

ASIAN PAY TELEVISION TRUST

**SGX QUARTERLY REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2017**



CONTENTS

REPORT SUMMARY	1
REPORT SUMMARY	2
PERFORMANCE REVIEW OF ASIAN PAY TELEVISION TRUST	4
INTRODUCTION.....	5
SELECTED FINANCIAL INFORMATION AND OPERATING DATA	8
FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017	13
STATEMENTS OF FINANCIAL POSITION	14
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS.....	15
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	16
STATEMENTS OF CHANGES IN EQUITY.....	17
DETAIL OF CHANGES IN UNITHOLDERS' FUNDS.....	21
CONSOLIDATED STATEMENTS OF CASH FLOWS	22
RECONCILIATION OF NET PROFIT TO EBITDA.....	23
MANAGEMENT REVIEW FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017	24
REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2017	25
REVIEW OF STATEMENTS OF FINANCIAL POSITION AND NET ASSETS AS AT 30 SEPTEMBER 2017.....	30
CONFIRMATION OF THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL	43
DISCLAIMERS.....	44

REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Revenue and EBITDA for the quarter of \$84.5 million¹ and \$50.8 million, up 6.5% and 8.9%
- Distribution of 1.625 cents per unit declared for the quarter ended 30 September 2017; reaffirmed full-year distribution guidance of 6.5 cents per unit for the year ending 31 December 2017
- Distribution guidance provided for the year ending 31 December 2018 of 6.5 cents per unit, unchanged from 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 \$84.5 million and EBITDA of \$50.8 million for the quarter ended 30 September 2017. Total revenue was \$250.1 million and EBITDA was \$149.6 million for the nine months ended 30 September 2017. Total revenue for the quarter and nine months ended 30 September 2017 was 6.5% and 6.3% higher than the prior corresponding period (“pcp”); in constant Taiwan dollars (“NT\$”) terms total revenue for the quarter and nine months ended 30 September 2017 was 1.1% higher and 1.3% lower than the pcp. Foreign exchange contributed to a positive variance of 5.4% for the quarter and 7.6% for the nine months ended 30 September 2017 compared to pcp.

	Quarter ended 30 September 2017	Quarter ended 30 September 2016	Variance ³	Nine months ended 30 September 2017	Nine months ended 30 September 2016	Variance ³
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Basic cable TV	68,026	63,174	7.7	199,955	187,134	6.9
Premium digital cable TV	3,865	3,737	3.4	11,850	11,034	7.4
Broadband	12,574	12,364	1.7	38,325	37,147	3.2
Total revenue	84,465	79,275	6.5	250,130	235,315	6.3
Total operating expenses	(33,702)	(32,667)	(3.2)	(100,488)	(95,978)	(4.7)
EBITDA	50,763	46,608	8.9	149,642	139,337	7.4
EBITDA margin	60.1%	58.8%		59.8%	59.2%	

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 TBC⁴ for the quarter ended 30 September 2017 are as follows:

- **Basic cable TV:** Basic cable TV revenue of \$68.0 million for the quarter ended 30 September 2017 was up 7.7% on pcp; in constant NT\$ terms Basic cable TV revenue was up 2.3% on pcp. This comprised subscription revenue of \$53.3 million and non-subscription revenue of \$14.7 million. TBC’s c.762,000 Basic cable TV revenue generating units (“RGUs”) each contributed an ARPU of NT\$518 per month in the third quarter to access over 100 cable TV channels. Basic cable TV RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 June 2017 (RGUs: c.762,000; ARPU: NT\$522 per month). 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 higher than the pcp mainly due to higher revenue generated from channel leasing.
- **Premium digital cable TV⁵:** Premium digital cable TV revenue of \$3.9 million for the quarter ended 30 September 2017

⁴ TBC refers to Taiwan Broadband Communications group.

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. RGU, per home. The pcp figures for Premium digital cable TV RGUs and ARPU have been restated to conform to the new presentation.

was up 3.4% on pcp; in constant NT\$ terms Premium digital cable TV revenue was 2.0% lower than the pcp. This was generated predominantly from TBC's c.195,000 Premium digital cable TV RGUs each contributing an ARPU of NT\$141 per month in the third quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 June 2017 (RGUs: c.195,000; ARPU: NT\$145 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 \$12.6 million for the quarter ended 30 September 2017 was up 1.7% on pcp; in constant NT\$ terms Broadband revenue was 3.7% lower than the pcp. This was generated predominantly from TBC's c.201,000 Broadband RGUs each contributing an ARPU of NT\$450 per month in the third quarter for high-speed Broadband services. Broadband RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 June 2017 (RGUs: c.201,000 and ARPU: NT\$453 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 \$24.2 million for the quarter ended 30 September 2017 was 21.2% higher than the pcp. Capital expenditure for the quarter ended 30 September 2017 was higher because of higher capital expenditure being incurred on 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.

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 begin to increase before the end 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 September 2017. The books closure date will be on 15 December 2017 and the distribution will be paid on 22 December 2017. Ordinary distributions of 1.625 cents per unit were paid for the quarters ended 31 March 2017 and 30 June 2017.

The Board is pleased to reaffirm distribution guidance for the year ending 31 December 2017. The distribution for the quarter ending 31 December 2017 is expected to be 1.625 cents per unit, totalling 6.5 cents per unit for the year ending 31 December 2017, in line with previous guidance.

The Board is also pleased to provide distribution guidance for the year ending 31 December 2018. The distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit. It is anticipated that the distribution will continue to be paid in quarterly instalments of 1.625 cents per unit.

The distribution guidance is subject to no material changes in planning assumptions.

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 11,400 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 September 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 1.2 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 September 2017.

