**ASIAN PAY TELEVISION TRUST**

**SGX QUARTERLY REPORT**
**FOR THE QUARTER AND HALF-YEAR ENDED**
**30 JUNE 2017**

aptt
Asian Pay Television Trust

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# REPORT SUMMARY

# REPORT SUMMARY

## KEY HIGHLIGHTS

- Revenue and EBITDA for the quarter of $83.1 million[1] and $50.0 million
- Distribution of 1.625 cents per unit for the quarter ended 31 March 2017 paid on 23 June 2017
- Distribution of 1.625 cents per unit declared for the quarter ended 30 June 2017
- Reaffirmed distribution guidance of 6.5 cents per unit for the year ending 31 December 2017
- Sale of Trustee-Manager to Dynami completed on 13 April 2017. Following the completion of the sale, interest margin has further decreased by 30 basis points starting from 30 June 2017

## FINANCIAL HIGHLIGHTS

Asian Pay Television Trust ("APTT"[2]) reported total revenue of $83.1 million and EBITDA of $50.0 million for the quarter ended 30 June 2017. Total revenue was $165.7 million and EBITDA was $98.9 million for the half-year ended 30 June 2017. Total revenue for the quarter and half-year ended 30 June 2017 was 6.2% higher than the prior corresponding period ("pcp"); in constant Taiwan dollars ("NT$") terms total revenue for the quarter and half-year ended 30 June 2017 was 3.2% and 2.3% lower than the pcp. Foreign exchange contributed to a positive variance of 9.8% for the quarter and 8.7% for the half-year ended 30 June 2017 compared to pcp.

| | Quarter ended 30 June 2017 | Quarter ended 30 June 2016 | Variance[3] | Half-year ended 30 June 2017 | Half-year ended 30 June 2016 | Variance[3] |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | % | $'000 | $'000 | % |
| **Revenue** | | | | | | |
| Basic cable TV | 66,179 | 62,257 | 6.3 | 131,929 | 123,960 | 6.4 |
| Premium digital cable TV | 4,010 | 3,647 | 10.0 | 7,985 | 7,297 | 9.4 |
| Broadband | 12,890 | 12,304 | 4.8 | 25,751 | 24,783 | 3.9 |
| **Total revenue** | **83,079** | **78,208** | **6.2** | **165,665** | **156,040** | **6.2** |
| **Total operating expenses** | **(33,086)** | **(31,493)** | **(5.1)** | **(66,786)** | **(63,311)** | **(5.5)** |
| **EBITDA** | **49,993** | **46,715** | **7.0** | **98,879** | **92,729** | **6.6** |
| EBITDA margin | 60.2% | 59.7% | | 59.7% | 59.4% | |

[1] All figures, unless otherwise stated, are presented in Singapore dollars ("$").
[2] APTT refers to APTT and its subsidiaries taken as a whole.
[3] A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

## OPERATIONAL PERFORMANCE

Operational highlights for TBC[4] for the quarter ended 30 June 2017 are as follows:

- **Basic cable TV:** Basic cable TV revenue of $66.2 million for the quarter ended 30 June 2017 was up 6.3% on pcp; in constant NT$ terms Basic cable TV revenue was 3.2% lower than the pcp. This comprised subscription revenue of $54.9 million and non-subscription revenue of $11.3 million. TBC's c.762,000 Basic cable TV revenue generating units ("RGUs") each contributed an ARPU of NT$522 per month in the second quarter to access over 100 cable TV channels. In constant NT$ terms subscription revenue was lower than the pcp because of a marginally lower Basic cable TV rate in one of TBC's five franchise areas. Non-subscription revenue was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms non-subscription revenue was lower than the pcp mainly due to lower airtime advertising sales.

[4] TBC refers to Taiwan Broadband Communications group.

- **Premium digital cable TV[5]:** Premium digital cable TV revenue of $4.0 million for the quarter ended 30 June 2017 was up 10.0% on pcp; in constant NT$ terms Premium digital cable TV revenue was up 0.2% on pcp. This was generated predominantly from TBC's c.195,000 Premium digital cable TV RGUs each contributing an ARPU of NT$145 per month in the second quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.10,000 and ARPU was lower compared to the previous quarter ended 31 March 2017 (RGUs: c.185,000; ARPU: NT$151 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

- **Broadband:** Broadband revenue of $12.9 million for the quarter ended 30 June 2017 was up 4.8% on pcp; in constant NT$ terms Broadband revenue was 4.6% lower than the pcp. This was generated predominantly from TBC's c.201,000 Broadband RGUs each contributing an ARPU of NT$453 per month in the second quarter for high-speed Broadband services. Broadband RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 31 March 2017 (RGUs: c.201,000 and ARPU: NT$457 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

- **Capital expenditure:** Capital expenditure of $21.5 million for the quarter ended 30 June 2017 was 33.6% higher than the pcp. Capital expenditure for the quarter ended 30 June 2017 was higher because of higher capital expenditure being incurred on premium digital cable TV growth, maintenance and other capital expenditure compared to pcp.

## BORROWING FACILITIES

Following the completion of the acquisition of the entire interest in the Trustee-Manager by Dynami Vision Pte. Ltd. ("Dynami"), the interest margin on the TBC NT$28.0 billion loan facilities ("Onshore Facilities") has further decreased by 30 basis points starting from 30 June 2017, to 2.3% per annum.

## OUTLOOK

The focus in 2017 remains on driving growth in cash flows through up-selling and cross-selling of services across TBC's subscriber base.

Whilst growth in RGUs is anticipated across TBC's service offerings, total revenue for 2017 is anticipated to be influenced by a number of factors. These factors include the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas. Broadband RGUs are expected to increase in the remainder of 2017 and Broadband ARPU is expected to stabilise and then increase during the remainder of 2017. Consequently, overall EBITDA for the full year 2017, ignoring the impact of foreign exchange, is expected to be in line with 2016.

## DISTRIBUTIONS

The Board of directors of the Trustee-Manager (the "Board") has declared an ordinary interim distribution of 1.625 cents per unit for the quarter ended 30 June 2017. The books closure date will be on 20 September 2017 and the distribution will be paid on 27 September 2017.

APTT's distribution policy is to distribute 100 percent of distributable free cash flows to APTT unitholders. The Board is pleased to reaffirm distribution guidance for the year ending 31 December 2017. The distribution for the year ending 31 December 2017 is expected to be 6.5 cents per unit. It is anticipated that the distribution will be paid in quarterly instalments of 1.625 cents per unit. The distribution guidance is subject to no material changes in planning assumptions.

[5] Premium digital cable TV RGUs and ARPU have been updated to reflect the number of RGUs contributing incremental subscription revenue for additional video content and/or DTV-related services, such as DVR. This can result in more than one subscription, i.e. RGUs, per home. The pcp figures for Premium digital cable TV RGUs and ARPU have been restated to conform to the new presentation.

# PERFORMANCE REVIEW OF ASIAN PAY TELEVISION TRUST

# INTRODUCTION

## ABOUT APTT

Asian Pay Television Trust ("APTT" or the "Trust") is a business trust constituted on 30 April 2013 under the laws of the Republic of Singapore and registered under Chapter 31A of the Business Trusts Act ("BTA"). APTT is managed by APTT Management Pte. Limited (the "Trustee-Manager"), a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

APTT was admitted to the main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and was listed on the SGX-ST on 29 May 2013. APTT is the first listed business trust in Asia focused on pay-TV businesses. APTT has approximately 11,200 unitholders, including retail investors and some of the world's foremost institutional investors.

APTT's investment mandate is to acquire controlling interests and to own, operate and maintain mature, cash generative pay-TV and broadband businesses in Taiwan, Hong Kong, Japan and Singapore.

## SOLE ASSET

As at 30 June 2017, APTT's portfolio comprised its sole investment, Taiwan Broadband Communications group ("TBC"). TBC is a leading provider of pay-TV and Broadband services in Taiwan. It owns the cable network in five franchise areas across Taiwan that pass over 1.1 million homes. Through this network, TBC delivers Basic cable TV, Premium digital cable TV and high-speed Broadband services to these homes.

## DISTRIBUTION POLICY

Distributions will be declared and paid in Singapore dollars. Any proposed distributions by the Trust will be paid from its residual cash flows ("distributable free cash flows"). These cash flows are derived from dividends and principal and interest payments (net of applicable taxes and expenses) received by the Trust from the entities held within the Group. In addition, any other cash received by the Trust from the entities held within the Group also contribute towards distributable free cash flows.

The distributable free cash flows available to the Trust are after any cash required to: (i) pay the operating expenses of the Trust, including the Trustee-Manager's fees, (ii) repay principal amounts (including any premium or fee) under any debt or financing arrangement of the Trust, (iii) pay interest or any other financing expense on any debt or financing arrangement of the Trust, (iv) provide for the cash flow needs of the Trust or to ensure that the Trust has sufficient funds and/or financing resources to meet the short-term liquidity needs of the Trust and (v) provide for the cash needs of the Trust for capital expenditure purposes.

The Trust intends to distribute 100% of its distributable free cash flows.

Distributions will be made on a quarterly basis, with the amount calculated as at 31 March, 30 June, 30 September and 31 December each year for the three-month period ending on each of the said dates. The Trustee-Manager will pay the distributions no later than 90 days after the end of each distribution period.

## DISTRIBUTIONS

The Board of directors of the Trustee-Manager (the "Board") has declared an ordinary interim distribution of 1.625 cents per unit for the quarter ended 30 June 2017.

| | Three months ended 30 June 2017 | Three months ended 30 June 2016 |
|---|---|---|
| Ordinary interim distribution | 1.625 cents per unit | 1.625 cents per unit |
| Announcement date | 14 August 2017 | 12 August 2016 |
| Ex-distribution date | 18 September 2017 | 14 September 2016 |
| Books closure date | 20 September 2017 | 16 September 2016 |
| Date payable | 27 September 2017 | 23 September 2016 |

The Board is pleased to reaffirm distribution guidance for the year ending 31 December 2017. The distribution for the year ending 31 December 2017 is expected to be 6.5 cents per unit. It is anticipated that the distribution will be paid in quarterly instalments of 1.625 cents per unit. The distribution guidance is subject to no material changes in planning assumptions.

The distribution will be tax exempt in the hands of all unitholders, regardless of their nationality, corporate identity or tax residence status. Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager.

### Historical distributions

The table below provides details of APTT's historical distributions:

| Distribution period | Cents per unit |
|---|---|
| Six months ended: | |
| 30 June 2013[1] | 4.80 |
| 31 December 2013 | 4.13 |
| 30 June 2014 | 4.12 |
| Three months ended: | |
| 30 September 2014 | 2.00 |
| 31 December 2014 | 2.13 |
| 31 March 2015 | 2.00 |
| 30 June 2015 | 2.00 |
| 30 September 2015 | 2.00 |
| 31 December 2015 | 2.25 |
| 31 March 2016 | 1.625 |
| 30 June 2016 | 1.625 |
| 30 September 2016 | 1.625 |
| 31 December 2016 | 1.625 |
| 31 March 2017 | 1.625 |
| 30 June 2017 (to be paid on 27 September 2017) | 1.625 |
| **Total** | **35.18** |

[1] The first distribution period was from the APTT listing date, 29 May 2013, to 30 June 2013 and included a non-recurring payment of 1.64 cents per unit as excess cash at TBC at the time of APTT's listing that was only available for distribution as part of the first APTT distribution payment.

