ASIAN PAY TELEVISION TRUST

SGX QUARTERLY REPORT
FOR THE QUARTER AND HALF-YEAR ENDED
30 JUNE 2018

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REPORT SUMMARY

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KEY HIGHLIGHTS

- Revenue and EBITDA for the quarter at $77.6 million[1] and $46.3 million
- Distribution of 1.625 cents per unit for the quarter ended 31 March 2018 paid on 28 June 2018
- Distribution of 1.625 cents per unit declared for the quarter ended 30 June 2018
- Total distribution for 2018 expected to be consistent with 2017 at 6.5 cents per unit, subject to no material changes in planning assumptions
- Continued investment in Broadband to increase speed and drive growth

FINANCIAL HIGHLIGHTS

Asian Pay Television Trust ("APTT"[2]) reported total revenue of $77.6 million and EBITDA of $46.3 million for the quarter ended 30 June 2018, amidst challenging operating and economic conditions in Taiwan. For the half-year ended 30 June 2018, total revenue and EBITDA were $154.6 million and $91.7 million.

Compared to the prior corresponding period ("pcp"), total revenue and EBITDA for the quarter were lower by 6.6% and 7.4%, as ARPUs[3] were under pressure and revenue from channel leasing was lower. In constant Taiwan dollars ("NT$") terms, total revenue for the quarter and half-year was 4.1% and 4.9% lower than the pcp. Foreign exchange contributed to a negative variance of 2.5% for the quarter and 1.8% for the half-year compared to the pcp.

Group	Quarter ended 30 June			Half-year ended 30 June		
Amounts in $'000	2018	2017	Variance[4] (%)	2018	2017	Variance[4] (%)
Revenue						
Basic cable TV	61,495	66,179	(7.1)	122,186	131,929	(7.4)
Premium digital cable TV	3,491	4,010	(12.9)	7,104	7,985	(11.0)
Broadband	12,587	12,890	(2.4)	25,291	25,751	(1.8)
Total revenue	**77,573**	**83,079**	**(6.6)**	**154,581**	**165,665**	**(6.7)**
Total operating expenses	**(31,302)**	**(33,086)**	**5.4**	**(62,845)**	**(66,786)**	**5.9**
EBITDA	**46,271**	**49,993**	**(7.4)**	**91,736**	**98,879**	**(7.2)**
EBITDA margin	59.6%	60.2%		59.3%	59.7%	

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

Commenting on APTT's latest results, Mr Brian McKinley, Chief Executive Officer said, *"Our business will continue to be driven by Broadband, which has shown reasonable progress with growing RGUs[5] and revenue in NT$ terms, compared to the pcp. For Basic and Premium digital cable TV services, while RGUs are expected to remain stable, ARPUs will continue to be under a little pressure, given the challenges in operating environment, including video piracy issues and aggressively priced IPTV. To navigate the competitive environment, we will continue to monitor market dynamics and enhance our service offerings. Our key investment in 2018 and 2019 is to deploy fibre deeper into the network. We believe this strategy will enable us to retain and attract more subscribers who are increasingly looking for higher Broadband speeds at competitive prices to meet their growing demand for data. Overall, we expect our EBITDA for the second half of the year to improve, but on a full year basis, 2018 EBITDA may be lower than 2017."*

5 RGUs refer to Revenue Generating Units.

DISTRIBUTIONS

The Board of directors of the Trustee-Manager has declared an ordinary interim distribution of 1.625 cents per unit for the quarter ended 30 June 2018. The books closure date will be on 21 September 2018 and the distribution will be paid on 28 September 2018.

The total distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit, subject to no material changes in planning assumptions. It is anticipated that the distribution will continue to be paid in quarterly instalments of 1.625 cents per unit.

