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**TRANSPACIFIC BROADBAND GROUP  
INTERNATIONAL, INC.**

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(Company)

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

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(Address)

**717-0523**

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(Telephone Number)

**DECEMBER 31**

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(Fiscal Year Ending)  
(month & day)

**SEC Form 17Q**

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(Form Type)

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Amendment Designation (if applicable)

**September 30, 2022**

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(Period Ended Date)

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(Secondary License Type and File Number)

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended September 30, 2022
2. Commission identification no. AS095-006755                      3. BIR Tax Identification No. 004-513-153
4. **TRANSPACIFIC BROADBAND GROUP INT'L., INC.**
5. Philippines
6. Industry Classification Code:
7. Bldg. 1751 Chico St. Clark Special Economic Zone, Angeles, Pampanga  
(Satellite Center)
8. Telephone No. (0632)7 717-0523
9. The Company did not change its name, address or fiscal year during the period covered by this report.
10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	P380,000,000

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

I. Financial Statements.

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**  
**STATEMENT OF FINANCIAL POSITION**

	Notes		(Unaudited) 30-Sep 2022		(Audited) 31-Dec 2021
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5	P	36,889,843	P	55,249,289
Receivables - net	6		4,782,855		2,728,187
Other current assets	7		100,950		186,618
Total Current Assets			41,773,649		58,164,094
<b>Noncurrent Assets</b>					
Investment in an associate	8		408,216,118		408,216,118
Franchise - net	9		1,518,885		1,565,865
Property and equipment - net	11		90,232,589		77,978,716
Investment properties	12		61,568,800		61,568,800
Other non-current assets	10		32,867,256		7,792,081
			594,403,649		557,121,580
		P	636,177,298	P	615,285,674
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	13	P	379,191	P	6,145,491
Short-term loans	14		5,450,000		5,450,000
Income tax payable			198,306		769,197
Total Current Liabilities			6,027,497		12,364,688
<b>Noncurrent Liabilities</b>					
Deposits	16		1,185,156		662,830
Pension liability			960,469		960,469
Advances from related parties	22		42,366,098		23,770,891
Deferred tax liabilities-net			715,629		715,629
Total Noncurrent Liabilities			45,227,351		26,109,819
Total Liabilities			51,254,848		38,474,507
<b>Equity</b>					
Share Capital	17		380,000,000		380,000,000
Share premium			103,947,352		103,947,352
Share options outstanding	17		8,921,814		8,921,814
Retained earnings			92,491,083		84,379,801
Treasury shares			(437,800)		(437,800)
Total Equity			584,922,449		576,811,167
		P	636,177,298	P	615,285,674

**See Notes to Financial Statements**

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**  
**STATEMENTS OF COMPREHENSIVE INCOME**

	Notes	Quarter Ending		Nine (9) month ending	
		30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
<b>REVENUES</b>					
Service income	18	9,675,329	7,930,379 P	27,402,092 P	27,613,184
Other income	20	213,158	720,863	1,923,580	1,790,676
		<b>9,888,487</b>	<b>8,651,242</b>	<b>29,325,672</b>	<b>29,403,860</b>
<b>COST AND EXPENSES</b>					
Direct cost	19	5,919,201	5,928,488	18,132,941	18,398,449
Administrative expenses	21	1,306,989	271,166	2,288,236	1,222,851
Finance cost		71,375	59,193	234,580	217,781
		<b>7,297,565</b>	<b>6,258,847</b>	<b>20,655,757</b>	<b>19,839,081</b>
<b>INCOME (LOSS) FROM OPERATION</b>		<b>2,590,922</b>	<b>2,392,395</b>	<b>8,669,915</b>	<b>9,564,779</b>
<b>EQUITY IN NET LOSS OF AN ASSOCIATE</b>		-	-	-	0
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		<b>2,590,922</b>	<b>2,392,395</b>	<b>8,669,915</b>	<b>9,564,779</b>
<b>INCOME TAX EXPENSE</b>		<b>198,307</b>	<b>135,555</b>	<b>558,633</b>	<b>549,011</b>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>2,392,615</b>	<b>2,256,840</b>	<b>8,111,282</b>	<b>9,015,768</b>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>2,392,615</b>	<b>2,256,840 P</b>	<b>8,111,282 P</b>	<b>9,015,768</b>
<b>EARNINGS PER SHARE</b>				<b>0.0021</b>	<b>0.0024</b>