# TAXATION

## Taxation of the Trust

The Trust is a business trust registered with the Monetary Authority of Singapore ("MAS") under the BTA. The Trust is liable to Singapore income tax on income accruing in or derived from Singapore (i.e. Singapore sourced income) and unless otherwise exempt, income derived from outside Singapore which is received or deemed to have been received in Singapore (i.e. foreign sourced income). Foreign sourced dividends received by the Trust would only be subject to Singapore income tax when received in Singapore or deemed received in Singapore, subject to certain exemptions. Subject to meeting certain stipulated conditions and reporting obligations, the Trust has obtained an exemption under Section 13(12) of the Income Tax Act, Chapter 134 of Singapore ("Income Tax Act") on dividend income received by the Trust from the Bermuda holding companies after its listing on the SGX-ST. Specifically, the Trust will be exempt from tax on dividends from the Bermuda holding companies that originate from dividends and interest paid out of underlying profits from substantive cable and broadband business activities carried out in Taiwan.

## Taxation of the unitholders

Pursuant to Section 13(1)(zg) of the Income Tax Act, distributions by the Trust are tax-exempt and are therefore not subject to Singapore income tax in the hands of unitholders. The distributions are also not subject to Singapore withholding tax. The tax exemption is given to all unitholders, regardless of their nationality, corporate identity or tax residence status. Unitholders are not entitled to tax credits for any taxes paid by the Trustee-Manager.

The Trust does not give tax advice and recommends that all unitholders obtain their own tax advice in relation to the distribution payment.

# SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The selected financial information and operating data presented on pages 9 and 10 supports the distributions to unitholders and therefore are key financial and operating metrics that the Trustee-Manager focuses on to review the amount of distributions that will be paid to unitholders. Some of the selected financial information includes non-IFRS measures.

## Non-IFRS measures

EBITDA and EBITDA margin are supplemental financial measures of the Group's performance and liquidity and are not required by, or presented in accordance with International Financial Reporting Standards ("IFRS") or any other generally accepted accounting principles. Furthermore, EBITDA and EBITDA margin are not measures of financial performance or liquidity under IFRS or any other generally accepted accounting principles and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles. EBITDA and EBITDA margin may not reflect all of the financial and operating results and requirements of the Group. In particular, EBITDA and EBITDA margin do not reflect the Group's needs for capital expenditures, debt servicing or additional capital that may be required to replace assets that are fully depreciated or amortised. Other companies may calculate EBITDA and EBITDA margin differently, limiting their usefulness as comparative measures.

The Trustee-Manager believes that these supplemental financial measures facilitate operating performance comparisons for the Group from period to period by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA eliminates the non-cash depreciation expense that arises from the capital-intensive nature of the Group's businesses and intangible assets recognised in business combinations. The Trustee-Manager presents these supplemental financial measures because it believes these measures are frequently used by securities analysts and investors in evaluating similar issuers.

## SELECTED FINANCIAL INFORMATION

| | Note[1] | Group[2] Quarter ended 30 June 2017 $'000 | Group Quarter ended 30 June 2016 $'000 | Variance[3] % | Group Half-year ended 30 June 2017 $'000 | Group Half-year ended 30 June 2016 $'000 | Variance[3] % |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Basic cable TV | A(i) | 66,179 | 62,257 | 6.3 | 131,929 | 123,960 | 6.4 |
| Premium digital cable TV | A(ii) | 4,010 | 3,647 | 10.0 | 7,985 | 7,297 | 9.4 |
| Broadband | A(iii) | 12,890 | 12,304 | 4.8 | 25,751 | 24,783 | 3.9 |
| **Total revenue** | | **83,079** | **78,208** | **6.2** | **165,665** | **156,040** | **6.2** |
| | | | | | | | |
| **Operating expenses[4]** | | | | | | | |
| Broadcast and production costs | B(i) | (16,078) | (15,164) | (6.0) | (32,112) | (30,224) | (6.2) |
| Staff costs | B(ii) | (7,232) | (7,130) | (1.4) | (15,642) | (14,704) | (6.4) |
| Trustee-Manager fees | B(iv) | (1,805) | (1,801) | (0.2) | (3,591) | (3,601) | 0.3 |
| Other operating expenses | B(vii) | (7,971) | (7,398) | (7.7) | (15,441) | (14,782) | (4.5) |
| **Total operating expenses** | | **(33,086)** | **(31,493)** | **(5.1)** | **(66,786)** | **(63,311)** | **(5.5)** |
| | | | | | | | |
| **EBITDA** | | **49,993** | **46,715** | **7.0** | **98,879** | **92,729** | **6.6** |
| EBITDA margin[5] | | 60.2% | 59.7% | | 59.7% | 59.4% | |
| | | | | | | | |
| **Capital expenditure** | | | | | | | |
| Maintenance[6] | | 8,050 | 5,141 | (56.6) | 13,618 | 8,934 | (52.4) |
| Network expansion growth | | - | 251 | 100.0 | - | 418 | 100.0 |
| Premium digital cable TV growth | | 10,198 | 8,194 | (24.5) | 24,581 | 20,854 | (17.9) |
| Other capital expenditure[6] | | 3,217 | 2,484 | (29.5) | 5,727 | 6,284 | 8.9 |
| **Total capital expenditure** | | **21,465** | **16,070** | **(33.6)** | **43,926** | **36,490** | **(20.4)** |
| Total maintenance capital expenditure as a % of revenue | | 9.7 | 6.6 | | 8.2 | 5.7 | |
| Total capital expenditure as a % of revenue | | 25.8 | 20.5 | | 26.5 | 23.4 | |
| | | | | | | | |
| Income tax paid, net of refunds | | (8,445) | (5,858) | (44.2) | (9,777) | (7,483) | (30.7) |
| Interest and other finance costs paid | | (14,579) | (13,069) | (11.6) | (28,665) | (25,872) | (10.8) |

1 Notes can be found on pages 25 to 29.

2 Group refers to APTT and its subsidiaries taken as a whole.

3 A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

4 Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange (loss)/gain and mark to market movements on foreign exchange contracts appearing in the consolidated statements of profit or loss on page 15, in order to arrive at EBITDA and EBITDA margin presented here.

5 EBITDA margin is a non-IFRS financial measure and is calculated by dividing EBITDA by total revenue.

6 Other capital expenditure has been updated to include items such as cable line extensions for new buildings and communities and shared signal pipe construction which were previously classified under maintenance capital expenditure. The pcp figures for maintenance and other capital expenditure have been restated to conform to the new presentation.

## SELECTED OPERATING DATA

| | Group as at 30 June 2017 | Group as at 31 March 2017 | Group as at 31 December 2016 | Group as at 30 September 2016 | Group as at 30 June 2016 |
|---|---|---|---|---|---|
| **RGUs ('000)** | | | | | |
| Basic cable TV | 762 | 762 | 762 | 761 | 760 |
| Premium digital cable TV[1] | 195 | 185 | 182 | 178 | 176 |
| Broadband | 201 | 201 | 201 | 201 | 197 |

| | Group Quarter ended 30 June 2017 | Group Quarter ended 31 March 2017 | Group Quarter ended 31 December 2016 | Group Quarter ended 30 September 2016 | Group Quarter ended 30 June 2016 |
|---|---|---|---|---|---|
| **ARPU[2] (NT$ per month)** | | | | | |
| Basic cable TV | 522 | 525 | 528 | 529 | 530 |
| Premium digital cable TV[1] | 145 | 151 | 154 | 156 | 159 |
| Broadband | 453 | 457 | 461 | 470 | 484 |
| **AMCR[3] (%)** | | | | | |
| Basic cable TV | (0.6) | (0.6) | (0.8) | (0.8) | (0.8) |
| Premium digital cable TV | (5.5) | (3.9) | (3.9) | (4.6) | (2.9) |
| Broadband | (1.2) | (1.3) | (1.7) | (1.5) | (1.4) |

[1] Premium digital cable TV RGUs and ARPU have been updated to reflect the number of RGUs contributing incremental subscription revenue for additional video content and/or DTV-related services, such as DVR. This can result in more than one subscription, i.e. RGU, per home. The pcp figures for Premium digital cable TV RGUs and ARPU have been restated to conform to the new presentation.

[2] Average Revenue Per User ("ARPU") is calculated by dividing the subscription revenue for Basic cable TV, Premium digital cable TV or Broadband, as applicable, by the average number of RGUs for that service during the period.

[3] Average Monthly Churn Rate ("AMCR") is calculated by dividing the total number of churned RGUs for a particular service during a period by the number of RGUs for that service as at the beginning of that period and further dividing the result by the number of months in that period. The total number of churned RGUs for a particular service for a period is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the period.

## REVIEW OF SELECTED FINANCIAL INFORMATION AND OPERATING DATA

### (i) Total revenue

Total revenue for the quarter ended 30 June 2017 was $83.1 million (30 June 2016: $78.2 million). Total revenue for the half-year ended 30 June 2017 was $165.7 million (30 June 2016: $156.0 million). Total revenue for the quarter and half-year ended 30 June 2017 was 6.2% higher than the pcp; in constant NT$ terms total revenue for the quarter and half-year ended 30 June 2017 was 3.2% and 2.3% lower than the pcp. Foreign exchange contributed to a positive variance of 9.8% for the quarter and 8.7% for the half-year ended 30 June 2017 compared to pcp. Total revenue was influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

### (ii) Total operating expenses

Total operating expenses of $33.1 million for the quarter ended 30 June 2017 were 5.1% higher than the pcp (30 June 2016: $31.5 million). Total operating expenses of $66.8 million for the half-year ended 30 June 2017 were 5.5% higher than pcp (30 June 2016: $63.3 million). The increase in total operating expenses for the quarter and half-year ended 30 June 2017 was mainly due to foreign exchange, partially offset by lower broadcast and production costs, staff costs and other operating expenses in constant dollar terms.

### (iii) EBITDA and EBITDA Margin

EBITDA of $50.0 million for the quarter ended 30 June 2017 was 7.0% higher than the pcp (30 June 2016: $46.7 million). EBITDA margin for the quarter ended 30 June 2017 of 60.2% was higher than the pcp (30 June 2016: 59.7%).

EBITDA of $98.9 million for the half-year ended 30 June 2017 was 6.6% higher than pcp (30 June 2016: $92.7 million). EBITDA margin for the half-year ended 30 June 2017 of 59.7% was higher than pcp (30 June 2016: 59.4%).

### (iv) Total capital expenditure

Total capital expenditure of $21.5 million for the quarter ended 30 June 2017 was 33.6% higher than the pcp (30 June 2016: $16.1 million) and $43.9 million for the half-year ended 30 June 2017 was 20.4% higher than pcp (30 June 2016: $36.5 million). As a result, total capital expenditure as a percentage of revenue was 25.8% for the quarter ended 30 June 2017 (30 June 2016: 20.5%) and 26.5% for the half-year ended 30 June 2017 (30 June 2016: 23.4%). Total capital expenditure was higher because of higher capital expenditure being incurred on premium digital cable TV growth and maintenance capital expenditure compared to pcp.

Total capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business was predominantly funded from the operating cash flows of TBC. Such capital expenditure included items such as network maintenance and network reliability improvements.
- Network expansion capital expenditure to expand TBC's network into the greater Taichung region including the cost of extending the core network and building in selected neighbourhoods. This has enabled the requisite regulatory licences to operate in the new coverage areas to be secured. Consequently, TBC started marketing Broadband services in the new expansion area in the fourth quarter of 2014. However, full commercial operations have been delayed as a result of the delay in securing content rights to deliver cable TV services in the greater Taichung region. TBC will continue to market and sell Broadband services in the expansion area and defer any significant capital expenditure in the expansion area until TBC is able to secure the necessary content rights on mutually acceptable commercial terms with the content owners. These negotiations for the expansion area do not impact content in TBC's existing five franchise areas or the distribution guidance for 2017. A content agreement on mutually acceptable commercial terms for the expansion area could represent a growth opportunity for APTT in the future. Such capital expenditure was predominantly funded from debt facilities.
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to support TBC's digitisation program, installation related expenditure and digital head-end upgrades. Such capital expenditure was predominantly funded from debt facilities.
- Other capital expenditure included items such as high-speed broadband modems and cable line extensions for new buildings. Such capital expenditure was predominantly funded from debt facilities.

