers are done thru the Internet.**
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Primary business operations on the purchase of telecom equipment.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management purchase telecom equipment from foreign ITU regulated suppliers**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization	**Management executes Return Policy Agreement with foreign and local suppliers. Management implements adequate "just-in-time" policy in**

Inferior or defective equipment	**procuring supplies.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Reputable suppliers provide good service.**	**Management only deals with reputable suppliers in making purchases.**

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable)*	Does the particular operation have impacts on indigenous people (Y/N)?	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
TBGI has been operating for the past 25 years in CSEZ and has contributed to the development of the area since the Mt. Pinatubo devastation.	**Clark Special Economic Zone (CSEZ)**	**Not applicable**	**None**	**Not applicable**	**Not applicable**

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: ____n/a__________

Certificates	Quantity	Units
FPIC process is still undergoing	Not applicable	#
CP secured	Not applicable	#

What are the Risk/s Identified?	Management Approach
Identify risk/s related to material topic of the organization	**Provide alternative route in and out of the**

Overdevelopment of CSEZ will create traffic congestion	**facility**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Development increases demand for connectivity**	**Management invests in expansion and upgrades to cater the demand.**

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	**90%**	**Y**

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) **Slow or intermittent connections may occur; these may be triggered by server malfunctions or network usage congestion. This will affect primary business operations as well as customers.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI provides several channels of communication thru landlines, cellular lines, emails, encrypted medium. Communication channels such as facebook, viber, whatsapp are used for just inquiries or troubleshooting by customers who prefer that kind of medium.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Customers will not be satisfied and risk of pre-termination or full contract cancellation.**	**TBGI engineering team monitors and regularly checks client's terminals and links, as well as ensures server and equipment are operating at optimum levels. We also have Service Level Agreements in place.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **The opportunity present is to continuously provide proper service and ensure customer/client satisfaction of the availed services.**	**Quality of connection and consistency of service is key to customer satisfaction. TBGI ensures spares such as equipment replacement supplies are readily available to minimize downtime of our services.**

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service	**0**	-

health and safety*		
No. of complaints addressed	**0**	-

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **TBGI is not aware of any substantiated complaints lodged through the organization or any government agency. Any health and safety concern would impact the primary business operations as well as supply chain ranging from contractors, suppliers, as well as our workers. By incorporating health and safety principles, we will be able to improve productivity in the workplace, as well as save business time and finances.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI supports a culture of safety and is firmly committed to the Work Health and Safety Policy enabling all work activities to be carried out safely, and with all possible measures taken to remove or at least reduce risks to the health, safety and welfare of workers, contractors, and anyone else who may be affected by our operations. Our goal is to have zero accident in the workplace and have in place a Health and Safety policy for guidance http://tbgi.net.ph/Adobe/tbgi%20health%20and%20safety%20policy.pdf**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Fatal and non-fatal injuries can happen in the workplace. An example of which can be when our workers and contractors install new satellite dishes of our customers. Accidents can be caused by weather or Acts of God; it can also result from workers not adhering to safety procedures and wearing the protective gears. Another can be infectious diseases such as what the world is currently battling, the global pandemic, covid-19.**	**Working environments must be assessed to be able to assess the potential risks involved. On cases when weather is particularly bad, we defer installation of new and unfamiliar sites. TBGI also pays for the lodging of their installers, as well as pays a per diem as hazard pay. Night shift differentials are also paid by the company. Management holds everyone accountable for their safety. We provide personal protective equipment such as safety shoes, helmet, gloves to protect our people from hazard, yet we also expect them to strictly follow the safety protocols and to remain vigilant. We also encourage two-way communication to understand needs and concerns of stakeholders. On cases like covid-19, TBGI being a telco facility has to remain open to serve the needs of customers. Since TBGI values the health and safety of employees, a skeletal workforce and rotation procedure was established to reduce exposure. We also service some of our clients remotely to minimize physical contact.**

What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization • **A Workplace that is safe and healthy will significantly improve productivity of employees, reduce work-related illnesses and absences;** • **Company Brand reputation will improve amongst competitors** • **Avoid financial and legal cost of accidents**	**TBGI is committed to prevent injuries and illnesses in the workplace. We commit resources (time, money, work wear) needed to protect our employees. Daily Safety inspections are part of employees' jobs. We also make sure that any hazards, injuries and close calls are reported to management for proper action.**

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	2	#
No. of complaints addressed	2	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **TBGI labels itself as a provider to VSAT solutions to remote areas throughout the Philippines.** **Impact on primary business operations during bad weather and equipment early breakdown.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Management implements 24/7 technical support system and hotline to answer client needs.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Disconnection and non-renewal of service**	**Marketing personnel constantly gets in touch with clients on their needs and requirement.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **TBGI aims to be a major player and or service provider in the VSAT market in the Philippines and that is our opportunity for growth.**	**Management continuously invests in upgrades and expansion of services.**