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC**  
**STATEMENT OF CHANGES IN EQUITY**

	<b>Nine (9) months ending</b>	
	<b>30-Sep-22</b>	<b>30-Sep-21</b>
<b>SHARE CAPITAL</b>	<b>P 380,000,000</b>	<b>P 380,000,000</b>
<b>SHARE PREMIUMS</b>	<b>103,947,352</b>	<b>103,947,352</b>
<b>SHARE OPTIONS OUTSTANDING</b>		
Balance, January 1	8,921,814	8,921,814
Options granted	-	-
Balance, Sept 30	8,921,814	8,921,814
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance, January 1	84,379,801	58,884,225
Profit (loss)	8,111,282	9,015,768
	<b>92,491,083</b>	<b>67,899,993</b>
<b>TREASURY SHARES</b>	<b>(437,800)</b>	<b>(437,800)</b>
	<b>P 584,922,449</b>	<b>P 560,331,359</b>

**See Notes to Financial Statements**

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC**  
**STATEMENT OF CASH FLOWS**

	Quarter Ending			Nine (9) month ending	
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit (Loss) after income tax	P 2,032,288	P 1,843,384	P 8,111,282	P 9,015,768	
Adjustments for:					
Depreciation and amortization	3,873,351	3,634,611	11,620,053	10,903,832	
Amortization of franchise	15,660	150,000	46,980	450,000	
Interest income	3,158	(2,434)	(20,080)	(7,409)	
Operating income before working capital changes	5,924,457	5,625,561	19,758,235	20,362,191	
Decrease (increase) in Operating Assets:					
Receivables - net	(1,828,625)	(4,080,380)	(2,054,668)	(4,864,704)	
Other current assets	7,172	(25,327,143)	85,668	(25,301,978)	
Increase/(decrease) in Operating liabilities					
Accounts payable and accrued expenses	(253)	15,833,604	(5,766,300)	21,110,743	
Unearned income	-	(11,188,841)	-	(7,255,114)	
Income taxes paid	379,766	448,678	(570,891)	(50,610)	
Interest receives	(3,158)	2,434	20,080	7,409	
Net Cash Provided by/(Used in) Operating Activities	4,479,358	(18,686,087)	11,472,123	4,007,937	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Acquisition of property and equipment	-	-	(23,873,926)	-	
Increase (decrease) in:					
Deposit	-	-	522,326	-	
Advances made to related parties	828,926	(4,766,267)	(25,075,175)	(1,238,714)	
Net Cash Used in Investing Activities	828,926	(4,766,267)	# (48,426,776)	(1,238,714)	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Availment of advances from related parties	287,829	(4,950,001)	18,595,207	(2,228,777)	
Net Cash Provided by(used in) Financing Activities	287,829	(4,950,001)	18,595,207	(2,228,777)	
<b>NET INCREASE (DECREASE) IN CASH EQUIVALENTS</b>	<b>5,596,113</b>	<b>P (28,402,355)</b>	<b>(18,359,446)</b>	<b>540,446</b>	
<b>CASH AT THE BEGINNING OF THE YEAR</b>			<b>55,249,289</b>	<b>13,796,232</b>	
<b>CASH AT END OF YEAR</b>			<b>P 36,889,843</b>	<b>P 14,336,678</b>	

See Notes to Financial Statements

**TRANSPACIFIC BROADBAND GROUP INTERNATIONAL, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2022 and December 31, 2021**

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**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 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.

On July 23, 2021, the President of the Philippines signed into law, the Republic Act No. 11581 granting franchise renewal to the company for another 25 years.

The Company 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.