Capital expenditure relating to the Premium digital cable TV and network expansion is set out below. There is no expected capital expenditure related to these two projects beyond 2017.

| $'million | 2013 Actual | 2014 Actual | 2015 Actual | 2016 Actual | 2017 Forecast |
|---|---|---|---|---|---|
| Premium digital cable TV | <15[1] | 19 | 53 | 49 | 50 - 55 |
| Network expansion | <10 | 33 | 10 | <1 | - |

[1] Actual full year 2013 included to facilitate a like-for-like comparison. APTT's ownership of TBC commenced from 29 May 2013.

# ASIAN PAY TELEVISION TRUST

# FINANCIAL STATEMENTS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2017

# STATEMENTS OF FINANCIAL POSITION

Financial statements of the Trust include the results and balances of the parent only, i.e. APTT. Financial statements of the Group include balances from all entities that are controlled by APTT. The material additional balances are in respect of TBC.

| | Note[1] | Group as at 30 June 2017 $'000 | Group as at 31 December 2016 $'000 | Trust as at 30 June 2017 $'000 | Trust as at 31 December 2016 $'000 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | C(i) | 72,847 | 59,088 | 8,203 | 7,983 |
| Trade and other receivables | C(ii) | 10,378 | 14,802 | 141 | - |
| Derivative financial instruments | C(vii) | - | 6 | - | 6 |
| Other assets | C(viii) | 4,402 | 3,489 | 56 | 268 |
| | | **87,627** | **77,385** | **8,400** | **8,257** |
| **Non-current assets** | | | | | |
| Investment in subsidiaries | C(iii) | - | - | 1,342,351 | 1,342,351 |
| Property, plant and equipment | C(iv) | 310,852 | 291,350 | 27 | - |
| Intangible assets | C(v) | 2,398,477 | 2,367,743 | 32 | - |
| Income tax refund receivable | C(vi) | - | 15 | - | - |
| Other assets | C(viii) | 973 | 914 | 8 | - |
| | | **2,710,302** | **2,660,022** | **1,342,418** | **1,342,351** |
| **Total assets** | | **2,797,929** | **2,737,407** | **1,350,818** | **1,350,608** |
| | | | | | |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Borrowings from financial institutions | D(i) | 10,450 | 12,236 | - | - |
| Retirement benefit obligations | D(iv) | 1,443 | 1,416 | - | - |
| Derivative financial instruments | D(ii) | 1,127 | 1,818 | 1,127 | 1,818 |
| Trade and other payables | D(iii) | 20,897 | 21,243 | 3,591 | 10,867 |
| Income tax payable | D(v) | 14,317 | 14,246 | - | 2 |
| Other liabilities | D(vii) | 58,315 | 58,221 | 206 | 197 |
| | | **106,549** | **109,180** | **4,924** | **12,884** |
| **Non-current liabilities** | | | | | |
| Borrowings from financial institutions | D(i) | 1,358,633 | 1,294,731 | - | - |
| Retirement benefit obligations | D(iv) | 19,145 | 19,365 | - | - |
| Derivative financial instruments | D(ii) | 4,319 | 5,455 | 138 | 396 |
| Deferred tax liabilities | D(vi) | 65,465 | 61,807 | - | - |
| Other liabilities | D(vii) | 18,737 | 16,313 | - | - |
| | | **1,466,299** | **1,397,671** | **138** | **396** |
| **Total liabilities** | | **1,572,848** | **1,506,851** | **5,062** | **13,280** |
| **Net assets** | | **1,225,081** | **1,230,556** | **1,345,756** | **1,337,328** |
| | | | | | |
| **Equity** | | | | | |
| Unitholders' funds | | 1,342,851 | 1,342,851 | 1,342,851 | 1,342,851 |
| Reserves | D(viii) | 105,338 | 74,217 | - | - |
| Accumulated (deficit)/surplus | | (225,378) | (188,839) | 2,905 | (5,523) |
| **Equity attributable to unitholders of APTT** | | **1,222,811** | **1,228,229** | **1,345,756** | **1,337,328** |
| Non-controlling interests | D(ix) | 2,270 | 2,327 | - | - |
| **Total equity** | | **1,225,081** | **1,230,556** | **1,345,756** | **1,337,328** |

[1] Notes to the statements of financial position can be found on pages 30 to 38.

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

| | Note[1] | Group Quarter ended 30 June 2017 $'000 | Group Quarter ended 30 June 2016 $'000 | Variance[2] % | Group Half-year ended 30 June 2017 $'000 | Group Half-year ended 30 June 2016 $'000 | Variance[2] % |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Basic cable TV | A(i) | 66,179 | 62,257 | 6.3 | 131,929 | 123,960 | 6.4 |
| Premium digital cable TV | A(ii) | 4,010 | 3,647 | 10.0 | 7,985 | 7,297 | 9.4 |
| Broadband | A(iii) | 12,890 | 12,304 | 4.8 | 25,751 | 24,783 | 3.9 |
| **Total revenue** | | **83,079** | **78,208** | **6.2** | **165,665** | **156,040** | **6.2** |
| | | | | | | | |
| **Operating expenses** | | | | | | | |
| Broadcast and production costs | B(i) | (16,078) | (15,164) | (6.0) | (32,112) | (30,224) | (6.2) |
| Staff costs | B(ii) | (7,232) | (7,130) | (1.4) | (15,642) | (14,704) | (6.4) |
| Depreciation and amortisation expense[3] | B(iii) | (14,986) | (11,430) | (31.1) | (29,199) | (24,116) | (21.1) |
| Trustee-Manager fees | B(iv) | (1,805) | (1,801) | (0.2) | (3,591) | (3,601) | 0.3 |
| Net foreign exchange (loss)/gain | B(v) | (6,288) | 1,045 | (>100) | (9,245) | 923 | (>100) |
| Mark to market gain/(loss) on derivative financial instruments[4] | B(vi) | 2,936 | (3) | >100 | 941 | 3,596 | (73.8) |
| Other operating expenses | B(vii) | (7,971) | (7,398) | (7.7) | (15,441) | (14,782) | (4.5) |
| **Total operating expenses** | | **(51,424)** | **(41,881)** | **(22.8)** | **(104,289)** | **(82,908)** | **(25.8)** |
| | | | | | | | |
| **Operating profit** | | **31,655** | **36,327** | **(12.9)** | **61,376** | **73,132** | **(16.1)** |
| Amortisation of deferred arrangement fees[5] | B(viii) | (2,252) | (1,176) | (91.5) | (4,484) | (2,338) | (91.8) |
| Interest and other finance costs | B(ix) | (14,558) | (12,954) | (12.4) | (28,644) | (25,878) | (10.7) |
| **Profit before income tax** | | **14,845** | **22,197** | **(33.1)** | **28,248** | **44,916** | **(37.1)** |
| Income tax expense | B(x) | (3,389) | (6,011) | 43.6 | (12,221) | (12,014) | (1.7) |
| **Profit after income tax** | | **11,456** | **16,186** | **(29.2)** | **16,027** | **32,902** | **(51.3)** |
| | | | | | | | |
| **Profit after income tax attributable to:** | | | | | | | |
| Unitholders of APTT | | 11,379 | 16,110 | (29.4) | 15,875 | 32,730 | (51.5) |
| Non-controlling interests | | 77 | 76 | 1.3 | 152 | 172 | (11.6) |
| **Profit after income tax** | | **11,456** | **16,186** | **(29.2)** | **16,027** | **32,902** | **(51.3)** |
| **Basic and diluted earnings per unit attributable to unitholders of APTT** | | **0.79 cents** | **1.12 cents** | | **1.10 cents** | **2.28 cents** | |

1 Notes to the consolidated statements of profit or loss can be found on pages 25 to 29.

2 A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

3 Increase in depreciation and amortisation expense was mainly due to higher depreciation expense on network equipment. Depreciation and amortisation expense for pcp included impairment losses of $1.3 million representing damage to property, plant and equipment due to fire of $2.6 million, partially offset by insurance claims of $1.3 million receivable against this damage. Refer Note B(iii) for more details.

4 Variance in mark to market gain/(loss) was due to exchange rate movements on foreign exchange contracts.

5 Variance in amortisation of deferred arrangement fees was due to the amortisation of additional arrangement fees on the Onshore Facilities and multicurrency loan facilities of $250.0 million (the "Offshore Facilities"). Refer Note D(i) for more details.

# CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Group Quarter ended 30 June 2017 $'000 | Group Quarter ended 30 June 2016 $'000 | Variance[1] % | Group Half-year ended 30 June 2017 $'000 | Group Half-year ended 30 June 2016 $'000 | Variance[1] % |
|---|---|---|---|---|---|---|
| **Profit after income tax** | **11,456** | **16,186** | **(29.2)** | **16,027** | **32,902** | **(51.3)** |
| **Other comprehensive (loss)/income** | | | | | | |
| **Items that may subsequently be reclassified to profit and loss:** | | | | | | |
| Exchange differences on translation of foreign operations | (16,603) | 775 | (>100) | 24,608 | (36,130) | >100 |
| Unrealised movement on change in fair value of cash flow hedging financial instruments | 704 | 476 | 47.9 | 958 | 336 | >100 |
| Deferred tax relating to items that may subsequently be reclassified to profit and loss | (120) | (81) | (48.1) | (163) | (57) | (>100) |
| **Other comprehensive (loss)/income, net of tax** | **(16,019)** | **1,170** | **(>100)** | **25,403** | **(35,851)** | **>100** |
| **Total comprehensive (loss)/income** | **(4,563)** | **17,356** | **(>100)** | **41,430** | **(2,949)** | **>100** |
| | | | | | | |
| **Total comprehensive (loss)/income attributable to:** | | | | | | |
| Unitholders of APTT | (4,640) | 17,280 | (>100) | 41,278 | (3,121) | >100 |
| Non-controlling interests | 77 | 76 | 1.3 | 152 | 172 | (11.6) |
| **Total comprehensive (loss)/income** | **(4,563)** | **17,356** | **(>100)** | **41,430** | **(2,949)** | **>100** |