OPERATIONAL PERFORMANCE

Operational highlights for TBC[6] for the quarter ended 30 June 2018 are as follows:

- **Basic cable TV:** Basic cable TV revenue of $61.5 million for the quarter ended 30 June 2018 was down 7.1% on the pcp; in constant NT$ terms, Basic cable TV revenue for the quarter was down 4.6% on the pcp. This comprised subscription revenue of $51.2 million and non-subscription revenue of $10.3 million. TBC's c.759,000 Basic cable TV RGUs each contributed an ARPU of NT$501 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs decreased by c.2,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.761,000; ARPU: NT$506 per month). In constant NT$ terms, subscription revenue for the quarter was lower than the pcp because of a marginally lower number of subscribers and ARPU in the quarter. 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 for the quarter was lower than the pcp mainly due to lower revenue generated from channel leasing partially offset by higher airtime advertising sales. The leasing of television channels is mainly to third-party home shopping networks which continue to be affected by the decline in demand for home shopping and competition from internet retailing. This has negatively impacted the channel leasing revenue for the entire cable industry in Taiwan.

- **Premium digital cable TV:** Premium digital cable TV revenue of $3.5 million for the quarter ended 30 June 2018 was down 12.9% on the pcp; in constant NT$ terms, Premium digital cable TV revenue for the quarter was 10.4% lower than the pcp. This was generated predominantly from TBC's c.188,000 Premium digital cable TV RGUs each contributing an ARPU of NT$133 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.187,000; ARPU: NT$135 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. Video piracy issues and aggressively priced IPTV impact the ability to attract new RGUs and strengthen ARPUs.

- **Broadband:** Broadband revenue of $12.6 million for the quarter ended 30 June 2018 was down 2.4% on the pcp; in constant NT$ terms, Broadband revenue for the quarter was marginally higher than the pcp. This was generated predominantly from TBC's c.205,000 Broadband RGUs each contributing an ARPU of NT$439 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.204,000 and ARPU: NT$443 per month). The focus on Broadband RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed reasonable progress in the quarter, given the increase in RGUs and higher revenue compared to the pcp. The availability of low cost unlimited data offerings from the top mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

[6] TBC refers to Taiwan Broadband Communications group.

OUTLOOK

Looking ahead, the Trust remains focused on growing its market share for Broadband by increasing RGUs through attractively priced packages to acquire new subscribers from competitors and retain existing ones. APTT will also continue with its investment to deploy fibre deeper into the network in 2018 and 2019 to increase capacity and to provide subscribers with higher Broadband speeds, and in the longer term, position APTT to benefit from supporting wireless carriers in their future 5G rollouts.

At the same time, new initiatives to improve up-selling and cross-selling of services across TBC's subscriber base will continue to be rolled out to drive growth in future cash flows.

Against a challenging environment, including the impact of competition in the wireless broadband market, APTT is pursuing a few initiatives to strengthen its operations over the medium term:

- Refinance borrowing facilities by 2019 to ensure long-term funding certainty and reduce the need to make significant principal repayments for another two to three years after the refinancing.
- Extend out interest rate swaps to the end of 2021 to reduce the risk of rising interest rates.
- Notwithstanding that APTT has sufficient borrowing capacity to fund existing growth initiatives, a more conservative approach will be to manage gearing levels and strengthen the balance sheet. Among others, APTT aims to use less borrowings to fund growth capital expenditure in areas that will allow TBC to compete more effectively with the wireless broadband carriers.
- Achieve greater balance sheet flexibility with respect to borrowing levels and for potential unit buybacks as the current unit price of APTT is undervalued.

To support some of the above-mentioned initiatives, the Board of directors is of the view that the distribution per unit in 2019 is likely to be lowered.

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 Mainboard 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 12,200 unitholders, including retail investors and some of the world's foremost institutional investors.

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

SOLE ASSET

As at 30 June 2018, APTT's portfolio comprised its sole investment, Taiwan Broadband Communications group ("TBC"). Established in 1999, TBC is a leading cable operator in Taiwan. TBC's vision is to provide seamless access to the most compelling and competitive suite of media and communication products and services in Taiwan.