	Three months ended 30 September 2017	Three months ended 30 September 2016
Ordinary interim distribution	1.625 cents per unit	1.625 cents per unit
Announcement date	13 November 2017	9 November 2016
Ex-distribution date	13 December 2017	14 December 2016
Books closure date	15 December 2017	16 December 2016
Date payable	22 December 2017	23 December 2016

The Board is pleased to reaffirm distribution guidance for the year ending 31 December 2017. The distribution for the quarter ending 31 December 2017 is expected to be 1.625 cents per unit, totalling 6.5 cents per unit for the year ending 31 December 2017, in line with previous guidance.

The Board is also pleased to provide distribution guidance for the year ending 31 December 2018. The distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit. It is anticipated that the distribution will continue to 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	1.625
30 September 2017 (to be paid on 22 December 2017)	1.625
Total	36.805

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 September 2017 \$'000	Group Quarter ended 30 September 2016 \$'000	Variance ³ %	Group Nine months ended 30 September 2017 \$'000	Group Nine months ended 30 September 2016 \$'000	Variance ³ %
Revenue							
Basic cable TV	A(i)	68,026	63,174	7.7	199,955	187,134	6.9
Premium digital cable TV	A(ii)	3,865	3,737	3.4	11,850	11,034	7.4
Broadband	A(iii)	12,574	12,364	1.7	38,325	37,147	3.2
Total revenue		84,465	79,275	6.5	250,130	235,315	6.3
Operating expenses⁴							
Broadcast and production costs	B(i)	(15,979)	(15,331)	(4.2)	(48,091)	(45,555)	(5.6)
Staff costs	B(ii)	(7,949)	(7,696)	(3.3)	(23,591)	(22,400)	(5.3)
Trustee-Manager fees	B(iv)	(1,825)	(1,820)	(0.3)	(5,416)	(5,421)	0.1
Other operating expenses	B(vii)	(7,949)	(7,820)	(1.6)	(23,390)	(22,602)	(3.5)
Total operating expenses		(33,702)	(32,667)	(3.2)	(100,488)	(95,978)	(4.7)
EBITDA		50,763	46,608	8.9	149,642	139,337	7.4
EBITDA margin ⁵		60.1%	58.8%		59.8%	59.2%	
Capital expenditure							
Maintenance ⁶		10,656	6,209	(71.6)	24,274	15,143	(60.3)
Premium digital cable TV growth		8,622	10,583	18.5	33,203	31,437	(5.6)
Other capital expenditure ⁶		4,877	3,139	(55.4)	10,516	9,596	(9.6)
Total capital expenditure		24,155	19,931	(21.2)	67,993	56,176	(21.0)
Total maintenance capital expenditure as a % of revenue		12.6	7.8		9.7	6.4	
Total capital expenditure as a % of revenue		28.6	25.1		27.2	23.9	
Income tax paid, net of refunds		(6,727)	(1,904)	(>100)	(16,504)	(9,387)	(75.8)
Interest and other finance costs paid		(13,838)	(14,375)	3.7	(42,503)	(40,247)	(5.6)

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 pcg figures for maintenance and other capital expenditure have been restated to conform to the new presentation.

SELECTED OPERATING DATA

	Group as at 30 September 2017	Group as at 30 June 2017	Group as at 31 March 2017	Group as at 31 December 2016	Group as at 30 September 2016
RGUs ('000)					
Basic cable TV	762	762	762	762	761
Premium digital cable TV ¹	195	195	185	182	178
Broadband	201	201	201	201	201
	Group Quarter ended 30 September 2017	Group Quarter ended 30 June 2017	Group Quarter ended 31 March 2017	Group Quarter ended 31 December 2016	Group Quarter ended 30 September 2016
ARPU² (NT\$ per month)					
Basic cable TV	518	522	525	528	529
Premium digital cable TV ¹	141	145	151	154	156
Broadband	450	453	457	461	470
AMCR³ (%)					
Basic cable TV	(0.7)	(0.6)	(0.6)	(0.8)	(0.8)
Premium digital cable TV	(6.8)	(5.5)	(3.9)	(3.9)	(4.6)
Broadband	(1.2)	(1.2)	(1.3)	(1.7)	(1.5)

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 September 2017 was \$84.5 million (30 September 2016: \$79.3 million). Total revenue for the nine months ended 30 September 2017 was \$250.1 million (30 September 2016: \$235.3 million). Total revenue for the quarter and nine months ended 30 September 2017 was 6.5% and 6.3% higher than the pcp; in constant NT\$ terms total revenue for the quarter and nine months ended 30 September 2017 was 1.1% higher and 1.3% lower than the pcp. Foreign exchange contributed to a positive variance of 5.4% for the quarter and 7.6% for the nine months ended 30 September 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 \$33.7 million for the quarter ended 30 September 2017 were 3.2% higher than the pcp (30 September 2016: \$32.7 million). Total operating expenses of \$100.5 million for the nine months ended 30 September 2017 were 4.7% higher than pcp (30 September 2016: \$96.0 million). The increase in total operating expenses for the quarter and nine months ended 30 September 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 \$50.8 million for the quarter ended 30 September 2017 was 8.9% higher than the pcp (30 September 2016: \$46.6 million). EBITDA margin for the quarter ended 30 September 2017 of 60.1% was higher than the pcp (30 September 2016: 58.8%).

EBITDA of \$149.6 million for the nine months ended 30 September 2017 was 7.4% higher than pcp (30 September 2016: \$139.3 million). EBITDA margin for the nine months ended 30 September 2017 of 59.8% was higher than pcp (30 September 2016: 59.2%).

(iv) Total capital expenditure

Total capital expenditure of \$24.2 million for the quarter ended 30 September 2017 was 21.2% higher than the pcp (30 September 2016: \$19.9 million) and \$68.0 million for the nine months ended 30 September 2017 was 21.0% higher than pcp (30 September 2016: \$56.2 million). As a result, total capital expenditure as a percentage of revenue was 28.6% for the quarter ended 30 September 2017 (30 September 2016: 25.1%) and 27.2% for the nine months ended 30 September 2017 (30 September 2016: 23.9%). Total capital expenditure for the quarter and nine months ended 30 September 2017 was higher mainly due to higher capital expenditure being incurred on maintenance and other 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.
- 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 is set out below. There is no expected capital expenditure related to this project beyond 2017.