[1] A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

# STATEMENTS OF CHANGES IN EQUITY

| Group | Unitholders' funds | Reserves | Accumulated deficit | Equity attributable to unitholders of APTT | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2017** | **1,342,851** | **74,217** | **(188,839)** | **1,228,229** | **2,327** | **1,230,556** |
| Total comprehensive income | | | | | | |
| Profit after income tax | - | - | 15,875 | 15,875 | 152 | 16,027 |
| Other comprehensive income, net of tax | - | 25,403 | - | 25,403 | - | 25,403 |
| **Total** | **-** | **25,403** | **15,875** | **41,278** | **152** | **41,430** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests | - | - | - | - | (64) | (64) |
| Transfer to capital reserves | - | 5,718 | (5,718) | - | - | - |
| Distributions paid | - | - | (46,696) | (46,696) | (145) | (46,841) |
| **Total** | **-** | **5,718** | **(52,414)** | **(46,696)** | **(209)** | **(46,905)** |
| **Balance as at 30 June 2017** | **1,342,851** | **105,338** | **(225,378)** | **1,222,811** | **2,270** | **1,225,081** |

| Group | Unitholders' funds | Reserves | Accumulated deficit | Equity attributable to unitholders of APTT | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 April 2017** | **1,342,851** | **115,639** | **(207,691)** | **1,250,799** | **2,377** | **1,253,176** |
| Total comprehensive loss | | | | | | |
| Profit after income tax | - | - | 11,379 | 11,379 | 77 | 11,456 |
| Other comprehensive loss, net of tax | - | (16,019) | - | (16,019) | - | (16,019) |
| **Total** | **-** | **(16,019)** | **11,379** | **(4,640)** | **77** | **(4,563)** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests | - | - | - | - | (39) | (39) |
| Transfer to capital reserves | - | 5,718 | (5,718) | - | - | - |
| Distributions paid | - | - | (23,348) | (23,348) | (145) | (23,493) |
| **Total** | **-** | **5,718** | **(29,066)** | **(23,348)** | **(184)** | **(23,532)** |
| **Balance as at 30 June 2017** | **1,342,851** | **105,338** | **(225,378)** | **1,222,811** | **2,270** | **1,225,081** |

| Group | Unitholders' funds | Reserves | Accumulated deficit | Total attributable to unitholders of APTT | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2016** | **1,342,851** | **28,386** | **(142,439)** | **1,228,798** | **2,319** | **1,231,117** |
| Total comprehensive loss | | | | | | |
| Profit after income tax | - | - | 32,730 | 32,730 | 172 | 32,902 |
| Other comprehensive loss, net of tax | - | (35,851) | - | (35,851) | - | (35,851) |
| **Total** | **-** | **(35,851)** | **32,730** | **(3,121)** | **172** | **(2,949)** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests | - | - | - | - | (65) | (65) |
| Transfer to capital reserves | - | 3,686 | (3,686) | - | - | - |
| Distributions paid | - | - | (55,676) | (55,676) | (157) | (55,833) |
| **Total** | **-** | **3,686** | **(59,362)** | **(55,676)** | **(222)** | **(55,898)** |
| **Balance as at 30 June 2016** | **1,342,851** | **(3,779)** | **(169,071)** | **1,170,001** | **2,269** | **1,172,270** |

| Group | Unitholders' funds | Reserves | Accumulated deficit | Total attributable to unitholders of APTT | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 April 2016** | **1,342,851** | **(8,635)** | **(158,147)** | **1,176,069** | **2,368** | **1,178,437** |
| Total comprehensive income | | | | | | |
| Profit after income tax | - | - | 16,110 | 16,110 | 76 | 16,186 |
| Other comprehensive income, net of tax | - | 1,170 | - | 1,170 | - | 1,170 |
| **Total** | **-** | **1,170** | **16,110** | **17,280** | **76** | **17,356** |
| Transactions with unitholders, recognised directly in equity | | | | | | |
| Settlement of transactions with non-controlling interests | - | - | - | - | (41) | (41) |
| Transfer to capital reserves | - | 3,686 | (3,686) | - | - | - |
| Distributions paid | - | - | (23,348) | (23,348) | (134) | (23,482) |
| **Total** | **-** | **3,686** | **(27,034)** | **(23,348)** | **(175)** | **(23,523)** |
| **Balance as at 30 June 2016** | **1,342,851** | **(3,779)** | **(169,071)** | **1,170,001** | **2,269** | **1,172,270** |

| Trust | Unitholders' funds $'000 | Accumulated (deficit)/surplus $'000 | Total equity $'000 |
|---|---|---|---|
| **Balance as at 1 January 2017** | **1,342,851** | **(5,523)** | **1,337,328** |
| Total comprehensive income | | | |
| Profit after income tax | - | 55,124 | 55,124 |
| **Total** | **-** | **55,124** | **55,124** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid | - | (46,696) | (46,696) |
| **Total** | **-** | **(46,696)** | **(46,696)** |
| **Balance as at 30 June 2017** | **1,342,851** | **2,905** | **1,345,756** |

| Trust | Unitholders' funds $'000 | Accumulated (deficit)/surplus $'000 | Total equity $'000 |
|---|---|---|---|
| **Balance as at 1 April 2017** | **1,342,851** | **(7,717)** | **1,335,134** |
| Total comprehensive income | | | |
| Profit after income tax | - | 33,970 | 33,970 |
| **Total** | **-** | **33,970** | **33,970** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid | - | (23,348) | (23,348) |
| **Total** | **-** | **(23,348)** | **(23,348)** |
| **Balance as at 30 June 2017** | **1,342,851** | **2,905** | **1,345,756** |

| Trust | Unitholders' funds $'000 | Accumulated (deficit)/surplus $'000 | Total equity $'000 |
|---|---|---|---|
| **Balance as at 1 January 2016** | **1,342,851** | **(4,349)** | **1,338,502** |
| Total comprehensive income | | | |
| Profit after income tax | - | 60,081 | 60,081 |
| **Total** | **-** | **60,081** | **60,081** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid | - | (55,676) | (55,676) |
| **Total** | **-** | **(55,676)** | **(55,676)** |
| **Balance as at 30 June 2016** | **1,342,851** | **56** | **1,342,907** |

| Trust | Unitholders' funds $'000 | Accumulated surplus $'000 | Total equity $'000 |
|---|---|---|---|
| **Balance as at 1 April 2016** | **1,342,851** | **162** | **1,343,013** |
| Total comprehensive income | | | |
| Profit after income tax | - | 23,242 | 23,242 |
| **Total** | **-** | **23,242** | **23,242** |
| Transactions with unitholders, recognised directly in equity | | | |
| Distributions paid | - | (23,348) | (23,348) |
| **Total** | **-** | **(23,348)** | **(23,348)** |
| **Balance as at 30 June 2016** | **1,342,851** | **56** | **1,342,907** |

# DETAIL OF CHANGES IN UNITHOLDERS' FUNDS

| Group and Trust | Quarter ended 30 June 2017 Number of units '000 | Quarter ended 30 June 2017 $'000 | Half-year ended 30 June 2017 Number of units '000 | Half-year ended 30 June 2017 $'000 |
|---|---|---|---|---|
| At beginning and end of the quarter/period | 1,436,800 | 1,342,851 | 1,436,800 | 1,342,851 |

| Group and Trust | Quarter ended 30 June 2016 Number of units '000 | Quarter ended 30 June 2016 $'000 | Half-year ended 30 June 2016 Number of units '000 | Half-year ended 30 June 2016 $'000 |
|---|---|---|---|---|
| At beginning and end of the quarter/period | 1,436,800 | 1,342,851 | 1,436,800 | 1,342,851 |

There were no changes to unitholders' funds during the quarters and half-years ended 30 June 2017 and 2016.

With reference to paragraphs 1(d)(ii), 1(d)(iv) and 1(d)(v) of Appendix 7.2 of the SGX-ST Listing Manual, the Trustee-Manager confirms that for the quarters and half-years ended 30 June 2017 and 2016, the Trust did not have any convertible securities, treasury units or subsidiary holdings on issue.

# CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Group Quarter ended 30 June 2017 | Group Quarter ended 30 June 2016 | Group Half-year ended 30 June 2017 | Group Half-year ended 30 June 2016 |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Cash flows from operating activities** | | | | |
| **Profit after income tax** | **11,456** | **16,186** | **16,027** | **32,902** |
| Adjustments for: | | | | |
| Depreciation and amortisation expense | 14,986 | 11,430 | 29,199 | 24,116 |
| Net foreign exchange loss/(gain) | 6,887 | (2,356) | 8,277 | (2,098) |
| Mark to market (gain)/loss on derivative financial instruments | (2,936) | 3 | (941) | (3,596) |
| Amortisation of deferred arrangement fees | 2,252 | 1,176 | 4,484 | 2,338 |
| Interest and other finance costs | 14,558 | 12,954 | 28,644 | 25,878 |
| Income tax expense | 3,389 | 6,011 | 12,221 | 12,014 |
| **Operating cash flows before movements in working capital** | **50,592** | **45,404** | **97,911** | **91,554** |
| Trade and other receivables | 6,497 | 3,316 | 4,424 | 5,121 |
| Income tax refund receivable | 15 | (126) | 15 | 18 |
| Trade and other payables | 1,666 | 1,629 | (346) | (113) |
| Retirement benefit obligations | (318) | 46 | (193) | (1,150) |
| Other assets | (552) | (2,154) | (972) | (1,106) |
| Other liabilities | (2,482) | 1,043 | (432) | (3,656) |
| **Cash generated from operations** | **55,418** | **49,158** | **100,407** | **90,668** |
| Income tax paid, net of refunds | (8,445) | (5,858) | (9,777) | (7,483) |
| **Net cash inflows from operating activities** | **46,973** | **43,300** | **90,630** | **83,185** |
| **Cash flows from investing activities** | | | | |
| Acquisition of property, plant and equipment | (24,852) | (18,851) | (40,794) | (41,148) |
| Proceeds from disposal of property, plant and equipment | 42 | 76 | 48 | 152 |
| Acquisition of intangible assets | (69) | (156) | (82) | (557) |
| **Net cash used in investing activities** | **(24,879)** | **(18,931)** | **(40,828)** | **(41,553)** |
| **Cash flows from financing activities** | | | | |
| Interest and other finance costs paid | (14,579) | (13,069) | (28,665) | (25,872) |
| Borrowings from financial institutions | 22,501 | 11,812 | 43,621 | 32,997 |
| Repayment of borrowings to financial institutions | - | (2,118) | (1,563) | (4,237) |
| Settlement of derivative financial instruments | (980) | 1,934 | (2,531) | 2,380 |
| Settlement of transactions with non-controlling interests | (39) | (41) | (64) | (65) |
| Distributions to non-controlling interests | (145) | (134) | (145) | (157) |
| Distributions to unitholders | (23,348) | (23,348) | (46,696) | (55,676) |
| **Net cash used in financing activities** | **(16,590)** | **(24,964)** | **(36,043)** | **(50,630)** |
| **Net increase/(decrease) in cash and cash equivalents** | **5,504** | **(595)** | **13,759** | **(8,998)** |
| Cash and cash equivalents at the beginning of the period/year | 67,343 | 52,523 | 59,088 | 60,926 |
| **Cash and cash equivalents at the end of the period** | **72,847** | **51,928** | **72,847** | **51,928** |

# RECONCILIATION OF NET PROFIT TO EBITDA

| | Group Quarter ended 30 June 2017 $'000 | Group Quarter ended 30 June 2016 $'000 | Variance[1] % | Group Half-year ended 30 June 2017 $'000 | Group Half-year ended 30 June 2016 $'000 | Variance[1] % |
|---|---|---|---|---|---|---|
| **Profit after income tax** | **11,456** | **16,186** | **(29.2)** | **16,027** | **32,902** | **(51.3)** |
| Add: Depreciation and amortisation expense | 14,986 | 11,430 | (31.1) | 29,199 | 24,116 | (21.1) |
| Add: Net foreign exchange loss/(gain) | 6,288 | (1,045) | (>100) | 9,245 | (923) | (>100) |
| Add: Mark to market (gain)/loss on derivative financial instruments | (2,936) | 3 | >100 | (941) | (3,596) | (73.8) |
| Add: Amortisation of deferred arrangement fees | 2,252 | 1,176 | (91.5) | 4,484 | 2,338 | (91.8) |
| Add: Interest and other finance costs | 14,558 | 12,954 | (12.4) | 28,644 | 25,878 | (10.7) |
| Add: Income tax expense | 3,389 | 6,011 | 43.6 | 12,221 | 12,014 | (1.7) |
| **EBITDA** | **49,993** | **46,715** | **7.0** | **98,879** | **92,729** | **6.6** |
| EBITDA margin | 60.2% | 59.7% | | 59.7% | 59.4% | |

[1] A positive variance is favourable to the Group and a negative variance is unfavourable to the Group.