TBC owns 100% of the hybrid fibre coaxial cable network in its five closely clustered franchise areas in northern and central Taiwan with network coverage of more than 1.2 million homes. Through this network, TBC delivers Basic cable TV, Premium digital cable TV and high-speed Broadband services to subscribers in these areas. TBC has more than 1.1 million RGUs across its subscriber base, providing them the choice from over 175 channels of exciting local and international content on its digital TV platforms and a full range of quality high-speed broadband access packages with speeds ranging up to 500 Mbps.

TBC generates stable cash flows and has a promising growth profile.

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 has declared an ordinary interim distribution of 1.625 cents per unit for the quarter ended 30 June 2018.

	Quarter ended 30 June	
	2018	2017
Ordinary interim distribution	1.625 cents per unit	1.625 cents per unit
Announcement date	6 August 2018	14 August 2017
Ex-distribution date	19 September 2018	18 September 2017
Books closure date	21 September 2018	20 September 2017
Date payable	28 September 2018	27 September 2017

The total distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit, subject to no material changes in planning assumptions. It is anticipated that the distribution will continue to be paid in quarterly instalments of 1.625 cents per unit.

Historical distributions

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

Distribution period	Distribution Cents per unit
Six months ended:	
30 June 2013[1]	4.80
31 December 2013	4.13
30 June 2014	4.12
Quarter 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	1.625
31 December 2017	1.625
31 March 2018	1.625
30 June 2018 (to be paid on 28 September 2018)	1.625
Total	**41.680**

[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 10 and 11 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

Group[1]		Quarter ended 30 June			Half-year ended 30 June		
Amounts in $'000	Note[2]	2018	2017	Variance[3] (%)	2018	2017	Variance[3] (%)
Revenue							
Basic cable TV	A(i)	61,495	66,179	(7.1)	122,186	131,929	(7.4)
Premium digital cable TV	A(ii)	3,491	4,010	(12.9)	7,104	7,985	(11.0)
Broadband	A(iii)	12,587	12,890	(2.4)	25,291	25,751	(1.8)
Total revenue		**77,573**	**83,079**	**(6.6)**	**154,581**	**165,665**	**(6.7)**
Operating expenses[4]							
Broadcast and production costs	B(i)	(14,942)	(16,078)	7.1	(29,737)	(32,112)	7.4
Staff costs	B(ii)	(6,929)	(7,232)	4.2	(14,491)	(15,642)	7.4
Trustee-Manager fees	B(iv)	(1,817)	(1,805)	(0.7)	(3,613)	(3,591)	(0.6)
Other operating expenses	B(vii)	(7,614)	(7,971)	4.5	(15,004)	(15,441)	2.8
Total operating expenses		**(31,302)**	**(33,086)**	**5.4**	**(62,845)**	**(66,786)**	**5.9**
EBITDA		**46,271**	**49,993**	**(7.4)**	**91,736**	**98,879**	**(7.2)**
EBITDA margin[5]		59.6%	60.2%		59.3%	59.7%	
Capital expenditure							
Maintenance		5,211	5,616	7.2	9,386	9,726	3.5
Premium digital cable TV growth		-	11,206	100	-	26,821	100
Other capital expenditure		11,020	4,562	(>100)	24,509	7,291	(>100)
Total capital expenditure		**16,231**	**21,384**	**24.1**	**33,895**	**43,838**	**22.7**
Maintenance capital expenditure as a % of revenue		**6.7**	**6.8**		**6.1**	**5.9**	
Total capital expenditure as a % of revenue		**20.9**	**25.7**		**21.9**	**26.5**	
Income tax paid, net of refunds		(6,400)	(8,445)	24.2	(7,851)	(9,777)	19.7
Interest and other finance costs paid		(12,074)	(14,579)	17.2	(26,494)	(28,665)	7.6

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

2 Notes can be found on pages 25 to 29.

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 gain/loss 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.