\$'million	2013 Actual	2014 Actual	2015 Actual	2016 Actual	2017 Forecast
Premium digital cable TV	<15 ¹	19	53	49	50 - 55

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 NINE MONTHS
ENDED 30 SEPTEMBER 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 September 2017 \$'000	Group as at 31 December 2016 \$'000	Trust as at 30 September 2017 \$'000	Trust as at 31 December 2016 \$'000
Assets					
Current assets					
Cash and cash equivalents	C(i)	54,871	59,088	3,383	7,983
Trade and other receivables	C(ii)	10,794	14,802	3	-
Derivative financial instruments	C(vii)	190	6	190	6
Other assets	C(viii)	3,985	3,489	324	268
		69,840	77,385	3,900	8,257
Non-current assets					
Investment in subsidiaries	C(iii)	-	-	1,342,351	1,342,351
Property, plant and equipment	C(iv)	316,101	291,350	40	-
Intangible assets	C(v)	2,374,998	2,367,743	30	-
Income tax refund receivable	C(vi)	-	15	-	-
Other assets	C(viii)	906	914	8	-
		2,692,005	2,660,022	1,342,429	1,342,351
Total assets		2,761,845	2,737,407	1,346,329	1,350,608
Liabilities					
Current liabilities					
Borrowings from financial institutions	D(i)	14,013	12,236	-	-
Retirement benefit obligations	D(iv)	1,410	1,416	-	-
Derivative financial instruments	D(ii)	428	1,818	428	1,818
Trade and other payables	D(iii)	19,413	21,243	2,082	10,867
Income tax payable	D(v)	12,396	14,246	-	2
Other liabilities	D(vii)	58,935	58,221	-	197
		106,595	109,180	2,510	12,884
Non-current liabilities					
Borrowings from financial institutions	D(i)	1,351,488	1,294,731	-	-
Retirement benefit obligations	D(iv)	18,890	19,365	-	-
Derivative financial instruments	D(ii)	3,328	5,455	48	396
Deferred tax liabilities	D(vi)	67,755	61,807	-	-
Other liabilities	D(vii)	19,340	16,313	-	-
		1,460,801	1,397,671	48	396
Total liabilities		1,567,396	1,506,851	2,558	13,280
Net assets		1,194,449	1,230,556	1,343,771	1,337,328
Equity					
Unitholders' funds		1,342,851	1,342,851	1,342,851	1,342,851
Reserves	D(viii)	88,977	74,217	-	-
Accumulated (deficit)/surplus		(239,687)	(188,839)	920	(5,523)
Equity attributable to unitholders of APTT		1,192,141	1,228,229	1,343,771	1,337,328
Non-controlling interests	D(ix)	2,308	2,327	-	-
Total equity		1,194,449	1,230,556	1,343,771	1,337,328

¹ Notes to the statements of financial position can be found on pages 30 to 39.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note ¹	Group Quarter ended 30 September 2017 \$'000	Group Quarter ended 30 September 2016 \$'000	Variance ² %	Group Nine months ended 30 September 2017 \$'000	Group Nine months ended 30 September 2016 \$'000	Variance ² %
Revenue							
Basic cable TV	A(i)	68,026	63,174	7.7	199,955	187,134	6.9
Premium digital cable TV	A(ii)	3,865	3,737	3.4	11,850	11,034	7.4
Broadband	A(iii)	12,574	12,364	1.7	38,325	37,147	3.2
Total revenue		84,465	79,275	6.5	250,130	235,315	6.3
Operating expenses							
Broadcast and production costs	B(i)	(15,979)	(15,331)	(4.2)	(48,091)	(45,555)	(5.6)
Staff costs	B(ii)	(7,949)	(7,696)	(3.3)	(23,591)	(22,400)	(5.3)
Depreciation and amortisation expense ³	B(iii)	(16,393)	(12,403)	(32.2)	(45,592)	(36,519)	(24.8)
Trustee-Manager fees	B(iv)	(1,825)	(1,820)	(0.3)	(5,416)	(5,421)	0.1
Net foreign exchange (loss)/gain	B(v)	(2,230)	3,101	(>100)	(11,475)	4,024	(>100)
Mark to market gain/(loss) on derivative financial instruments ⁴	B(vi)	980	(3,040)	>100	1,921	556	>100
Other operating expenses	B(vii)	(7,949)	(7,820)	(1.6)	(23,390)	(22,602)	(3.5)
Total operating expenses		(51,345)	(45,009)	(14.1)	(155,634)	(127,917)	(21.7)
Operating profit		33,120	34,266	(3.3)	94,496	107,398	(12.0)
Amortisation of deferred arrangement fees ⁵	B(viii)	(2,216)	(1,387)	(59.8)	(6,700)	(3,725)	(79.9)
Interest and other finance costs	B(ix)	(13,758)	(14,170)	2.9	(42,402)	(40,048)	(5.9)
Profit before income tax		17,146	18,709	(8.4)	45,394	63,625	(28.7)
Income tax expense	B(x)	(8,030)	(8,049)	0.2	(20,251)	(20,063)	(0.9)
Profit after income tax		9,116	10,660	(14.5)	25,143	43,562	(42.3)
Profit after income tax attributable to:							
Unitholders of APTT		9,039	10,587	(14.6)	24,914	43,317	(42.5)
Non-controlling interests		77	73	5.5	229	245	(6.5)
Profit after income tax		9,116	10,660	(14.5)	25,143	43,562	(42.3)
Basic and diluted earnings per unit attributable to unitholders of APTT		0.63 cents	0.74 cents		1.73 cents	3.01 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 September 2017 \$'000	Group Quarter ended 30 September 2016 \$'000	Variance ¹ %	Group Nine months ended 30 September 2017 \$'000	Group Nine months ended 30 September 2016 \$'000	Variance ¹ %
Profit after income tax	9,116	10,660	(14.5)	25,143	43,562	(42.3)
Other comprehensive (loss)/income						
Items that may subsequently be reclassified to profit and loss:						
Exchange differences on translation of foreign operations	(17,065)	49,897	(>100)	7,543	13,767	(45.2)
Unrealised movement on change in fair value of cash flow hedging financial instruments	848	1,957	(56.7)	1,806	2,293	(21.2)
Deferred tax relating to items that may subsequently be reclassified to profit and loss	(144)	(333)	56.8	(307)	(390)	21.3
Other comprehensive (loss)/income, net of tax	(16,361)	51,521	(>100)	9,042	15,670	(42.3)
Total comprehensive (loss)/income	(7,245)	62,181	(>100)	34,185	59,232	(42.3)
Total comprehensive (loss)/income attributable to:						
Unitholders of APTT	(7,322)	62,108	(>100)	33,956	58,987	(42.4)
Non-controlling interests	77	73	5.5	229	245	(6.5)
Total comprehensive (loss)/income	(7,245)	62,181	(>100)	34,185	59,232	(42.3)