# ASIAN PAY TELEVISION TRUST

# MANAGEMENT REVIEW FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2017

# REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2017

**As presented in the consolidated statements of profit or loss disclosed on page 15**

## A) REVIEW OF REVENUE

Total revenue for the quarter ended 30 June 2017 was $83.1 million (30 June 2016: $78.2 million). Total revenue for the half-year ended 30 June 2017 was $165.7 million (30 June 2016: $156.0 million). Total revenue for the quarter and half-year ended 30 June 2017 was 6.2% higher than the pcp; in constant NT$ terms total revenue for the quarter and half-year ended 30 June 2017 was 3.2% and 2.3% lower than the pcp. Foreign exchange contributed to a positive variance of 9.8% for the quarter and 8.7% for the half-year ended 30 June 2017 compared to pcp. Total revenue was influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

Total revenue comprised: (i) Basic cable TV revenue, (ii) Premium digital cable TV revenue and (iii) Broadband revenue. An analysis of the revenue items is as follows:

### (i) Basic cable TV

Basic cable TV revenue of $66.2 million for the quarter ended 30 June 2017 was up 6.3% on pcp (30 June 2016: $62.3 million); in constant NT$ terms Basic cable TV revenue was 3.2% lower than the pcp. This comprised subscription revenue of $54.9 million (30 June 2016: $50.6 million) and non-subscription revenue of $11.3 million (30 June 2016: $11.7 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Basic cable TV revenue of $131.9 million for the half-year ended 30 June 2017 was up 6.4% on pcp (30 June 2016: $124.0 million); in constant NT$ terms Basic cable TV revenue was 2.1% lower than the pcp. This comprised subscription revenue of $109.6 million (30 June 2016: $101.5 million) and non-subscription revenue of $22.3 million (30 June 2016: $22.5 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Subscription revenue was generated from TBC's c.762,000 Basic cable TV RGUs each contributing an ARPU of NT$522 per month in the quarter to access over 100 cable TV channels. In constant NT$ terms subscription revenue for quarter and half-year ended 30 June 2017 was lower than the pcp because of a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

Non-subscription revenue was 17.0% of Basic cable TV revenue for the quarter ended 30 June 2017 (30 June 2016: 18.8%) and 16.9% of Basic cable TV revenue for the half-year ended 30 June 2017 (30 June 2016: 18.1%). This was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms non-subscription revenue for the quarter and half-year ended 30 June 2017 was lower than the pcp mainly due to lower airtime advertising sales.

### (ii) Premium digital cable TV

Premium digital cable TV revenue of $4.0 million for the quarter ended 30 June 2017 was up 10.0% on pcp (30 June 2016: $3.6 million); in constant NT$ terms Premium digital cable TV revenue was up 0.2% on pcp. This comprised subscription revenue of $3.8 million (30 June 2016: $3.5 million) and non-subscription revenue of $0.2 million (30 June 2016: $0.1 million).

Premium digital cable TV revenue of $8.0 million for the half-year ended 30 June 2017 was up 9.4% on pcp (30 June 2016: $7.3 million); in constant NT$ terms Premium digital cable TV revenue was up 0.7% on pcp. This comprised subscription revenue of $7.6 million (30 June 2016: $7.0 million) and non-subscription revenue of $0.4 million (30 June 2016: $0.3 million).

Premium digital cable TV RGUs and ARPU have been updated to reflect the number of RGUs contributing incremental subscription revenue for additional video content and/or DTV-related services, such as DVR. This can result in more than one subscription, i.e. RGU, per home. The pcp figures for Premium digital cable TV RGUs and ARPU have been restated to conform to the new presentation.

Subscription revenue was generated from TBC's c.195,000 Premium digital cable TV RGUs each contributing an ARPU of NT$145 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.10,000 and ARPU was lower compared to the previous quarter ended 31 March 2017 (RGUs: c.185,000; ARPU: NT$151 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

Non-subscription revenue was predominantly generated from the sale of electronic programme guide data to other system operators.

### (iii) Broadband

Broadband revenue of $12.9 million for the quarter ended 30 June 2017 was up 4.8% on pcp (30 June 2016: $12.3 million); in constant NT$ terms Broadband revenue was 4.6% lower than the pcp. This comprised subscription revenue of $12.6 million (30 June 2016: $11.9 million) and non-subscription revenue of $0.3 million (30 June 2016: $0.4 million).

Broadband revenue of $25.8 million for the half-year ended 30 June 2017 was up 3.9% on pcp (30 June 2016: $24.8 million); in constant NT$ terms Broadband revenue was 4.4% lower than the pcp. This comprised subscription revenue of $25.1 million (30 June 2016: $24.1 million) and non-subscription revenue of $0.7 million (30 June 2016: $0.7 million).

Subscription revenue was generated from TBC's c.201,000 Broadband RGUs each contributing an ARPU of NT$453 per month in the quarter for high-speed Broadband services. Broadband RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 31 March 2017 (RGUs: c.201,000 and ARPU: NT$457 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

Non-subscription revenue was generated from the provision of installation services.

## B) REVIEW OF OPERATING EXPENSES

An analysis of the Group's expense items is as follows:

### (i) Broadcast and production costs

Broadcast and production costs were $16.1 million for the quarter ended 30 June 2017, up 6.0% on pcp (30 June 2016: $15.2 million); in constant NT$ terms broadcast and production costs were 3.4% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 9.8% for the quarter ended 30 June 2017 compared to pcp.

Broadcast and production costs were $32.1 million for the half-year ended 30 June 2017, up 6.2% on pcp (30 June 2016: $30.2 million); in constant NT$ terms broadcast and production costs were 2.2% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 8.7% for the half-year ended 30 June 2017 compared to pcp.

Broadcast and production costs comprised: (i) the cost of acquiring Basic cable TV and Premium digital cable TV content, (ii) the cost of acquiring bandwidth (which consists of the leasing of domestic and international bandwidth capacity from operators to support TBC's Broadband services) and (iii) costs for producing the Group's own programming.

### (ii) Staff costs

Staff costs were $7.2 million for the quarter ended 30 June 2017, up 1.4% on pcp (30 June 2016: $7.1 million) and $15.6 million for the half-year ended 30 June 2017, up 6.4% on pcp (30 June 2016: $14.7 million). The higher staff costs during the quarter and half-year ended 30 June 2017 were mainly due to foreign exchange and LTIP expense, as described below.

Staff costs comprised direct employee costs and general and administrative employee costs including salaries, bonuses, long term incentives and benefits.

The Group adopted a long-term incentive plan (the "LTIP") in 2013 for its senior management at TBC, under which TBC senior management are granted notional units of the Trust upon achieving prescribed performance targets. These notional units vest in tranches over a prescribed period of time initially commencing two years after the grant of the notional units. Upon vesting of such notional units under the LTIP, TBC's senior management receive a cash payment equal to the number of vested notional units multiplied by the market price of the units as determined in accordance with the LTIP.

A total of 13.1 million notional units have been granted under the LTIP since inception. Out of the total notional units granted since inception, 0.8 million notional units vested in 2015 and 1.3 million notional units vested in 2016. The remaining 11.0 million notional units remained unvested as at 30 June 2017.

LTIP expense attributable to the quarter and half-year ended 30 June 2017 has been recognised in the consolidated financial statements to reflect the estimate of the future obligations under the LTIP.

### (iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $15.0 million for the quarter ended 30 June 2017, up 31.1% on pcp (30 June 2016: $11.4 million) and $29.2 million for the half-year ended 30 June 2017, up 21.1% on pcp (30 June 2016: $24.1 million). The increase was mainly due to higher depreciation expense on network equipment. Depreciation and amortisation expense for pcp included impairment losses of $1.3 million representing damage to property, plant and equipment due to fire of $2.6 million, partially offset by insurance claims of $1.3 million receivable against this damage. Refer Note C(iv) for more details.

Depreciation and amortisation expense comprised depreciation and amortisation of the Group's capital expenditures in relation to network equipment, set-top boxes, other plant and equipment, programming rights and software.

### (iv) Trustee-Manager fees

The Trustee-Manager is entitled to base fees and performance fees as specified under the Trust Deed.

The Trustee-Manager base fees were $1.8 million for the quarter ended 30 June 2017 (30 June 2016: $1.8 million) and $3.6 million for the half-year ended 30 June 2017 (30 June 2016: $3.6 million). There were no performance fees payable to the Trustee-Manager for the quarter and half-year ended 30 June 2017 (30 June 2016: nil).

The base fees are payable semi-annually in arrears for every six months ending 30 June and 31 December of each year. Payment of the base fees, whether in the form of cash and/or units, shall be made out of the Trust property within 30 days of the last day of every six months (or such other period as may be determined by the Trustee-Manager at its discretion).

### (v) Net foreign exchange (loss)/gain

Net foreign exchange loss was $6.3 million for the quarter ended 30 June 2017 (30 June 2016: gain of $1.0 million) and $9.2 million for the half-year ended 30 June 2017 (30 June 2016: gain of $0.9 million). Net foreign exchange loss for the quarter and half-year ended 30 June 2017 included loss of $1.0 million and $2.4 million on NT$ foreign exchange contracts settled during the quarter and half-year ended 30 June 2017 and unrealised foreign exchange loss from translations at the subsidiary level for the quarter and half-year ended 30 June 2017.

### (vi) Mark to market gain/(loss) on derivative financial instruments

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note C(vii). For the quarter ended 30 June 2017, the period end mark to market gain on foreign currency contracts was $2.9 million (30 June 2016: loss of $0.003 million) and for the half-year ended 30 June 2017, the period end mark to market gain on foreign currency contracts was $0.9 million (30 June 2016: $3.6 million).

### (vii) Other operating expenses

Other operating expenses were $8.0 million for the quarter ended 30 June 2017, up 7.7% on pcp (30 June 2016: $7.4 million) and $15.4 million for the half-year ended 30 June 2017, up 4.5% on pcp (30 June 2016: $14.8 million).

Other operating expenses include Trust expenses, comprising administrative expenses, corporate services fees, audit fees, annual filing fees, occupancy fees, legal costs, other professional fees, insurance and other miscellaneous expenses and other Group expenses, comprising rent for office buildings, fibre and utility poles, installation costs, local and National Communications Commission of Taiwan ("NCC") fees, billing expenses, utility expenses, marketing expenses as well as offshore administrative expenses.

### (viii) Amortisation of deferred arrangement fees

The Group pays financing fees to the lenders when entering into debt facilities. At inception, the financing fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. Amortisation of deferred arrangement fees was $2.3 million for the quarter ended 30 June 2017, up 91.5% on pcp (30 June 2016: $1.2 million) and $4.5 million for the half-year ended 30 June 2017, up 91.8% on pcp (30 June 2016: $2.3 million). Amortisation of deferred arrangement fees for the quarter and half-year ended 30 June 2017 was higher compared to pcp due to amortisation of additional arrangement fees on the Onshore Facilities and Offshore Facilities as discussed in Note D(i).

### (ix) Interest and other finance costs

Interest and other finance costs were $14.6 million for the quarter ended 30 June 2017, up 12.4% on pcp (30 June 2016: $13.0 million) and $28.6 million for the half-year ended 30 June 2017, up 10.7% on pcp (30 June 2016: $25.9 million). These comprised interest expense and commitment fees on the Group's debt facilities.

### (x) Income tax expense

The Group is subject to income tax in several jurisdictions. Significant judgment is required in determining provisions for income tax, including a judgment on whether tax positions are probable of being sustained in income tax assessments. There are certain transactions and calculations for which the ultimate income tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated income tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, these differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The Trustee-Manager evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulations are subject to interpretation. The income tax liabilities are recognised when it is more likely than not that certain tax positions may be changed upon review by income tax authorities. The Group believes that the final tax outcome of these positions can differ from those initially recognised when reviews or audits by tax authorities of tax returns are completed. Benefits from tax positions are measured at the single best estimate of the most likely outcome. At each statement of financial position date, the tax positions are reviewed and to the extent that new information becomes available that causes the Trustee-Manager to change their judgment regarding the adequacy of existing income tax liabilities, these changes to income tax liabilities are duly recognised as income tax expense in the year in which the determination is made.