SELECTED OPERATING DATA

Group	As at				
	2018		2017		
	30 June	31 March	31 December	30 September	30 June
RGUs ('000)					
Basic cable TV	759	761	762	762	762
Premium digital cable TV	188	187	193	195	195
Broadband	205	204	203	201	201

Group	Quarter ended				
	2018		2017		
	30 June	31 March	31 December	30 September	30 June
ARPU[1] (NT$ per month)					
Basic cable TV	501	506	511	518	522
Premium digital cable TV	133	135	138	141	145
Broadband	439	443	444	450	453
AMCR[2] (%)					
Basic cable TV	(0.8)	(0.7)	(0.8)	(0.7)	(0.6)
Premium digital cable TV	(3.3)	(3.3)	(3.4)	(6.8)	(5.5)
Broadband	(1.1)	(1.4)	(1.8)	(1.2)	(1.2)

[1] 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.

[2] 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. 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) Revenue

Total revenue for the quarter ended 30 June 2018 was $77.6 million (30 June 2017: $83.1 million). Total revenue for the half-year ended 30 June 2018 was $154.6 million (30 June 2017: $165.7 million). Total revenue for the quarter and half-year was 6.6% and 6.7% lower than the pcp; in constant NT$ terms, total revenue for the quarter and half-year was 4.1% and 4.9% lower than the pcp. Foreign exchange contributed to a negative variance of 2.5% for the quarter and 1.8% for the half-year compared to the pcp. Total revenue was influenced by a number of factors including the continued challenges in the economic and operating environment.

(ii) Operating expenses

Total operating expenses of $31.3 million for the quarter ended 30 June 2018 were 5.4% lower than the pcp (30 June 2017: $33.1 million). Total operating expenses of $62.8 million for the half-year ended 30 June 2018 were 5.9% lower than pcp (30 June 2017: $66.8 million). The lower total operating expenses for the quarter and half-year was mainly due to lower broadcast and production costs, staff costs and other operating expenses.

(iii) EBITDA and EBITDA Margin

EBITDA of $46.3 million for the quarter ended 30 June 2018 was 7.4% lower than the pcp (30 June 2017: $50.0 million). EBITDA margin for the quarter of 59.6% was lower than the pcp (30 June 2017: 60.2%).

EBITDA of $91.7 million for the half-year ended 30 June 2018 was 7.2% lower than the pcp (30 June 2017: $98.9 million). EBITDA margin for the half-year of 59.3% was lower than the pcp (30 June 2017: 59.7%).

(iv) Capital expenditure

Total capital expenditure of $16.2 million for the quarter ended 30 June 2018 was 24.1% lower than the pcp (30 June 2017: $21.4 million) and $33.9 million for the half-year ended 30 June 2018 was 22.7% lower than the pcp (30 June 2017: $43.8 million). Total capital expenditure as a percentage of revenue was 20.9% for the quarter (30 June 2017: 25.7%) and 21.9% for the half-year (30 June 2017: 26.5%). Total capital expenditure for the quarter and half-year was lower than the pcp because of lower capital expenditure being incurred on maintenance and premium digital cable TV growth compared to the pcp partially offset by higher other capital expenditure compared to the pcp.

The deployment of fibre deeper into the network is a key investment for 2018 and 2019 as it will (i) provide subscribers with higher Broadband speeds; and (ii) position APTT to benefit from supporting wireless carriers in their future 5G rollouts. Total capital expenditure for full year 2018 and 2019 is expected to be lower than 2017, but will be higher than average annual capital expenditure.

Capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business. Such capital expenditure was predominantly funded from the operating cash flows of TBC.
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to fully digitise TBC's subscriber base and switch off analogue broadcasting, installation related expenditure and digital head-end upgrades. Such capital expenditure was predominantly funded from debt facilities and was completed in 2017.
- 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.

Notwithstanding that APTT has sufficient borrowing capacity to fund existing growth initiatives, a more conservative approach will be adopted to manage future gearing levels and strengthen the Group's balance sheet. APTT aims to use less borrowings to fund strategic capital expenditure in areas that will enable TBC to compete more effectively against the wireless broadband carriers.