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	-	-	24,914	24,914	229	25,143
Other comprehensive income, net of tax	-	9,042	-	9,042	-	9,042
Total	-	9,042	24,914	33,956	229	34,185
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(103)	(103)
Transfer to capital reserves	-	5,718	(5,718)	-	-	-
Distributions paid	-	-	(70,044)	(70,044)	(145)	(70,189)
Total	-	5,718	(75,762)	(70,044)	(248)	(70,292)
Balance as at 30 September 2017	1,342,851	88,977	(239,687)	1,192,141	2,308	1,194,449

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 July 2017	1,342,851	105,338	(225,378)	1,222,811	2,270	1,225,081
Total comprehensive loss						
Profit after income tax	-	-	9,039	9,039	77	9,116
Other comprehensive loss, net of tax	-	(16,361)	-	(16,361)	-	(16,361)
Total	-	(16,361)	9,039	(7,322)	77	(7,245)
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(39)	(39)
Distributions paid	-	-	(23,348)	(23,348)	-	(23,348)
Total	-	-	(23,348)	(23,348)	(39)	(23,387)
Balance as at 30 September 2017	1,342,851	88,977	(239,687)	1,192,141	2,308	1,194,449

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 2016	1,342,851	28,386	(142,439)	1,228,798	2,319	1,231,117
Total comprehensive income						
Profit after income tax	-	-	43,317	43,317	245	43,562
Other comprehensive income, net of tax	-	15,670	-	15,670	-	15,670
Total	-	15,670	43,317	58,987	245	59,232
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(103)	(103)
Transfer to capital reserves	-	3,686	(3,686)	-	-	-
Distributions paid	-	-	(79,024)	(79,024)	(157)	(79,181)
Total	-	3,686	(82,710)	(79,024)	(260)	(79,284)
Balance as at 30 September 2016	1,342,851	47,742	(181,832)	1,208,761	2,304	1,211,065

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 July 2016	1,342,851	(3,779)	(169,071)	1,170,001	2,269	1,172,270
Total comprehensive income						
Profit after income tax	-	-	10,587	10,587	73	10,660
Other comprehensive income, net of tax	-	51,521	-	51,521	-	51,521
Total	-	51,521	10,587	62,108	73	62,181
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(38)	(38)
Distributions paid	-	-	(23,348)	(23,348)	-	(23,348)
Total	-	-	(23,348)	(23,348)	(38)	(23,386)
Balance as at 30 September 2016	1,342,851	47,742	(181,832)	1,208,761	2,304	1,211,065

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	-	76,487	76,487
Total	-	76,487	76,487
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(70,044)	(70,044)
Total	-	(70,044)	(70,044)
Balance as at 30 September 2017	1,342,851	920	1,343,771

Trust	Unitholders' funds \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance as at 1 July 2017	1,342,851	2,905	1,345,756
Total comprehensive income			
Profit after income tax	-	21,363	21,363
Total	-	21,363	21,363
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	-	(23,348)	(23,348)
Balance as at 30 September 2017	1,342,851	920	1,343,771

Trust	Unitholders' funds \$'000	Accumulated deficit \$'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	-	77,637	77,637
Total	-	77,637	77,637
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(79,024)	(79,024)
Total	-	(79,024)	(79,024)
Balance as at 30 September 2016	1,342,851	(5,736)	1,337,115

Trust	Unitholders' funds \$'000	Accumulated surplus/(deficit) \$'000	Total equity \$'000
Balance as at 1 July 2016	1,342,851	56	1,342,907
Total comprehensive income			
Profit after income tax	-	17,556	17,556
Total	-	17,556	17,556
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	-	(23,348)	(23,348)
Balance as at 30 September 2016	1,342,851	(5,736)	1,337,115