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**2. Summary of Significant Accounting Policies**

Basis of Preparation

The interim financial statements as at September 30, 2022 and for the six-month periods ended September 30, 2022 and September 30, 2021 have been prepared on a historical cost basis, except for building and improvements, uplink equipment, leasehold improvements and data equipment, and investment properties that are carried at fair value.

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

Statement of Compliance

The accompanying unaudited interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*.

New Standards, Interpretations and Amendments adopted by the Company

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed **in the preparation of the Company's annual financial statements** for the year ended December 31, 2021 except for the adoption of new standards effective as at January 1, 2022.

### 3. Significant Judgements Estimates and Assumptions

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

There were no significant changes in the significant accounting judgments, estimates, and assumptions used by the Company for the period ended September 30, 2022.

### 4. Financial Risk Management Objectives and Policies

#### Financial Risk

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

- *Credit Risk*

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

The table below shows the gross maximum exposure to credit risk of the Company as at September 30, 2022 and December 31, 2021.

	Gross Maximum Exposure			
	Sept. 30, 2022		2021	
Cash and cash equivalents *	P	36,889,843	P	55,249,289
Receivables		4,782,855		2,728,187
Other non current assets		32,867,256		7,792,081
	P	74,539,955	P	65,769,557

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 September 30, 2022 and December 31, 2021 is as follows:

	Sept. 30, 2022									
	Neither past due nor impaired		Past due but not impaired		Past due and impaired		Total			
	High grade	Standard grade								
Cash and cash equivalents	P	36,889,843	P	-	P	-	P	-	P	36,889,843
Trade receivables		-		4,782,855		-		4,436,227		9,219,082
Other non-current assets		-		32,867,256		-		-		32,867,256
	P	36,889,843	P	37,650,111	P	-	P	4,436,227	P	78,976,181



		December 31, 2021						
		Neither past due nor impaired		Past due	Past due		Total	
		High	Standard	but not	and			
		grade	grade	impaired	impaired			
Cash and cash equivalents	P	55,236,286	P -	P -	P -	P -	55,236,286	
Trade receivables		-	2,728,187	-	4,436,227		7,164,414	
Other non-current assets		-	7,792,081	-	-		7,792,081	
	P	55,236,286	P 10,520,268	P -	P 4,436,227	P -	70,192,781	

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 September 30, 2022 and December 31, 2021.

		Sept. 30, 2022					Total
		< 1 month	> 1 month & < 3 months	> 3 months & < 1 year	> 1 year & < 3 years		
<b>Accounts payable and accrued expenses</b>	P	379,191	P -	P -	P -	P -	379,191
<b>Interest-bearing liabilities</b>							
<b>Loans payable</b>		-		5,450,000	-		5,450,000
	P	379,191	P -	P 5,450,000	P -	P -	5,829,191

		December 31, 2021					Total
		< 1 month	> 1 month & < 3 months	> 3 months & < 1 year	> 1 year & < 3 years		
Accounts payable and accrued expenses	P	6,145,491	P -	P -	P -	P -	6,145,491
Short-term loans				5,450,000			5,450,000
	P	6,145,491	P -	P 5,450,000	P -	P -	11,595,491

#### *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:

	Sept. 30, 2022		2021	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Cash and cash equivalents	\$ 403,155	P 20,929,017	\$ 323,278	P 16,414,117

The following table demonstrates the sensitivity to a reasonable change in the US\$ exchange rate, with all other variables held constant, the Company's income before tax as at September 30, 2022 for the years ended December 31, 2021:

Increase/decrease in Peso to US Dollar Rate	Effect on Income Before Taxes	
	Sept. 30, 2022	2021
+P5.00	P 2,015,775	P 1,616,390
-P5.00	(2,015,775) P	(1,616,390)

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 September 30, 2022 and December 31, 2021, the Company is not exposed to any interest rate risk from fluctuation of market interest.