ASIAN PAY TELEVISION TRUST

FINANCIAL STATEMENTS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2018

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.

Amounts in $'000	Note[1]	Group as at 30 June 2018	Group as at 31 December 2017	Trust as at 30 June 2018	Trust as at 31 December 2017
Assets					
Current assets					
Cash and cash equivalents	C(i)	86,624	66,835	7,283	7,439
Trade and other receivables	C(ii)	17,974	11,845	-	-
Derivative financial instruments	C(vi)	848	-	848	-
Other assets	C(vii)	2,414	1,278	76	68
		107,860	**79,958**	**8,207**	**7,507**
Non-current assets					
Investment in subsidiaries	C(iii)	-	-	1,342,351	1,342,351
Property, plant and equipment	C(iv)	320,887	320,852	30	37
Intangible assets	C(v)	2,372,264	2,391,052	23	29
Derivative financial instruments	C(vi)	215	-	215	-
Other assets	C(vii)	1,135	1,058	18	-
		2,694,501	**2,712,962**	**1,342,637**	**1,342,417**
Total assets		**2,802,361**	**2,792,920**	**1,350,844**	**1,349,924**
Liabilities					
Current liabilities					
Borrowings from financial institutions	D(i)	20,352	14,677	-	-
Derivative financial instruments	D(ii)	14	831	14	831
Trade and other payables	D(iii)	31,560	21,692	3,613	3,650
Retirement benefit obligations	D(iv)	1,398	1,400	-	-
Income tax payable	D(v)	12,015	13,182	-	1
Other liabilities	D(vii)	53,771	57,335	203	225
		119,110	**109,117**	**3,830**	**4,707**
Non-current liabilities					
Borrowings from financial institutions	D(i)	1,420,662	1,379,888	-	-
Derivative financial instruments	D(ii)	1,604	1,633	49	-
Retirement benefit obligations	D(iv)	16,086	20,437	-	-
Deferred tax liabilities	D(vi)	80,946	73,323	-	-
Other liabilities	D(vii)	19,353	18,721	-	-
		1,538,651	**1,494,002**	**49**	**-**
Total liabilities		**1,657,761**	**1,603,119**	**3,879**	**4,707**
Net assets		**1,144,600**	**1,189,801**	**1,346,965**	**1,345,217**
Equity					
Unitholders' funds		1,342,851	1,342,851	1,342,851	1,342,851
Reserves	D(viii)	91,802	96,121	-	-
Accumulated (deficit)/surplus		(292,343)	(251,503)	4,114	2,366
Equity attributable to unitholders of APTT		**1,142,310**	**1,187,469**	**1,346,965**	**1,345,217**
Non-controlling interests	D(ix)	2,290	2,332	-	-
Total equity		**1,144,600**	**1,189,801**	**1,346,965**	**1,345,217**