DETAIL OF CHANGES IN UNITHOLDERS' FUNDS

Group and Trust	Quarter ended 30 September 2017	Quarter ended 30 September 2017	Nine months ended 30 September 2017	Nine months ended 30 September 2017
	Number of units		Number of units	
	'000	\$'000	'000	\$'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 September 2016	Quarter ended 30 September 2016	Nine months ended 30 September 2016	Nine months ended 30 September 2016
	Number of units		Number of units	
	'000	\$'000	'000	\$'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 nine months ended 30 September 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 nine months ended 30 September 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 September 2017	Group Quarter ended 30 September 2016	Group Nine months ended 30 September 2017	Group Nine months ended 30 September 2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit after income tax	9,116	10,660	25,143	43,562
Adjustments for:				
Depreciation and amortisation expense	16,393	12,403	45,592	36,519
Net foreign exchange loss/(gain)	2,807	(4,320)	11,084	(6,418)
Mark to market (gain)/loss on derivative financial instruments	(980)	3,040	(1,921)	(556)
Amortisation of deferred arrangement fees	2,216	1,387	6,700	3,725
Interest and other finance costs	13,758	14,170	42,402	40,048
Income tax expense	8,030	8,049	20,251	20,063
Operating cash flows before movements in working capital	51,340	45,389	149,251	136,943
Trade and other receivables	(416)	(1,349)	4,008	3,772
Income tax refund receivable	-	126	15	144
Trade and other payables	(1,484)	(1,465)	(1,830)	(1,578)
Retirement benefit obligations	(288)	687	(481)	(463)
Other assets	484	104	(488)	(1,002)
Other liabilities	1,406	801	974	(2,855)
Cash generated from operations	51,042	44,293	151,449	134,961
Income tax paid, net of refunds	(6,727)	(1,904)	(16,504)	(9,387)
Net cash inflows from operating activities	44,315	42,389	134,945	125,574
Cash flows from investing activities				
Acquisition of property, plant and equipment	(24,023)	(19,728)	(64,817)	(60,876)
Proceeds from disposal of property, plant and equipment	3	-	51	152
Acquisition of intangible assets	(11,617)	(114)	(11,699)	(671)
Net cash used in investing activities	(35,637)	(19,842)	(76,465)	(61,395)
Cash flows from financing activities				
Interest and other finance costs paid	(13,838)	(14,375)	(42,503)	(40,247)
Borrowings from financial institutions	12,896	137,711	56,517	170,708
Repayment of borrowings to financial institutions	(1,875)	(124,686)	(3,438)	(128,923)
Settlement of derivative financial instruments	(450)	(1,819)	(2,981)	561
Settlement of transactions with non-controlling interests	(39)	(38)	(103)	(103)
Distributions to non-controlling interests	-	-	(145)	(157)
Distributions to unitholders	(23,348)	(23,348)	(70,044)	(79,024)
Net cash used in financing activities	(26,654)	(26,555)	(62,697)	(77,185)
Net decrease in cash and cash equivalents	(17,976)	(4,008)	(4,217)	(13,006)
Cash and cash equivalents at the beginning of the period/year	72,847	51,928	59,088	60,926
Cash and cash equivalents at the end of the period	54,871	47,920	54,871	47,920

RECONCILIATION OF NET PROFIT TO EBITDA

	Group Quarter ended 30 September 2017	Group Quarter ended 30 September 2016	Variance ¹	Group Nine months ended 30 September 2017	Group Nine months ended 30 September 2016	Variance ¹
	\$'000	\$'000	%	\$'000	\$'000	%
Profit after income tax	9,116	10,660	(14.5)	25,143	43,562	(42.3)
Add: Depreciation and amortisation expense	16,393	12,403	(32.2)	45,592	36,519	(24.8)
Add: Net foreign exchange loss/(gain)	2,230	(3,101)	(>100)	11,475	(4,024)	(>100)
Add: Mark to market (gain)/loss on derivative financial instruments	(980)	3,040	>100	(1,921)	(556)	>100
Add: Amortisation of deferred arrangement fees	2,216	1,387	(59.8)	6,700	3,725	(79.9)
Add: Interest and other finance costs	13,758	14,170	2.9	42,402	40,048	(5.9)
Add: Income tax expense	8,030	8,049	0.2	20,251	20,063	(0.9)
EBITDA	50,763	46,608	8.9	149,642	139,337	7.4
EBITDA margin	60.1%	58.8%		59.8%	59.2%	

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 NINE MONTHS ENDED 30 SEPTEMBER 2017

REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 September 2017 was \$84.5 million (30 September 2016: \$79.3 million). Total revenue for the nine months ended 30 September 2017 was \$250.1 million (30 September 2016: \$235.3 million). Total revenue for the quarter and nine months ended 30 September 2017 was 6.5% and 6.3% higher than the pcp; in constant NT\$ terms total revenue for the quarter and nine months ended 30 September 2017 was 1.1% higher and 1.3% lower than the pcp. Foreign exchange contributed to a positive variance of 5.4% for the quarter and 7.6% for the nine months ended 30 September 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 \$68.0 million for the quarter ended 30 September 2017 was up 7.7% on pcp (30 September 2016: \$63.2 million); in constant NT\$ terms Basic cable TV revenue was up 2.3% on pcp. This comprised subscription revenue of \$53.3 million (30 September 2016: \$51.5 million) and non-subscription revenue of \$14.7 million (30 September 2016: \$11.6 million). The increase was mainly due to higher non-subscription revenue as described below.

Basic cable TV revenue of \$200.0 million for the nine months ended 30 September 2017 was up 6.9% on pcp (30 September 2016: \$187.1 million); in constant NT\$ terms Basic cable TV revenue was 0.7% lower than the pcp. This comprised subscription revenue of \$162.9 million (30 September 2016: \$153.0 million) and non-subscription revenue of \$37.1 million (30 September 2016: \$34.1 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\$518 per month in the quarter to access over 100 cable TV channels. In constant NT\$ terms subscription revenue for the quarter and nine months ended 30 September 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 21.7% of Basic cable TV revenue for the quarter ended 30 September 2017 (30 September 2016: 18.4%) and 18.5% of Basic cable TV revenue for the nine months ended 30 September 2017 (30 September 2016: 18.2%). 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 nine months ended 30 September 2017 was higher than the pcp mainly due to higher revenue generated from channel leasing partially offset by lower airtime advertising sales.

(ii) Premium digital cable TV

Premium digital cable TV revenue of \$3.9 million for the quarter ended 30 September 2017 was up 3.4% on pcp (30 September 2016: \$3.7 million); in constant NT\$ terms Premium digital cable TV revenue was 2.0% lower than the pcp. This comprised subscription revenue of \$3.7 million (30 September 2016: \$3.5 million) and non-subscription revenue of \$0.2 million (30 September 2016: \$0.2 million).