*Operational risk*

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

*Capital management*

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

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

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

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

	<b>Sept. 30, 2022</b>	2021
Equity	<b>P 584,922,449</b>	P 576,811,167
Total Assets	<b>636,177,298</b>	615,285,674
Ratio	<b>0.919</b>	0.937

## 5. Cash and Cash Equivalents

As of September 30, 2022 and December 31, 2021, cash and cash equivalents consist of:

	<b>30-Sep-22</b>	2021
Cash in banks	<b>P 36,876,843</b>	P 55,236,289
Cash on hand	<b>13,000</b>	13,000
	<b>P 36,889,843</b>	P 55,249,289

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

## 6. Receivables - net

The composition of this account is as follows:

	<b>30-Sep-22</b>	2021
Trade		
In local currency	<b>P 4,436,227</b>	P 4,436,227
In foreign currency	<b>4,782,855</b>	2,728,187
	<b>9,219,082</b>	7,164,414
Less: Allowance for probable losses	<b>4,436,227</b>	4,436,227
	<b>P 4,782,855</b>	P 2,728,187

The aging of receivables as of September 30, 2022 is as follows:

	Current	Over 31-60 days	More than One Year	Total
Trade				
In local currency	-		P 4,436,227	P 4,436,227
In foreign currency	4,782,855	-	-	4,782,855
	P 4,782,855	P -	P 4,436,227	P 9,219,082

Trade receivable in foreign currency represents US dollar subscription on uplink services from customers based in Hong Kong.

There were no changes affecting allowance for probable losses in 2022 and 2021.

## 7. Other current assets

The breakdown of this account is as follows:

	<b>30-Sep-22</b>	2021
Prepaid taxes	<b>P 37,925</b>	151,697
VAT Inputs	<b>63,025</b>	34,921
	<b>P 100,950</b>	P 186,618

- Prepaid taxes represent advance payment of real property taxes that will be applicable and expensed in the subsequent period. Expired portion is charged to taxes and licenses reported as part of administrative expenses in the statement of comprehensive income.

## 8. Investment in an Associate

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

The composition of this account is as follows:

	<b>30-Sep-22</b>	2021
<b>Cost</b>		
Beginning balance	<b>P 209,500,000</b>	P 209,500,000
<b>Equity in net loss</b>		
Beginning	<b>(8,083,882)</b>	(8,138,083)
Share in net loss for the year	<b>-</b>	54,201
	<b>(8,083,882)</b>	(8,083,882)
Deposit for stock subscription	<b>206,800,000</b>	206,800,000
	<b>P 408,216,118</b>	P 408,216,118

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.

As of February 10 2022, ATN Solar has commenced discussion with Engineering Procurement Construction (EPC) groups for the construction of the plant. Construction phases are (1) 250kW pilot plant to test possible technical issues and improve construction efficiency of commercial scale plant to reduce construction timelines. (2) 250kW pilot plant to be expanded to 2MW for the complete modular assembly of DC/AC system.

The Company has awarded in principle the construction of the 250kW plant. Initial output power will be utilized by its parent company ATN Holding, Inc. for internal use, with no export to the grid. Completion in project phases will allow ATN Solar to finalized supply agreements with a Retail Electricity Supplier and/or the Meralco group.

After successful construction of the pilot plant, the Company will decide on the award of construction of modular 3 x 10MW Solar PV plant to the EPC or other EPC to complete the three modules.

The project site of 15 hectares for 30 MW have been leveled and cleared. With the advances in solar panel capacity from to 210Wp to 630Wp per panel, a 15-hectare land area will be allocated for the 30 MW project. The Company needs to install the DC components of the project since the 3 x 10MW sub-distribution lines connected to Meralco have been installed in place. All temporary and ancillary facilities including but not limited to water supply facility, personnel housing, heavy equipment for construction,

power supply for construction are ready for the implementation off the 30 MW project, pending the result of the pilot project.

## 9. Franchise - net

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

On July 23, 2021, the Company was granted a renewal of Franchise for another 25 years.

The movement in this account is as follows:

		30-Sep-22		2021
Balance, January 1	P	1,565,865	P	1,942,405
Amortization		46,980		376,540
Balance, December 31	P	1,518,885	P	1,565,865

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 is necessary.