Income tax expense recognised in the consolidated statements of profit or loss was as follows:

| | Group Quarter ended 30 June 2017 $'000 | Group Quarter ended 30 June 2016 $'000 | Group Half-year ended 30 June 2017 $'000 | Group Half-year ended 30 June 2016 $'000 |
|---|---|---|---|---|
| Current income tax | (2,462) | (3,147) | (4,520) | (4,692) |
| Deferred income tax | 2,861 | 543 | (2,658) | (2,547) |
| Withholding tax | (3,136) | (3,517) | (4,391) | (4,885) |
| (Under)/over provision of tax in prior years | (652) | 110 | (652) | 110 |
| **Total** | **(3,389)** | **(6,011)** | **(12,221)** | **(12,014)** |

# REVIEW OF STATEMENTS OF FINANCIAL POSITION AND NET ASSETS AS AT 30 JUNE 2017

**As presented in the statements of financial position disclosed on page 14**

## C) ASSETS

### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks and are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the Trust level increased from $8.0 million as at 31 December 2016 to $8.2 million as at 30 June 2017. The increase was primarily due to the receipt of distributions from TBC net of payment of distributions to unitholders during the half-year ended 30 June 2017.

Cash and cash equivalents at the Group level increased from $59.1 million as at 31 December 2016 to $72.8 million as at 30 June 2017. The increase was primarily driven by operating cash flows and changes in working capital partially offset by the payment of distributions to unitholders and capital expenditures.

### (ii) Trade and other receivables

Trade receivables are initially recognised at fair value plus transaction costs, and subsequently measured at amortised cost using the effective interest method, less any impairment.

Trade and other receivables at the Trust level increased from nil as at 31 December 2016 to $0.1 million as at 30 June 2017, which represented amounts paid on behalf of subsidiaries.

Trade and other receivables at the Group level decreased from $14.8 million as at 31 December 2016 to $10.4 million as at 30 June 2017 mainly due to decrease in the amounts due from trade debtors for channel leasing and advertising revenue.

### (iii) Investment in subsidiaries

The Trust invested in TBC through the acquisition of two Bermudian investment holding companies.

| Held by the Trust<br>Name of subsidiary | Principal activities | Country of incorporation | Equity holding<br>2017<br>% | <br>2017<br>$'000 | Equity holding<br>2016<br>% | <br>2016<br>$'000 |
|---|---|---|---|---|---|---|
| APTT Holdings 1 Limited | Investment holding company | Bermuda | 100 | 704,734 | 100 | 704,734 |
| APTT Holdings 2 Limited | Investment holding company | Bermuda | 100 | 637,617 | 100 | 637,617 |
| **Total cost** | | | | **1,342,351** | | **1,342,351** |

### (iv) Property, plant and equipment

All items of property, plant and equipment ("PPE") are initially recorded at cost, subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

The amounts recognised in the statements of financial position were determined as follows:

| Group Carrying value | As at 1 January 2017 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at 30 June 2017 |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Land | 3,836 | - | - | - | - | 51 | 3,887 |
| Buildings | 3,710 | - | 49 | - | (256) | 51 | 3,554 |
| Leasehold improvements | 2,022 | - | 15 | - | (226) | 30 | 1,841 |
| Network equipment | 267,512 | 964 | 39,141 | (48) | (26,135) | 3,472 | 284,906 |
| Plant and equipment | 3,156 | 29 | 4,048 | - | (1,053) | 28 | 6,208 |
| Transport equipment | 1,183 | - | 990 | - | (328) | 14 | 1,859 |
| Leased equipment | 313 | - | - | - | (50) | 4 | 267 |
| Assets under construction | 9,618 | 42,845 | (44,243) | - | - | 110 | 8,330 |
| **Total** | **291,350** | **43,838** | **-** | **(48)** | **(28,048)** | **3,760** | **310,852** |

| Group Carrying value | As at 1 April 2017 | Additions | Transfer within PPE | Disposals/ write-offs | Depreciation and impairment | Foreign exchange effect | As at 30 June 2017 |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Land | 3,950 | - | - | - | - | (63) | 3,887 |
| Buildings | 3,726 | - | 13 | - | (127) | (58) | 3,554 |
| Leasehold improvements | 1,983 | - | | - | (113) | (29) | 1,841 |
| Network equipment | 284,801 | 964 | 17,155 | (42) | (13,427) | (4,545) | 284,906 |
| Plant and equipment | 6,702 | 29 | 129 | - | (552) | (100) | 6,208 |
| Transport equipment | 2,050 | - | - | - | (162) | (29) | 1,859 |
| Leased equipment | 297 | | - | - | (25) | (5) | 267 |
| Assets under construction | 5,365 | 20,391 | (17,297) | - | - | (129) | 8,330 |
| **Total** | **308,874** | **21,384** | **-** | **(42)** | **(14,406)** | **(4,958)** | **310,852** |

| Group<br>Carrying value | As at<br>1 January<br>2016 | Additions | Transfer<br>within PPE | Disposals/<br>write-offs | Depreciation<br>and<br>impairment | Foreign<br>exchange<br>effect | As at<br>31 December<br>2016 |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Land | 2,822 | - | 667 | - | 200 | 147 | 3,836 |
| Buildings | 2,778 | - | 1,234 | - | (459) | 157 | 3,710 |
| Leasehold improvements | 162 | 7 | 2,030 | - | (256) | 79 | 2,022 |
| Network equipment | 227,091 | 2,550 | 76,459 | - | (48,493) | 9,905 | 267,512 |
| Plant and equipment | 2,981 | 7 | 1,538 | - | (1,489) | 119 | 3,156 |
| Transport equipment | 1,562 | - | 97 | (4) | (510) | 38 | 1,183 |
| Leased equipment | 292 | 235 | - | (152) | (72) | 10 | 313 |
| Assets under construction | 5,063 | 86,690 | (82,025) | - | (341) | 231 | 9,618 |
| **Total** | **242,751** | **89,489** | **-** | **(156)** | **(51,420)** | **10,686** | **291,350** |

| Trust[1]<br>Carrying value | As at<br>1 January<br>2017 | Additions | Transfer<br>within PPE | Disposals/<br>write-offs | Depreciation<br>and<br>impairment | Foreign<br>exchange<br>effect | As at<br>30 June<br>2017 |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Plant and equipment | - | 29 | - | - | (2) | - | 27 |
| **Total** | **-** | **29** | **-** | **-** | **(2)** | **-** | **27** |

[1] There was no property, plant and equipment at the Trust level in 2016, hence no comparative figures are disclosed.

In 2016, one of the engineering offices located in Pingzhen District of Taoyuan City suffered a fire. The Group had assessed property, plant and equipment with carrying value of $2.6 million were damaged in this fire. The damaged property, plant and equipment mainly comprised set-top boxes and cable modems. During the second half of 2016, the Group additionally impaired obsolete network equipment with a carrying value of $5.4 million and depreciation and impairment expenses for 2016 and carrying value of property, plant and equipment as at 31 December 2016 presented in the table above included the total gross impairment losses of $8.0 million. There were no such incidents or impairments during the quarter and half-year ended 30 June 2017.

The Group is in the process of claiming against insurance for the fire damage. As at 30 June 2017, the value of such claims is estimated to be $1.3 million (31 December 2016: $1.3 million). This amount of insurance claim is included in current other assets in the statements of financial position. The total net impairment losses of $6.7 million, representing obsolete network equipment of $5.4 million and net loss on property, plant and equipment from fire of $1.3 million, were included in depreciation and amortisation expense for 2016 in the consolidated statements of profit or loss.

During the quarter and half-year ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost of $21.4 million (30 June 2016: $15.9 million) and $43.8 million (30 June 2016: $36.2 million) of which $6.3 million remained unpaid as at 30 June 2017 (30 June 2016: $7.4 million). In addition, property, plant and equipment with an aggregate cost of $3.2 million, unpaid as at 31 December 2016, was paid during the half-year ended 30 June 2017 (30 June 2016: $12.3 million).

### (v) Intangible assets

#### Cable TV licences

Costs incurred in acquiring cable TV licences are brought to account as intangible assets. The assets are assessed as having indefinite useful lives and therefore there is no amortisation charge booked against the carrying value. Consequently, no deferred tax liabilities have been provided on the temporary differences relating to the cable TV licences as at the acquisition date as it is deemed that recovery would be through a sale transaction, which the Trustee-Manager expects would not be subject to capital gains taxes.

### Software

Costs incurred in acquiring software are brought to account as intangible assets. Software is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life.

### Programming rights

Costs incurred in acquiring programming rights, with a broadcasting period of more than one year, are brought to account as intangible assets. Programming rights are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over its estimated useful life.

### Goodwill

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less any impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment.

The amounts recognised in the statements of financial position were determined as follows:

| Group<br>Carrying value | As at<br>1 January<br>2017<br>$'000 | Additions<br><br><br>$'000 | Amortisation<br><br><br>$'000 | Foreign<br>exchange<br>effect<br>$'000 | As at<br>30 June<br>2017<br>$'000 |
|---|---|---|---|---|---|
| Cable TV licences | 2,355,970 | - | - | 31,628 | 2,387,598 |
| Software | 3,982 | 88 | (1,151) | 65 | 2,984 |
| Goodwill | 7,791 | - | - | 104 | 7,895 |
| **Total** | **2,367,743** | **88** | **(1,151)** | **31,797** | **2,398,477** |

| Group<br>Carrying value | As at<br>1 April<br>2017<br>$'000 | Additions<br><br><br>$'000 | Amortisation<br><br><br>$'000 | Foreign<br>exchange<br>effect<br>$'000 | As at<br>30 June<br>2017<br>$'000 |
|---|---|---|---|---|---|
| Cable TV licences | 2,425,749 | - | - | (38,151) | 2,387,598 |
| Software | 3,530 | 81 | (580) | (47) | 2,984 |
| Goodwill | 8,022 | - | - | (127) | 7,895 |
| **Total** | **2,437,301** | **81** | **(580)** | **(38,325)** | **2,398,477** |

| Group<br>Carrying value | As at<br>1 January<br>2016<br>$'000 | Additions<br><br><br>$'000 | Amortisation<br><br><br>$'000 | Foreign<br>exchange<br>effect<br>$'000 | As at<br>31 December<br>2016<br>$'000 |
|---|---|---|---|---|---|
| Cable TV licences | 2,268,869 | - | - | 87,101 | 2,355,970 |
| Software | 3,540 | 2,330 | (1,974) | 86 | 3,982 |
| Programming rights | 3,528 | - | (3,508) | (20) | - |
| Goodwill | 7,503 | - | - | 288 | 7,791 |
| **Total** | **2,283,440** | **2,330** | **(5,482)** | **87,455** | **2,367,743** |

| Trust[1] Carrying value | As at 1 January 2017 $'000 | Additions $'000 | Amortisation $'000 | Foreign exchange effect $'000 | As at 30 June 2017 $'000 |
|---|---|---|---|---|---|
| Software | - | 33 | (1) | - | 32 |
| **Total** | **-** | **33** | **(1)** | **-** | **32** |

[1] There were no intangible assets at the Trust level in 2016, hence no comparative figures are disclosed.

During the quarter and half-year ended 30 June 2017, the Group acquired intangible assets with an aggregate cost of $0.08 million (30 June 2016: $0.2 million) and $0.09 million (30 June 2016: $0.2 million) of which $0.06 million remained unpaid as at 30 June 2017 (30 June 2016: $0.2 million). Out of intangible assets with an aggregate cost of $0.3 million, unpaid as at 31 December 2016, $0.06 million was paid during the half-year ended 30 June 2017 (30 June 2016: $0.6 million). Total aggregate cost of intangible asset which remained unpaid as at 30 June 2017 was $0.3 million (30 June 2016: $0.2 million).