Premium digital cable TV revenue of \$11.9 million for the nine months ended 30 September 2017 was up 7.4% on pcp (30 September 2016: \$11.0 million); in constant NT\$ terms Premium digital cable TV revenue was 0.2% lower than the pcp. This comprised subscription revenue of \$11.3 million (30 September 2016: \$10.5 million) and non-subscription revenue of \$0.6 million (30 September 2016: \$0.5 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\$141 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 June 2017 (RGUs: c.195,000; ARPU: NT\$145 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 \$12.6 million for the quarter ended 30 September 2017 was up 1.7% on pcp (30 September 2016: \$12.4 million); in constant NT\$ terms Broadband revenue was 3.7% lower than the pcp. This comprised subscription revenue of \$12.2 million (30 September 2016: \$12.0 million) and non-subscription revenue of \$0.4 million (30 September 2016: \$0.4 million).

Broadband revenue of \$38.3 million for the nine months ended 30 September 2017 was up 3.2% on pcp (30 September 2016: \$37.1 million); in constant NT\$ terms Broadband revenue was 4.2% lower than the pcp. This comprised subscription revenue of \$37.3 million (30 September 2016: \$36.0 million) and non-subscription revenue of \$1.0 million (30 September 2016: \$1.1 million).

Subscription revenue was generated from TBC's c.201,000 Broadband RGUs each contributing an ARPU of NT\$450 per month in the quarter for high-speed Broadband services. Broadband RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 June 2017 (RGUs: c.201,000 and ARPU: NT\$453 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 \$16.0 million for the quarter ended 30 September 2017, up 4.2% on pcp (30 September 2016: \$15.3 million); in constant NT\$ terms broadcast and production costs were 1.2% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 5.4% for the quarter ended 30 September 2017 compared to pcp.

Broadcast and production costs were \$48.1 million for the nine months ended 30 September 2017, up 5.6% on pcp (30 September 2016: \$45.6 million); in constant NT\$ terms broadcast and production costs were 2.0% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 7.6% for the nine months ended 30 September 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 \$7.9 million for the quarter ended 30 September 2017, up 3.3% on pcp (30 September 2016: \$7.7 million) and \$23.6 million for the nine months ended 30 September 2017, up 5.3% on pcp (30 September 2016: \$22.4 million). Staff costs for the quarter and nine months ended 30 September 2017 were higher mainly due to foreign exchange, partially offset by lower actual staff costs in constant NT\$ terms.

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 September 2017.

LTIP expense attributable to the quarter and nine months ended 30 September 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 \$16.4 million for the quarter ended 30 September 2017, up 32.2% on pcp (30 September 2016: \$12.4 million) and \$45.6 million for the nine months ended 30 September 2017, up 24.8% on pcp (30 September 2016: \$36.5 million). The increase was mainly due to higher depreciation expense on network equipment. Depreciation and amortisation expense for the 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 September 2017 (30 September 2016: \$1.8 million) and \$5.4 million for the nine months ended 30 September 2017 (30 September 2016: \$5.4 million). There were no performance fees payable to the Trustee-Manager for the quarter and nine months ended 30 September 2017 (30 September 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 \$2.2 million for the quarter ended 30 September 2017 (30 September 2016: gain of \$3.1 million) and \$11.5 million for the nine months ended 30 September 2017 (30 September 2016: gain of \$4.0 million). Net foreign exchange loss for the quarter and nine months ended 30 September 2017 included losses of \$0.4 million and \$3.0 million on NT\$ foreign exchange contracts settled during the quarter and nine months ended 30 September 2017 and unrealised foreign exchange loss from translations at the subsidiary level for the quarter and nine months ended 30 September 2017. The unrealised foreign exchange loss from translations at the subsidiary level are not expected to be realised and result in cash losses.

(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 September 2017, the period end mark to market gain on foreign currency contracts was \$1.0 million (30 September 2016: loss of \$3.0 million) and for the nine months ended 30 September 2017, the period end mark to market gain on foreign currency contracts was \$1.9 million (30 September 2016: \$0.6 million).

(vii) Other operating expenses

Other operating expenses were \$7.9 million for the quarter ended 30 September 2017, up 1.6% on pcp (30 September 2016: \$7.8 million) and \$23.4 million for the nine months ended 30 September 2017, up 3.5% on pcp (30 September 2016: \$22.6 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 \$2.2 million for the quarter ended 30 September 2017, up 59.8% on pcp (30 September 2016: \$1.4 million) and \$6.7 million for the nine months ended 30 September 2017, up 79.9% on pcp (30 September 2016: \$3.7 million). Amortisation of deferred arrangement fees for the quarter and nine months ended 30 September 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 \$13.8 million for the quarter ended 30 September 2017, 2.9% lower than the pcp (30 September 2016: \$14.2 million) and \$42.4 million for the nine months ended 30 September 2017, up 5.9% on pcp (30 September 2016: \$40.0 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 September 2017 \$'000	Group Quarter ended 30 September 2016 \$'000	Group Nine months ended 30 September 2017 \$'000	Group Nine months ended 30 September 2016 \$'000
Current income tax	(1,525)	(1,321)	(6,045)	(6,013)
Deferred income tax	(3,065)	(4,016)	(5,723)	(6,563)
Withholding tax	(2,911)	(1,974)	(7,302)	(6,859)
Under provision of tax in prior years	(529)	(738)	(1,181)	(628)
Total	(8,030)	(8,049)	(20,251)	(20,063)

REVIEW OF STATEMENTS OF FINANCIAL POSITION AND NET ASSETS AS AT 30 SEPTEMBER 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 decreased from \$8.0 million as at 31 December 2016 to \$3.4 million as at 30 September 2017. The decrease was primarily due to the payment of distributions to unitholders net of receipt of distributions from TBC during the nine months ended 30 September 2017.