## 10. Other Non-current Assets

This account consists of:

		30-Sep-22		2021
Advances to:				
ATN Phils. Solar Energy Group Inc. (Solar)	P	28,298,934	P	6,065,089
Palladian Land Development Inc. (PLDI)		3,998,935		1,157,605
Security deposits		569,387		569,387
	P	32,867,256	P	7,792,081

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

## 11. Property and Equipment – net

The movement in this account is as follows:

Sept. 30, 2022		Building & improvements		Uplink/data Equipment		Furniture & Fixtures		Leasehold improvements		Transportation equipment		Total
Carrying Amount												
At January 1, 2022	P	23,893,402	P	305,116,873	P	5,228,426	P	19,145,709	P	14,675,284	P	368,059,694
Addition				23,873,926							P	23,873,926
At Sept. 30, 2022		23,893,402		328,990,799		5,228,426		19,145,709		14,675,284		391,933,620
Accumulated depreciation												
At January 1, 2022		23,893,402		227,639,206		5,127,377		19,145,709		14,275,284		290,080,978
Provisions		-		11,620,053		-		-		-		11,620,053
At Sept. 30, 2022		23,893,402		239,259,259		5,127,377		19,145,709		14,275,284		301,701,031
Net Carrying Value												
At Sept. 30, 2022	P	-	P	89,731,540	P	101,049	P	-	P	400,000	P	90,232,589

2021		Building & improvements		Uplink/data Equipment		Furniture & Fixtures		Leasehold improvements		Transportation equipment		Total
Carrying Amount												
At January 1, 2021	P	23,893,402	P	305,116,873	P	5,228,426	P	19,145,709	P	14,675,284	P	368,059,694
At December 31, 2021		23,893,402		305,116,873		5,228,426		19,145,709		14,675,284		368,059,694
Accumulated depreciation												
At January 1, 2021		23,893,402		213,100,764		5,127,377		19,145,709		14,275,284		275,542,536
Provisions		-		14,538,442		-		-		-		14,538,442
At December 31, 2021		23,893,402		227,639,206		5,127,377		19,145,709		14,275,284		290,080,978
Net Carrying Value												
At December 31, 2021	P	-	P	77,477,667	P	101,049	P	-	P	400,000	P	77,978,716

On January 15, 2020, the Company entered into an agreement with Unipage Management, Inc. (UMI) for the expansion of its VSAT network located in Clark, Pampanga.

UMI has provided turnkey Engineering Procurement and Construction services for the establishment of a 9.3 meter satellite ground station in Clark, Pampanga for the delivery of new services by the Company. Repayment of the said facility will commence on the 2nd half of year 2022 until year 2030 for the total EPC contract of P65 million. UMI has the option to convey and deliver the title of equipment to the Company after full payment of the EPC services.

## 12. Investment Properties

As of September 30, 2022 and December 31, 2021, investment property consists of the following:

Condominium units	<b>P 55,421,800</b>
Land and improvements	<b>6,147,000</b>
	<b>P 61,568,800</b>

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.

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.

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

As of September 30, 2022, 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 that increase or decrease the carrying value of investment property as at September 30, 2022

During 2022 and 2021, 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:

		<b>30-Sep-22</b>		<b>30-Sep-21</b>
Rental income	<b>P</b>	<b>1,903,500</b>	<b>P</b>	<b>1,765,478</b>
Direct operating expenses that:				
Generated rental income		<b>151,697</b>		151,697
Did not generate rental income		<b>1,659</b>		1,659

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### 13. Accounts Payable and Accrued Expenses

This account consists of:

		<b>30-Sep-22</b>		<b>2021</b>
Trade payables	<b>P</b>	<b>379,191</b>	<b>P</b>	6,039,548
Accrued expenses		-		105,943
	<b>P</b>	<b>379,191</b>	<b>P</b>	<b>6,145,491</b>

The aging of accounts payable as of September 30, 2022 is as follows:

		<b>Current</b>	<b>Over 31-60 days</b>	<b>More than One Year</b>		<b>Total</b>
Trade	<b>P</b>	379,191	-	-	<b>P</b>	379,191
Accrued expenses		-	-	-		-
	<b>P</b>	379,191	<b>P</b>	<b>P</b>	<b>P</b>	<b>379,191</b>

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

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### 14. Short-term loans

Short-term loan is availed for working capital requirements. The loan carries a floating interest rate initially at 4.25% 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 September 30, 2022 and December 31, 2021, the balance of the loan amounted to P5.45 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 P234,580 in September 2022 and P217,781 in September 2021.