### (vi) Income tax refund receivable

The Group had an aggregate income tax refund receivable of $0.02 million as at 31 December 2016, which consisted of the income tax withheld with respect to interest payments on shareholder loans amongst the onshore affiliates in Taiwan. According to the tax laws in Taiwan, 10% income tax must be withheld on the interest payments made locally. The withholding taxes, similar to prepaid tax, can be used as tax credits or be refunded when filing the relevant onshore affiliate's income tax return. During the half-year ended 30 June 2017, all such refunds were settled and there was no amount outstanding as at 30 June 2017.

### (vii) Derivative financial instruments

The Group and Trust use foreign exchange contracts to manage their exposure to foreign exchange movements of NT$ and US$ future estimated cash flows from dividends and principal and interest payments received by the Trust from the entities held within the Group. The Group and Trust employ a 24-month rolling hedging program that swaps from 25% of forecast cash flows receivable up to 24 months away, to 100% of cash flows on amounts receivable within three months. As at 30 June 2017, mark to market movements, classified as current assets, on such contracts were nil (31 December 2016: $0.01 million) both at the Group and Trust level.

### (viii) Other assets

As at 30 June 2017, the Group and the Trust had other current assets of $4.4 million (31 December 2016: $3.5 million) and $0.1 million (31 December 2016: $0.3 million). These comprised GST recoverable, expense prepayments and insurance claims as discussed in Note C(iv).

Other non-current assets at the Group and the Trust level of $1.0 million and $0.01 million (31 December 2016: $0.9 million and 31 December 2016: nil) as at 30 June 2017 predominantly comprised refundable deposits.

## D) LIABILITIES

### (i) Borrowings from financial institutions

| | Group as at 30 June 2017 $'000 | Group as at 31 December 2016 $'000 |
|---|---|---|
| Current portion | 10,450 | 12,236 |
| | **10,450** | **12,236** |
| Non-current portion | 1,407,889 | 1,347,779 |
| Less: Unamortised arrangement fees | (49,256) | (53,048) |
| | **1,358,633** | **1,294,731** |
| **Total[1]** | **1,369,083** | **1,306,967** |

[1] Comprised outstanding NT$ denominated borrowings of $1,219.0 million (31 December 2016: $1,179.2 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $150.0 million (31 December 2016: $127.8 million) at Bermuda holding companies' level.

#### Onshore Facilities

In October 2016, TBC completed the refinancing of its NT$32.0 billion borrowing facilities (the "Previous Facilities") with Onshore Facilities of NT$28.0 billion. The Onshore Facilities reached financial close on 26 October 2016.

The NT$ denominated borrowings are repayable in tranches by 2023 and are secured by certain land, buildings, network equipment and plant and equipment held by TBC as well as by pledges over shares in onshore entities of TBC and over the shares in TBC Holdings B.V. and Harvest Cable Holdings B.V. held by Cable TV S.A. The onshore affiliates of TBC are jointly liable under the debt facilities. As at 30 June 2017, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $291.6 million (31 December 2016: $264.5 million). In addition, guarantees in favour of the lenders under the debt facilities are provided by TBC Holdings B.V. and Harvest Cable Holdings B.V.

The NT$ denominated borrowings bear a floating interest rate of Taiwan's three-month Taipei Interbank Offered Rate ("TAIBOR") plus an interest margin of 2.6% per annum. Following the completion of the acquisition of the Trustee-Manager by Dynami, the interest margin on the Onshore Facilities has further decreased by 30 basis points starting from 30 June 2017. As discussed in Note D(ii), the Group uses interest rate swaps to swap a portion of its borrowings from floating rate to fixed rate.

Arrangement fees on the Onshore Facilities were agreed at 1.6%, payable upon the financial close, which is substantially lower than the arrangement fees on the Previous Facilities of 2.4%. At inception, the arrangement fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss.

The refinancing of Previous Facilities with Onshore Facilities did not lead to recording an extinguishment of the original facilities and recognising a new one because the change in financial covenants and interest rates did not constitute a substantial modification of the terms of the original facilities. As a result, in accordance with IAS 39 *Financial Instruments: Recognition and Measurement*, the unamortised arrangement fees associated with the Previous Facilities of $27.0 million, as at 26 October 2016, were carried forward to be amortised along with new arrangement fees on the Onshore Facilities over the tenure of the Onshore Facilities of seven years.

#### Offshore Facilities

As announced on 11 July 2016, APTT secured a multicurrency term loan facility in an aggregate amount of $125.0 million and a multicurrency revolving loan facility in an aggregate amount of $125.0 million through its wholly-owned subsidiaries APTT Holdings 1 Limited and APTT Holdings 2 Limited. The Offshore Facilities, denominated in Singapore dollars, are repayable in tranches by 2019 and are secured by a first priority pledge of all of the assets of APTT Holdings 1 Limited, APTT Holdings 2 Limited, Cable TV S.A. and APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT including bank accounts and 100% of the total outstanding shares of APTT Holdings 1 Limited, APTT Holdings 2 Limited and Cable TV S.A. As at 30

June 2017, the total carrying value of assets pledged for the Offshore Facilities was $1,121 million (31 December 2016: $1,118 million). In addition, guarantees in favour of lenders under the debt facilities are provided by APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT, and Cable TV S.A.

Arrangement fees on the Offshore Facilities were agreed at 2.0%, payable 50% on financial close and 50% on the first anniversary of the financial close. At inception, the arrangement fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.5% per annum.

### (ii) Derivative financial instruments

The Group and Trust use foreign exchange contracts to manage their exposure to foreign exchange movements as discussed in Note C(vii). As at 30 June 2017, mark to market movements, classified as current and non-current liabilities, on such contracts were $1.1 million (31 December 2016: $1.8 million) and $0.1 million (31 December 2016: $0.4 million) at the Trust level. Current and non-current derivative financial instruments at the Group level included these mark to market movements in addition to mark to market movements on interest rate swaps as described below.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its NT$ denominated borrowings from financial institutions by swapping a portion of those borrowings from floating rate to fixed rate. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss. As at 30 June 2017, the notional amount of interest rate swaps was NT$25.5 billion through to 31 December 2017 (31 December 2016: NT$25.5 billion). During the quarter and half-year ended 30 June 2017, the Group entered into additional interest rate swap contracts with a notional amount of NT$16.0 billion which will be effective from 1 January 2018 to 30 June 2019. As at 30 June 2017, mark to market movements, classified as non-current liabilities, on such swaps were $4.2 million (31 December 2016: $5.1 million) at the Group level.

### (iii) Trade and other payables

| | Group as at 30 June 2017 $'000 | Group as at 31 December 2016 $'000 | Trust as at 30 June 2017 $'000 | Trust as at 31 December 2016 $'000 |
|---|---|---|---|---|
| Trade payables due to outside parties | 17,306 | 17,310 | - | - |
| Base fees payable to the Trustee-Manager | 3,591 | 3,895 | 3,591 | 3,895 |
| Other payables due to subsidiaries | - | - | - | 6,934 |
| Other payables due to the Trustee-Manager | - | 38 | - | 38 |
| **Total** | **20,897** | **21,243** | **3,591** | **10,867** |

The Group's trade and other payables as at 30 June 2017 comprised mainly broadcast and production costs payable of $17.3 million (31 December 2016: $17.3 million) and base fees payable to the Trustee-Manager of $3.6 million (31 December 2016: $3.9 million).

The Trust's trade and other payables as at 30 June 2017 comprised base fees payable to the Trustee-Manager of $3.6 million (31 December 2016: $3.9 million). Trust's trade and other payables as at 31 December 2016 also comprised cash held by the Trust on behalf of its subsidiaries of $6.9 million.

### (iv) Retirement benefit obligations

The Group operates both a defined benefit scheme and a defined contribution scheme. Eligibility for participation in each of the schemes is governed by employment and related laws in the country of employment for employees of the Group. As at 30 June 2017, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2016: $1.4 million) and $19.1 million (31 December 2016: $19.4 million).

### (v) Income tax payable

The Group is not required to and does not prepare a combined consolidated income tax return. The following information represents the combined income tax data of the combined consolidated entities. Provision for income tax and the reconciliation of income tax payable were as follows:

| | Group as at 30 June 2017 $'000 | Group as at 31 December 2016 $'000 |
|---|---|---|
| **Balance at the beginning of the period/year** | **14,246** | **9,672** |
| Current income tax provision | 4,520 | 9,609 |
| Under/(over) provision of tax in prior years | 652 | (377) |
| Income tax payment | (4,857) | (2,289) |
| Prepaid and withheld income tax | (450) | (2,853) |
| Foreign exchange effect | 206 | 484 |
| **Balance at the end of the period/year** | **14,317** | **14,246** |

### (vi) Deferred tax liabilities

The tax effects of temporary differences that give rise to deferred tax liabilities were as follows:

| | Group as at 30 June 2017 $'000 | Group as at 31 December 2016 $'000 |
|---|---|---|
| Impairment loss | (1,671) | (1,649) |
| Cash flow hedging reserves | (711) | (860) |
| Intangible assets that are partially deductible for tax purposes[1] | 61,609 | 58,029 |
| Accelerated tax depreciation | 868 | 1,004 |
| Undistributed earnings of subsidiaries | 4,476 | 6,070 |
| Others | (271) | (266) |
| Unrealised exchange differences | 1,165 | (521) |
| **Deferred tax liabilities, net** | **65,465** | **61,807** |

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $61.6 million were recorded by the Group for the partial tax deductions in respect of the amortisation of intangible assets claimed by the Group as at 30 June 2017 (31 December 2016: $58.0 million).

### (vii) Other liabilities

The Group's current other liabilities as at 30 June 2017 of $58.3 million (31 December 2016: $58.2 million) predominantly comprised collections received in advance from subscribers amounting to $36.9 million (31 December 2016: $35.9 million), accrued expenses of $15.4 million (31 December 2016: $14.3 million), withholding and other tax payable of $3.0 million (31 December 2016: $4.4 million), interest and other finance costs payable of $1.8 million (31 December 2016: $1.9 million) and amounts accrued under the Group's long-term incentive plan of $1.1 million (31 December 2016: $1.6 million).

The Trust's current other liabilities as at 30 June 2017 of $0.2 million (31 December 2016: $0.2 million) comprised accruals for regular operating expenses.

The Group's non-current other liabilities as at 30 June 2017 of $18.7 million (31 December 2016: $16.3 million) predominantly comprised subscriber deposits received of $15.3 million (31 December 2016: $13.8 million) and amounts accrued under the Group's long-term incentive plan of $2.3 million (31 December 2016: $1.4 million).