Cash and cash equivalents at the Group level decreased from \$59.1 million as at 31 December 2016 to \$54.9 million as at 30 September 2017. The decrease was primarily driven by the payment of distributions to unitholders and capital expenditures partially offset by operating cash flows and changes in working capital.

(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 \$0.003 million as at 30 September 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 \$10.8 million as at 30 September 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 Name of subsidiary	Principal activities	Country of incorporation	Equity holding		Equity holding	
			2017 %	2017 \$'000	2016 %	2016 \$'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	30 September 2017	As at 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	3,836	-	-	-	-	(2)		3,834
Buildings	3,710	-	445	-	(402)	2		3,755
Leasehold improvements	2,022	5	46	-	(336)	4		1,741
Network equipment	267,512	1,704	56,521	(51)	(39,738)	(476)		285,472
Plant and equipment	3,156	42	4,164	-	(1,581)	(55)		5,726
Transport equipment	1,183	-	990	-	(486)	(11)		1,676
Leased equipment	313	-	-	-	(75)	1		239
Assets under construction	9,618	66,242	(62,166)	-	-	(36)		13,658
Total	291,350	67,993	-	(51)	(42,618)	(573)		316,101

Group Carrying value	As at 1 July 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	30 September 2017	As at 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	3,887	-	-	-	-	(53)		3,834
Buildings	3,554	-	396	-	(146)	(49)		3,755
Leasehold improvements	1,841	5	31	-	(110)	(26)		1,741
Network equipment	284,906	740	17,380	(3)	(13,603)	(3,948)		285,472
Plant and equipment	6,208	13	116	-	(528)	(83)		5,726
Transport equipment	1,859	-	-	-	(158)	(25)		1,676
Leased equipment	267	-	-	-	(25)	(3)		239
Assets under construction	8,330	23,397	(17,923)	-	-	(146)		13,658
Total	310,852	24,155	-	(3)	(14,570)	(4,333)		316,101

Group Carrying value	As at 1 January 2016	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	31 December 2016	As at 2016
	\$'000	\$'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 Carrying value	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 September 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	-	3	-	-	-	-	3
Plant and equipment	-	42	-	-	(5)	-	37
Total	-	45	-	-	(5)	-	40

Trust ¹ Carrying value	As at 1 July 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 September 2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Leasehold improvements	-	3	-	-	-	-	3
Plant and equipment	27	13	-	-	(3)	-	37
Total	27	16	-	-	(3)	-	40

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 a carrying value of \$2.6 million was 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 the 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 nine months ended 30 September 2017.

The Group is in the process of claiming against insurance for the fire damage. As at 30 September 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 nine months ended 30 September 2017, the Group acquired property, plant and equipment with an aggregate cost of \$24.2 million (30 September 2016: \$19.9 million) and \$68.0 million (30 September 2016: \$56.2 million) of which \$6.3 million remained unpaid as at 30 September 2017 (30 September 2016: \$7.6 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 nine months ended 30 September 2017 (30 September 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 Carrying value	As at 1 January 2017 \$'000	Additions \$'000	Amortisation \$'000	Foreign exchange effect \$'000	As at 30 September 2017 \$'000
Cable TV licences	2,355,970	-	-	(1,234)	2,354,736
Software	3,982	769	(1,712)	23	3,062
Programming rights	-	10,729	(1,262)	(54)	9,413
Goodwill	7,791	-	-	(4)	7,787
Total	2,367,743	11,498	(2,974)	(1,269)	2,374,998

Group Carrying value	As at 1 July 2017 \$'000	Additions \$'000	Amortisation \$'000	Foreign exchange effect \$'000	As at 30 September 2017 \$'000
Cable TV licences	2,387,598	-	-	(32,862)	2,354,736
Software	2,984	681	(561)	(42)	3,062
Programming rights	-	10,729	(1,262)	(54)	9,413
Goodwill	7,895	-	-	(108)	7,787
Total	2,398,477	11,410	(1,823)	(33,066)	2,374,998

Group Carrying value	As at 1 January 2016	Additions	Amortisation	Foreign exchange effect	As at 31 December 2016
	\$'000	\$'000	\$'000	\$'000	\$'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

Trust¹ Carrying value	As at 1 January 2017	Additions	Amortisation	Foreign exchange effect	As at 30 September 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Software	-	33	(3)	-	30
Total	-	33	(3)	-	30

Trust¹ Carrying value	As at 1 July 2017	Additions	Amortisation	Foreign exchange effect	As at 30 September 2017
	\$'000	\$'000	\$'000	\$'000	\$'000
Software	32	-	(2)	-	30
Total	32	-	(2)	-	30

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

During the quarter and nine months ended 30 September 2017, the Group acquired intangible assets with an aggregate cost of \$11.4 million (30 September 2016: \$0.1 million) and \$11.5 million (30 September 2016: \$0.4 million) of which \$0.1 million remained unpaid as at 30 September 2017 (30 September 2016: \$0.3 million). In addition, intangible assets with an aggregate cost of \$0.3 million, unpaid as at 31 December 2016, was paid during the nine months ended 30 September 2017 (30 September 2016: \$0.6 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 nine months ended 30 September 2017, all such refunds were settled and there was no amount outstanding.

(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 September 2017, mark to market movements, classified as current assets, on such contracts were \$0.2 million (31 December 2016: \$0.01 million) both at the Group and Trust level.

(viii) Other assets

As at 30 September 2017, the Group and the Trust had other current assets of \$4.0 million (31 December 2016: \$3.5 million) and \$0.3 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 \$0.9 million (31 December 2016: \$0.9 million) and \$0.01 million and (31 December 2016: nil) as at 30 September 2017 predominantly comprised refundable deposits.