Management believes that the carrying value of the loan at year end is a reasonable approximation of its fair value as of September 30, 2022 and December 31, 2021.

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### 15. Deposits

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

## 16. Equity

### *Share capital*

The Company's capital movements is as follows:

	Sept. 30, 2022		2021	
	Shares	Amount	Shares	Amount
Authorized - P0.10 par value per share	3,800,000,000	P 380,000,000	3,800,000,000	P 380,000,000
Issued and outstanding, January 1	3,800,000,000	P 380,000,000	3,800,000,000	P 380,000,000
Shares held in treasury	4,378,000	P 437,800	4,378,000	P 437,800

All of the Company's issued shares of 3,800,000,000 are listed in the Philippine Stock Exchange (PSE). As of September 30, 2022 and December 31, 2021, 4,378,000 shares are held in treasury. The Company's shares 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 is 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 share 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 the Company cannot afford a one-time recognition of the options in 2008. 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 share options of the CEO. No options were exercised prior to the said deferment.

As of September 30, 2022 and 2021, the stock options has a carrying value of P8,921,814.

## 17. Service Income

This account is broken down as follows:

	30-Sep-22		30-Sep-21	
VSAT uplink services				
In local currency	P	4,544,177	P	2,737,618
In foreign currency		22,857,915		24,875,566
	P	27,402,092	P	27,613,184



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.

Subscription fees pertain to broadband and uplink services that are based on fixed monthly fee.

Commission income is earned based on a reseller agreement with another company providing internet services.

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## 18. Direct Costs

This account consists of:

	<b>30-Sep-22</b>	<b>30-Sep-21</b>
Depreciation	P 11,620,053	P 10,903,832
Rental	3,365,190	3,370,190
Salaries, wages & other benefits	1,205,376	1,041,353
Utilities and communication	651,014	475,792
Transportation and travel	670,308	505,475
Security services	456,839	391,492
Taxes and licenses	20,310	1,121,210
Amortization of franchise	46,980	450,000
Insurance	96,871	139,105
	<b>P 18,132,941</b>	<b>P 18,398,449</b>

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## 19. Other Income

The composition of this account is as follows:

	<b>30-Sep-22</b>	<b>20-Sep-21</b>
Rent income (see Note 16)	P 1,903,500	P 1,765,478
Interest income	20,080	25,198
	<b>P 1,923,580</b>	<b>P 1,790,676</b>

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## 20. Administrative expenses

This account consists of:

	<b>30-Sep-22</b>	<b>30-Sep-21</b>
Permits, taxes and licenses	P 1,169,529	P 305,096
Legal and professional fees	828,000	371,405
Office supplies	6,750	202,908
Miscellaneous	223,957	343,442
	<b>P 2,228,236</b>	<b>P 1,222,851</b>

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## 21. Related party transactions

It is the policy of the Company that any transaction with a Related Party be conducted at arms' length and on terms generally available to an unaffiliated third party under at least the same or similar circumstances. There must be sound business reason(s) to enter into such a related party transaction, taking into account such factors as cost efficiency, time, and such other terms advantageous to Company, among others. The Audit Committee is tasked to oversee and review the propriety of related party transactions (RPT) and the

required reporting disclosures. The Company's material RPT Policy covers all transactions meeting the materiality threshold of transactions, i.e., 10% or more of the total consolidated assets as of the latest audited financial statements.