### (viii) Reserves

The Group's reserves comprised foreign currency translation reserves, cash flow hedging reserves, capital reserves and retirement benefit obligations reserves as follows:

| | Foreign currency translation reserves | Cash flow hedging reserves | Capital reserves | Retirement benefit obligations reserves | Total |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Balance as at 1 January 2017** | **71,718** | **(3,577)** | **17,694** | **(11,618)** | **74,217** |
| Exchange differences on translation of foreign operations | 24,608 | - | - | - | 24,608 |
| Unrealised movement on change in fair value of cash flow hedging financial instruments: | | | | | |
| Interest rate swaps | - | 958 | - | - | 958 |
| Deferred tax relating to items that may subsequently be reclassified to profit or loss | - | (163) | - | - | (163) |
| Transfer from accumulated profits[1] | - | - | 5,718 | - | 5,718 |
| **Balance as at 30 June 2017** | **96,326** | **(2,782)** | **23,412** | **(11,618)** | **105,338** |
| | | | | | |
| **Balance as at 1 April 2017** | **112,929** | **(3,366)** | **17,694** | **(11,618)** | **115,639** |
| Exchange differences on translation of foreign operations | (16,603) | - | - | - | (16,603) |
| Unrealised movement on change in fair value of cash flow hedging financial instruments: | | | | | |
| Interest rate swaps | - | 704 | - | - | 704 |
| Deferred tax relating to items that may subsequently be reclassified to profit or loss | - | (120) | - | - | (120) |
| Transfer from accumulated profits[1] | - | - | 5,718 | - | 5,718 |
| **Balance as at 30 June 2017** | **96,326** | **(2,782)** | **23,412** | **(11,618)** | **105,338** |
| | | | | | |
| **Balance as at 1 January 2016** | **29,285** | **(7,069)** | **14,008** | **(7,838)** | **28,386** |
| Exchange differences on translation of foreign operations | 42,433 | - | - | - | 42,433 |
| Unrealised movement on change in fair value of cash flow hedging financial instruments: | | | | | |
| Interest rate swaps | - | 4,207 | - | - | 4,207 |
| Deferred tax relating to items that may subsequently be reclassified to profit or loss | - | (715) | - | - | (715) |
| Transfer from accumulated profits[1] | - | - | 3,686 | - | 3,686 |
| Remeasurement of defined benefit obligations | - | - | - | (3,780) | (3,780) |
| **Balance as at 31 December 2016** | **71,718** | **(3,577)** | **17,694** | **(11,618)** | **74,217** |

[1] As per articles of incorporation of Jie Guang Co., Ltd. and Tai Luo Tze Co., Ltd., the current year's earnings, after paying all taxes and offsetting prior years' operating losses, if any, should be appropriated and distributed 10% as capital reserve before dividend declaration.

### (ix) Non-controlling interests

In order to comply with Taiwan cable TV regulations regarding foreign ownership, the entities held within the Group have issued preferred shares to third parties in Taiwan and the Netherlands. Non-controlling interests represent the preferred shares issued to external investors and their interests in the net assets of the Group are identified separately from the Group's equity therein.

## E) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

| | Group as at 30 June 2017 | Group as at 31 December 2016 | Trust as at 30 June 2017 | Trust as at 31 December 2016 |
|---|---|---|---|---|
| **Net asset value attributable to unitholders** | | | | |
| Total net asset value attributable to unitholders ($'000) | 1,222,811 | 1,228,229 | 1,345,756 | 1,337,328 |
| Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000) | 1,436,800 | 1,436,800 | 1,436,800 | 1,436,800 |
| **Net asset value per unit attributable to unitholders ($)** | **0.85** | **0.85** | **0.94** | **0.93** |

As at 30 June 2017, the Group had negative working capital of $18.9 million (31 December 2016: $31.8 million). This included $36.9 million of collections received in advance from subscribers which do not require any future cash outflow from the Group (31 December 2016: $35.9 million).

After adjusting for this amount, the Group would have positive working capital of $18.0 million (31 December 2016: $4.1 million). The Group has undrawn debt facilities of $100.4 million (31 December 2016: $143.5 million) which can be drawn to address any shortfall in working capital requirements.

The Group believes that it has adequate working capital for its present requirements and that its existing debt facilities, together with cash and cash equivalents, will provide sufficient funds to satisfy its working capital requirements and anticipated capital expenditures and other payment obligations for the next 12 months, after taking into consideration the following factors:

- The Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve approximately 762,000 cable TV RGUs as at 30 June 2017, with more than 100 channels of local and international content on its cable TV platforms in Taiwan. For the next renewal periods in 2017 and 2018, a further three-year extension has been given to the existing cable TV licences along with the requirement to complete analogue broadcasting switch-off and consequently digitise all franchise areas. Hence, it is expected that the Group's core business, i.e. cable TV system operators and their related businesses, will continue generating sufficient and stable cash inflows. This is consistent with the positive operating cash flows generated by the Group of $90.6 million for the half-year ended 30 June 2017 (year ended 31 December 2016: $185.2 million).
- In view of the steady operating cash flows generated, good credibility over the past years and full compliance with the requirements as stipulated in the debt facilities, the Trustee-Manager is confident it can refinance such debt facilities when required; and
- The Trustee-Manager has carefully monitored and managed its cash flows. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a quarterly basis to project cash flow requirements of the Group using various general and operational assumptions.

## F) RELATED PARTY/INTERESTED PERSON TRANSACTIONS

### (i) The Trustee-Manager

The Trustee-Manager, APTT Management Pte. Limited, was incorporated in Singapore under the Singapore Companies Act on 17 April 2013. The Trustee-Manager is a wholly owned subsidiary of Dynami which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

The Trustee-Manager has the dual responsibility of safeguarding the interests of unitholders and managing the business conducted by APTT. The Trustee-Manager manages APTT's business with an objective of providing unitholders with stable and sustainable distributions.

The following transactions occurred between APTT and the Trustee-Manager during the quarter and half-year:

| | Quarter ended 30 June 2017 $'000 | Quarter ended 30 June 2016 $'000 | Half-year ended 30 June 2017 $'000 | Half-year ended 30 June 2016 $'000 |
|---|---|---|---|---|
| Trustee-Manager fees | 1,805 | 1,801 | 3,591 | 3,601 |

The following significant balances remained outstanding between APTT and the Trustee-Manager at the end of the reporting period:

| | As at 30 June 2017 $'000 | As at 31 December 2016 $'000 |
|---|---|---|
| Base fees payable to the Trustee-Manager | 3,591 | 3,895 |

Dynami acquired the entire interest in the Trustee-Manager from Macquarie Group Holdings (Singapore) Pte. Limited ("Macquarie Singapore"), an indirect wholly owned subsidiary of Macquarie Group Limited, on 13 April 2017. Prior to 13 April 2017, any transactions with Macquarie Group entities have been classified as related party transactions and disclosed in the financial statements. As Macquarie Group entities were no longer related parties to the Group thereafter, the transactions with Macquarie Group entities disclosed below relate to the period up to 13 April 2017.

As per the Resources Agreement between the Trustee-Manager and Macquarie Infrastructure and Real Assets (Singapore) Pte. Limited ("MIRA Singapore") in relation to the provision of resource services by MIRA Singapore to the Trustee-Manager, all fees payable in respect of ancillary services are borne by the Trust. The Resources Agreement was terminated on 13 April 2017. For the quarter ended 30 June 2017 (period up to 13 April 2017), such fees charged by the Trustee-Manager was nil (30 June 2016: less than $0.1 million) and for the half-year ended 30 June 2017 (period up to 13 April 2017), such fees charged by the Trustee-Manager were less than $0.1 million (30 June 2016: $0.2 million).

The Group utilised Macquarie Bank Limited Singapore Branch's foreign exchange department to hedge some of its foreign currency risk during the half-year ended 30 June 2017. Macquarie Bank Limited Singapore Branch is regulated by MAS and Rule 915(6) of the SGX-ST Listing Manual exempts the need to disclose transactions with a MAS-regulated entity, on normal commercial terms and in the ordinary course of business. Therefore, no further interested person disclosures have been made.

The Group has not obtained a general mandate from unitholders for IPTs.

## G) ADDITIONAL INFORMATION

### (i) Announcement of financial statements

Pursuant to Rule 705(2) of the SGX-ST Listing Manual, the financial statements for the quarter and half-year ended 30 June 2017 have been disclosed within 45 days after the end of the relevant financial period.

### (ii) Confirmation on undertakings from directors and executive officers

Pursuant to Rule 720(1) of the SGX-ST Listing Manual, the Trustee-Manager confirms that the Trust has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7.

### (iii) Review by independent auditor

The financial statements for the half-year ended 30 June 2017 have been reviewed by the Group's auditors, Deloitte & Touche LLP, in accordance with *International Standards on Review Engagement 2410*. The extract of the review report, dated 14 August 2017 on the financial information of the Trust and its subsidiaries for the half-year ended 30 June 2017 is attached to this announcement.

### (iv) Basis of preparation

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current quarter as specified in the audited financial statements of the Group for the year ended 31 December 2016. There were no substantial changes to the Group's accounting policies.

The financial statements have been prepared in accordance with IFRS. The preparation of the financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee-Manager to exercise judgement in the process of applying the accounting estimates. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The Trustee-Manager believes that the estimates used in the preparation of the financial statements are reasonable. Actual results in the future, however, may differ from those reported.

### (v) Functional and presentation currency

All figures, unless otherwise stated, are presented in Singapore dollars, which is APTT's functional and presentation currency.

### (vi) Rounding of amounts in the financial statements

Amounts in the financial statements have been rounded to the nearest thousand dollars, unless otherwise indicated.

### (vii) Group accounting - subsidiaries

Subsidiaries are all entities (including special purpose entities) over which control is achieved when the Trust (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns. Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary.

# CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of directors of APTT Management Pte. Limited, as Trustee-Manager of APTT, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of directors which may render the financial statements for the quarter and half-year ended 30 June 2017 to be false or misleading in any material aspect.

On behalf of the Board of directors of
APTT Management Pte. Limited
(Company Registration No. 201310241D)
As Trustee-Manager of APTT

**Yong Lum Sung**
Director

**Brian McKinley**
Director

Singapore
14 August 2017

# DISCLAIMERS

Asian Pay Television Trust ("APTT") is a business trust registered under the Business Trusts Act (Chapter 31A of Singapore) and listed on the Singapore Exchange Securities Trading Limited. APTT Management Pte. Limited is the Trustee-Manager of APTT (the "Trustee-Manager"). The Trustee-Manager is a wholly owned subsidiary of Dynami Vision Pte. Ltd. ("Dynami") which is a Singapore registered company majority owned by Mr Lu Fang-Ming, the Chairman of Asia Pacific Telecom Co., Ltd.

This report is not an offer or invitation for subscription or purchase, or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in APTT, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

In particular, no representation or warranty is given as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in the information. Such forecasts, prospects or returns are by their nature subject to significant uncertainties and contingencies. Each recipient of the information should make its own independent assessment of the information and take its own independent professional advice in relation to the information and any action taken on the basis of the information.

Investors should note that there are limitations on the right of certain investors to own units in APTT under applicable Taiwan laws and regulations (the "Relevant Restrictions"). Such investors include PRC individuals and corporate entities, the Taiwan government and political entities and other restricted entities and restricted persons (collectively, the "Restricted Persons"). Investors should note that the Deed of Trust constituting APTT dated 30 April 2013 (the "Trust Deed") provides that the Trustee-Manager may, in the case of a breach of the Relevant Restrictions, take all steps and do all things as it may in its absolute discretion deem necessary to ensure that the Relevant Restrictions are complied with. In particular, the Trust Deed provides that the Trustee-Manager has the power to require the relevant Restricted Person to dispose of their units in APTT and, if such request is not complied with within 21 days after such request (or such shorter period as the Trustee-Manager shall consider reasonable), to arrange for the sale of the units. The Trustee-Manager is not required to provide any reason for, and is not liable or responsible for any losses incurred as a result of, exercising such power. For further information, investors should refer to the prospectus dated 16 May 2013 issued by APTT and the Trust Deed.

Deloitte.

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

14 August 2017

The Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust
12 Marina View
#21-01, Asia Square Tower 2,
Singapore 018961

Dear Sirs

**ASIAN PAY TELEVISION TRUST**
**REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2017**

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Asian Pay Television Trust ("APTT" or the "Trust") as of 30 June 2017 and condensed interim statement of changes in equity of the Trust for the half-year then ended, the condensed interim consolidated statement of financial position of APTT and its subsidiaries (the "Group") as of 30 June 2017, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group for the half-year then ended and other explanatory notes ("condensed interim consolidated financial statements") as set out on pages 4 to 30.

APTT Management Pte. Limited (the "Trustee-Manager") is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements in accordance with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34"). Such condensed interim consolidated financial statements have been prepared by the Trustee-Manager for announcement on the Singapore Exchange. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Deloitte.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not present fairly, in all material respects, in accordance with IAS 34.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants

Singapore