D) LIABILITIES

(i) Borrowings from financial institutions

	Group as at 30 September 2017 \$'000	Group as at 31 December 2016 \$'000
Current portion	14,013	12,236
	14,013	12,236
Non-current portion	1,397,907	1,347,779
Less: Unamortised arrangement fees	(46,419)	(53,048)
	1,351,488	1,294,731
Total¹	1,365,501	1,306,967

¹ Comprised outstanding NT\$ denominated borrowings of \$1,209.4 million (31 December 2016: \$1,179.2 million) at TBC level and Singapore dollar denominated multicurrency borrowings of \$156.1 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 September 2017, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was \$287.5 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 2.3% per annum. Following the completion of the acquisition of the Trustee-Manager by Dynami, the interest margin on the Onshore Facilities has 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 September 2017, the total carrying value of assets pledged for the Offshore Facilities was \$1,115 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 4.50% to 4.75% 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 September 2017, mark to market movements, classified as current and non-current liabilities, on such contracts were \$0.4 million (31 December 2016: \$1.8 million) and \$0.05 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 September 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 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 September 2017, mark to market movements, classified as non-current liabilities, on such swaps were \$3.3 million (31 December 2016: \$5.1 million) at the Group level.

(iii) Trade and other payables

	Group as at 30 September 2017 \$'000	Group as at 31 December 2016 \$'000	Trust as at 30 September 2017 \$'000	Trust as at 31 December 2016 \$'000
Trade payables due to outside parties	17,525	17,310	194	-
Base fees payable to the Trustee-Manager	1,825	3,895	1,825	3,895
Other payables due to subsidiaries	-	-	-	6,934
Other payables due to the Trustee-Manager	63	38	63	38
Total	19,413	21,243	2,082	10,867

The Group's trade and other payables as at 30 September 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 \$1.8 million (31 December 2016: \$3.9 million).

The Trust's trade and other payables as at 30 September 2017 comprised base fees payable to the Trustee-Manager of \$1.8 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 September 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 \$18.9 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 September 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	6,045	9,609
Under/(over) provision of tax in prior years	1,181	(377)
Income tax payment	(8,523)	(2,289)
Prepaid and withheld income tax	(572)	(2,853)
Foreign exchange effect	19	484
Balance at the end of the period/year	12,396	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 September 2017 \$'000	Group as at 31 December 2016 \$'000
Impairment loss	(1,536)	(1,649)
Cash flow hedging reserves	(558)	(860)
Intangible assets that are partially deductible for tax purposes ¹	62,142	58,029
Accelerated tax depreciation	783	1,004
Undistributed earnings of subsidiaries	6,039	6,070
Others	(267)	(266)
Unrealised exchange differences	1,152	(521)
Deferred tax liabilities, net	67,755	61,807

¹ Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of \$62.1 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 September 2017 (31 December 2016: \$58.0 million).

(vii) Other liabilities

The Group's current other liabilities as at 30 September 2017 of \$58.9 million (31 December 2016: \$58.2 million) predominantly comprised collections received in advance from subscribers amounting to \$38.8 million (31 December 2016: \$35.9 million), accrued expenses of \$13.6 million (31 December 2016: \$14.3 million), withholding and other tax payable of \$3.1 million (31 December 2016: \$4.4 million), interest and other finance costs payable of \$1.9 million (31 December 2016: \$1.9 million) and amounts accrued under the Group's long-term incentive plan of \$1.3 million (31 December 2016: \$1.6 million).

The Trust's current other liabilities as at 31 December 2016 of \$0.2 million comprised accruals for regular operating expenses. There were no such accruals as at 30 September 2017.

The Group's non-current other liabilities as at 30 September 2017 of \$19.3 million (31 December 2016: \$16.3 million) predominantly comprised subscriber deposits received of \$15.2 million (31 December 2016: \$13.8 million) and amounts accrued under the Group's long-term incentive plan of \$3.0 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	7,543	-	-	-	7,543
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	1,806	-	-	1,806
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(307)	-	-	(307)
Transfer from accumulated profits ¹	-	-	5,718	-	5,718
Balance as at 30 September 2017	79,261	(2,078)	23,412	(11,618)	88,977
Balance as at 1 July 2017	96,326	(2,782)	23,412	(11,618)	105,338
Exchange differences on translation of foreign operations	(17,065)	-	-	-	(17,065)
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	848	-	-	848
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(144)	-	-	(144)
Balance as at 30 September 2017	79,261	(2,078)	23,412	(11,618)	88,977
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 September 2017	Group as at 31 December 2016	Trust as at 30 September 2017	Trust as at 31 December 2016
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders (\$'000)	1,192,141	1,228,229	1,343,771	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 (\$)	0.83	0.85	0.94	0.93

As at 30 September 2017, the Group had negative working capital of \$36.8 million (31 December 2016: \$31.8 million). This included \$38.8 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 \$2.0 million (31 December 2016: \$4.1 million). The Group has undrawn debt facilities of \$87.5 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 September 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 \$134.9 million for the nine months ended 30 September 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) 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 nine months:

	Quarter ended 30 September 2017 \$'000	Quarter ended 30 September 2016 \$'000	Nine months ended 30 September 2017 \$'000	Nine months ended 30 September 2016 \$'000
Trustee-Manager fees	1,825	1,820	5,416	5,421

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

	As at 30 September 2017 \$'000	As at 31 December 2016 \$'000
Base fees payable to the Trustee-Manager	1,825	3,895

For the quarter and nine months ended 30 September 2017, the Trustee-Manager recovered ancillary charges amounting to \$0.1 million (30 September 2016: less than \$0.1 million) and \$0.2 million (30 September 2016: \$0.2 million) from the Trust.

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 nine months ended 30 September 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 quarter and nine months ended 30 September 2017 have not been audited or reviewed by the Group's auditors, Deloitte & Touche LLP.

(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 nine months ended 30 September 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
13 November 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.