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	**0**	#
No. of complaints addressed	**0**	#
No. of customers, users and account holders whose information is used for secondary purposes	**0**	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Impact is on primary business operations, mainly on client's personal information and other proprietary information customer has shared.** **This involves the entire organization from management to employees to clientele, as well as our external stakeholders.**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **TBGI ensures only authorized personnel have access and/or can handle customer data, and ensures proper procedures are followed on handling contents and customer data. We make sure to restrict data gathered only within the company and secure prior approval from customers for any data to be shared to third parties, if any.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Client personal information being leaked. Breach of Privacy and Data Security.**	**TBGI ensures company protocols of handling client data and contents are strictly observed. We make sure to sign Non-Disclosure Agreements (NDAs) to mutually protect both parties in any proprietary information that will be shared while conducting exploratory and firm business together.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **TBGI gives their clients and stakeholders an assurance that data management, privacy and data security is a core priority of our company.**	**In order to create a harmonious relationship between company and client, our goal is always to protect customer's privacy. Like banks that combat data security and theft on a daily basis, our company together with engineers keep abreast with the latest developments in data protection and security to be at par with customer and data privacy standards.**

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	**0**	-

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Identify the impact and where it occurs (i.e., primary business operations and/or supply chain) *Indicate involvement in the impact (i.e., caused by the organization or linked to impacts through its business relationship)* **Impact will be on primary business operations, mainly on client's personal data as well as business data (emails, website contents)**	*What policies, commitments, goals and targets, responsibilities, resources, grievance mechanisms, and/or projects, programs, and initiatives do you have to manage the material topic?* **Being in the business of information technology, TBGI believes that data management, privacy and data security is valuable to the whole organization, particularly to our internal and external stakeholders.** **TBGI ensures that Client networks are protected via enterprise-grade network firewall. In addition, we provide a secure validating recursive DNS service to clients.**
What are the Risk/s Identified?	**Management Approach**
Identify risk/s related to material topic of the organization **Data theft and security breach would be the risk to the organization.**	**Proprietary info of our company, as well as our client's is very critical. As such, Spam filters are regularly updated by TBGI. Our operating system and software on mail servers are also updated on a regular basis. We only allow encrypted access to our corporate email system.**
What are the Opportunity/ies Identified?	**Management Approach**
Identify the opportunity/ies related to material topic of the organization **Our stakeholders will feel at ease and confident in working with TBGI. It will boost customer morale and improve corporate image as proprietary data are secured.**	**TBGI procures the proper equipment in terms of hardware and software that is at par to the constant changes in data management and security, as well as performs regular system updates**

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
VSAT connectivity to schools to promote Quality education	**4. Quality Education:** provides quality education via delivery of global learning tools within the Internet sphere.	Misuse on Internet to accesses pornography, gambling, and anti-religious website.	Management provides filtered Internet to schools free from pornography, gambling etc.
VSAT connectivity in Internet cafes and shops.	**5. Gender Equality:** Subscribers are made aware the equal opportunity in education for both men and women.	Misuse on Internet to exploitation of women and human trafficking.	Management provides filtered Internet to subscribers free from pornography, gambling etc.
VSAT connectivity in household.	**8. Decent Work and Economic Growth:** Users can participate in online jobs and "work from home activities"	Misuse on Internet to access pornography, gambling, and anti-religious website.	Management provides filtered Internet to subscribers free from pornography, gambling etc.
VSAT connectivity in rural communities	**9. Industry Innovation:** Users will have access to thousands of livelihood projects.	Misuse on Internet for illegal business or make some users lazy and just prefer to stay home with internet access.	Management provides filtered Internet to subscribers free from pornography, gambling etc.
VSAT connectivity in rural communities	**10. Reduce Inequality:** Users will have access to information to promote development in their communities	Misuse on Internet for illegal business or make some users lazy and just stay at home with internet access.	Management provides filtered Internet to subscribers free from pornography, gambling etc.
VSAT connectivity in communities. Community reporting crimes and injustice via uploading thru the net and proper legal authorities	**16. Peace, Justice, and Strong Institutions:** As government gears to providing online services to communities, crimes and injustices are easily discovered, reported, and resolved.	Misuse on Internet for illegal business.	Management provides filtered Internet to subscribers free from pornography, gambling etc.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

Pursuant to the requirement of the Securities and Exchange Commission Memorandum Circular No.4, Series of 2019, this Sustainability Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in the city of Mandaluyong City on June 5,2020.

Arsenio T. Ng
Chairman and CEO

Hilario T. Ng
Director

Paul B. Saria
Compliance Officer

JUN 05 2020

SUBSCRIBED AND SWORN to before me this ______ day of ________________ 2020, affiant (s) exhibiting to me their proof of identities, as follows:

NAME	IDENTIFICATION	DATE OF ISSUE
Arsenio T. Ng	Passport # P7626886A	Expiry June 20, 2028
Paul Saria	DL# N04-93-264992	Expiry Dec 15, 2021
Hilario T. Ng	Passport # EC1496375	Expiry June 29, 2019

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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
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