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

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

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

The following related party transactions occurred as of September 30, 2022 and December 31, 2021:

Related party	Nature of transaction	Amount of Transaction		Year-end balances		Terms and condition
		30-Sep-22	2021	30-Sep-22	2021	
<b>Associate</b>						
ATN Solar	Collection of advances	22,233,845	526,714 P	28,298,934 P	6,065,089	Unsecured, unimpaired and no payment terms
<b>Affiliated companies</b>						
Palladian Land						
Devt. Inc (i) (PLDI)	Rent income	2,841,330	-	3,998,935	1,157,605	
ATN Holdings (ATN)	Availment of intercompany advances	(287,829)	-	(16,387,829)	(16,100,000)	Unsecured, unimpaired and no payment terms
Unipage Mgt Corp (UMI)	Advances	(20,267,378)		(20,267,378)	-	Unsecured, unimpaired and no payment terms
Stockholder	Advances	1,960,000	(640,823)	(5,710,890)	(7,670,890)	Unsecured, unimpaired
Total advances to repated parties				32,297,869	7,222,694	
Total advances from reated paries				(42,366,097)	(23,770,890)	
Total				(10,068,228)	(16,548,196)	

For the period September 30, 2022 year ended December 31, 2021, the Company did not provide compensation to its key management personnel.

## 22. 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 such time the new Certificate of Registration is issued pursuant to the Implementing Rules and Regulations of Republic Act 9400 or unless earlier revoked by CDC or declared invalid by virtue of any legal issuance.

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 Surveillance ("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.

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### 23. 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:

	<b>30-Sep-22</b>	<b>30-Sep-21</b>
<b>Profit (loss) for the year (a)</b>	<b>P 8,111,282</b>	<b>P 9,015,768</b>
<b>Weighted average number of shares outstanding during the year (b)</b>	<b>3,795,622,000</b>	<b>3,795,622,000</b>
<b>Earnings (loss) per share (a/b)</b>	<b>0.0021</b>	<b>0.0024</b>

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### 24. Lease commitments

#### *Company as a Lessee*

- (a) 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 up to July 10, 2020. Pending resolution of certain terms in the contract the Company recognizes rent expense on a year to year basis.
- (b) 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 P3,365,190 in September 30, 2022 and P3,370,190 in September 30, 2021.

#### *Company as a Lessor*

Lease Agreement with Various Lessees

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

Rent income recognized in the Statements of Income amounted to P1,903,500 and P1,765,478 as of September 30, 2022 and September 30, 2021 respectively.

Reseller Agreement

Following the expiry of the satellite lease agreement, the Company entered into a reseller agreement with another company (foreign entity) providing internet services. The agreement provides that the Company will render the internet services into its clientele using the bandwidth of the foreign entity at a pre-determined sharing scheme. End-user equipment is to be provided by the foreign entity and is subject to a commission for new subscriptions entered into.

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**25. Segment Reporting**

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

## Management Discussion and Analysis of Operation

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

	September 30, 2022	September 30, 2021
Profit for the period	P8,111,282	P9,015,768
Number of Outstanding Shares	3,795,622,000	3,795,622,000
Earnings per Share	P0.0021	P0.0024

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

1. The same accounting policies and methods of computation are followed in the interim financial statements as compared to the most recent and previous financial statements.
2. There is no seasonality or cyclicity of interim operations.
3. There is no item that has unusual effect on asset, liabilities, equity, net income and cash flows.
4. There is no change in the nature and amounts reported in prior interim periods of the current financial year or prior financial year.
5. There is no issuance, repurchase nor repayment of debt and equity securities during the interim period.
6. There is no dividend paid for ordinary or other shares.
7. Disclosure on segment revenue is not required.
8. There is no material event subsequent to the end of the interim period that has not been reflected in the financial statements.
9. There is no change in the composition of the issuer such as business combination, acquisition, disposal of subsidiary and long-term investment, and restructuring during the interim period.
10. There is no change in contingent assets or contingent liabilities since the last annual balance sheet date.
11. There is no seasonal effect that had material effect on financial condition or result of operation except for the potential impact of the Covid-19 pandemic.

Disclosure on material events and uncertainties

1. There is no known trend, demands, commitments, events or uncertainties that will have material impact on the issuer's liquidity
2. There is no event that will trigger direct or contingent financial obligation that is material to the company.
3. There is no material off-balance sheet transaction, arrangement, obligations and other relationships of the company.
4. There is no material commitment for capital expenditures.
5. There is no known unfavorable trend, events, or uncertainties that have material impact on net sales except for the potential impact of the Covid-19 pandemic.
6. There is no significant element of income that did not arise from the issuer's operations.

## Vertical and Horizontal Analysis

Total corporate assets almost remained the same from Php615 million in December 31, 2021 compared to Php636 million in September 30, 2022. The net increase of Php18million (3%) in total assets arose from the following items:

1. Decrease in cash by Php18 million (-33%)
2. Increase in receivables by Php2 million (75%).
3. Decrease in other current assets by Php0.85 million (-46%)
4. Increase in property and equipment by Php12 million (16%)
5. Increase in other non-current assets by Php25 million (332%)

Total liabilities increased by Php12.78 million (33%) from Php38.474 million in December 2021 to Php51 million in September 30, 2022. The net increase in liabilities resulted from the following significant items:

1. Decrease in accounts payable and accrued expenses by Php5.765 million (-94%).
2. Decrease in income payable by Php571 thousand (-74%).

3. Increase in deposits by Php0.522 million (79%)
4. Increase in advances from related parties by Php18 million (78%).

Stockholders' equity almost the same from Php576.811 million as of December 31, 2021 to Php585 million in September 30, 2022. The net increase of Php5.718 million resulted from the net income during the quarter ending September 30, 2022.

Total revenue almost the same from Php29.4 million as of September 30, 2021 to Php29.3 million as of September 30, 2022.

Direct costs almost remained the same from Php18.4 million in the 3rd quarter ending September 30, 2021 to Php18.1 million (-1%) in the 3rd quarter ending September 30, 2022. The net increase arose from the following accounts:

1. Depreciation increased by Php716 thousand (6.57%) from Php11 million to Php11.6 million.
2. Salaries, wages and other benefits increased by Php164 thousand (15%) from Php1 million to Php1.2 million.
3. Utilities and communication increased by Php175 thousand (36%) from Php475 thousand to P651 thousand.
4. Transportation and travel increased by Php164 thousand (32%) from Php505 thousand to Php670 thousand.
5. Security services increased by Php65 thousand (16%) from Php391 thousand to Php456 thousand.
6. Taxes and licenses decreased by P1 million (-98%) from P1.1 million to P20 thousand.
7. Amortization of franchise decreased by Php403 thousand (-89%) from Php450 thousand to Php47 thousand.
8. Insurance decreased by Php42 thousand (-30%) from Php139 thousand to Php96 thousand.

Administrative expenses increased from Php1.2 million for the 3rd quarter ending September 30, 2021 to Php2.2 million (82%) in the 3<sup>rd</sup> quarter ending September 30, 2022. The net increase arose from the following account:

1. Permits, taxes and licenses increased by Php864 thousand (283%)
2. Legal and professional services increased by Php456 thousand (123%)
3. Office supplies decreased by 196 thousand (96%)

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

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

Computed performance indicators are as follows:


	Sept. 30, 2022	Sept. 30, 2021
Current Ratio	7	5
Debt-to-Equity Ratio	0.09	0.07
Asset-to-Equity Ratio	1.09	1.07
Interest Rate Coverage Ratio	38	45
Gross Profit Margin	38%	37%
EBITDA	P20,289,967	P20,468,611
Net Income to Sales Ratio	30%	33%
Earnings per share	0.0021	0.024


#### SIGNATURES

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

COMPANY : TRANSPACIFIC BROADBAND GROUP INTERNATIONAL INC.

Signature and Title:

  
PAUL B. SARIA  
Principal Operating Officer  
November 16, 2022

  
CELINIA FAELMOCA  
Principal Accounting Officer  
November 16, 2022