[1] Notes can be found on pages 30 to 38.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Group Amounts in $'000	Note[1]	Quarter ended 30 June 2018	2017	Variance[2] (%)	Half-year ended 30 June 2018	2017	Variance[2] (%)
Revenue							
Basic cable TV	A(i)	61,495	66,179	(7.1)	122,186	131,929	(7.4)
Premium digital cable TV	A(ii)	3,491	4,010	(12.9)	7,104	7,985	(11.0)
Broadband	A(iii)	12,587	12,890	(2.4)	25,291	25,751	(1.8)
Total revenue		**77,573**	**83,079**	**(6.6)**	**154,581**	**165,665**	**(6.7)**
Operating expenses							
Broadcast and production costs	B(i)	(14,942)	(16,078)	7.1	(29,737)	(32,112)	7.4
Staff costs	B(ii)	(6,929)	(7,232)	4.2	(14,491)	(15,642)	7.4
Depreciation and amortisation expense[3]	B(iii)	(18,637)	(14,986)	(24.4)	(36,809)	(29,199)	(26.1)
Trustee-Manager fees	B(iv)	(1,817)	(1,805)	(0.7)	(3,613)	(3,591)	(0.6)
Net foreign exchange gain/(loss)	B(v)	5,353	(5,308)	>100	2,856	(6,714)	>100
Mark to market gain/(loss) on derivative financial instruments[4]	B(vi)	1,710	1,956	(12.6)	1,825	(1,590)	>100
Other operating expenses	B(vii)	(7,614)	(7,971)	4.5	(15,004)	(15,441)	2.8
Total operating expenses		**(42,876)**	**(51,424)**	**16.6**	**(94,973)**	**(104,289)**	**8.9**
Operating profit		**34,697**	**31,655**	**9.6**	**59,608**	**61,376**	**(2.9)**
Amortisation of deferred arrangement fees	B(viii)	(2,334)	(2,252)	(3.6)	(4,672)	(4,484)	(4.2)
Interest and other finance costs	B(ix)	(13,587)	(14,558)	6.7	(26,587)	(28,644)	7.2
Profit before income tax		**18,776**	**14,845**	**26.5**	**28,349**	**28,248**	**0.4**
Income tax benefit/(expense)[5]	B(x)	1,137	(3,389)	>100	(15,391)	(12,221)	(25.9)
Profit after income tax		**19,913**	**11,456**	**73.8**	**12,958**	**16,027**	**(19.1)**
Profit after income tax attributable to:							
Unitholders of APTT		19,837	11,379	74.3	12,806	15,875	(19.3)
Non-controlling interests		76	77	(1.3)	152	152	-
Profit after income tax		**19,913**	**11,456**	**73.8**	**12,958**	**16,027**	**(19.1)**
Basic and diluted earnings per unit attributable to unitholders of APTT		**1.38 cents**	**0.79 cents**		**0.89 cents**	**1.10 cents**	

1 Notes 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 and amortisation expense on programming rights compared to the pcp. Refer Note B(iii) for more details.

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

5 Variance in income tax benefit/(expense) was mainly due to a one-time adjustment of deferred tax liabilities as at 1 January 2018 following the change in corporate income tax rate in Taiwan from 17% to 20% starting from 2018. Refer Note B(x) for more details.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Group	Quarter ended 30 June			Half-year ended 30 June		
Amounts in $'000	2018	2017	Variance[1] (%)	2018	2017	Variance[1] (%)
Profit after income tax	**19,913**	**11,456**	**73.8**	**12,958**	**16,027**	**(19.1)**
Other comprehensive income/(loss)						
Items that may subsequently be reclassified to profit or loss:						
Exchange differences on translation of foreign operations	(12,927)	(16,603)	22.1	(11,371)	24,608	(>100)
Unrealised movement on change in fair value of cash flow hedging financial instruments	344	704	(51.1)	66	958	(93.1)
Deferred tax relating to items that may subsequently be reclassified to profit or loss	(69)	(120)	42.5	36	(163)	>100
Other comprehensive (loss)/income, net of tax	**(12,652)**	**(16,019)**	**21.0**	**(11,269)**	**25,403**	**(>100)**
Total comprehensive income/(loss)	**7,261**	**(4,563)**	**>100**	**1,689**	**41,430**	**(95.9)**
Total comprehensive income/(loss) attributable to:						
Unitholders of APTT	7,185	(4,640)	>100	1,537	41,278	(96.3)
Non-controlling interests	76	77	(1.3)	152	152	-
Total comprehensive income/(loss)	**7,261**	**(4,563)**	**>100**	**1,689**	**41,430**	**(95.9)**

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

STATEMENTS OF CHANGES IN EQUITY

Group Amounts in $'000	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
Balance as at 1 January 2018	**1,342,851**	**96,121**	**(251,503)**	**1,187,469**	**2,332**	**1,189,801**
Total comprehensive income						
Profit after income tax	-	-	12,806	12,806	152	12,958
Other comprehensive loss, net of tax	-	(11,269)	-	(11,269)	-	(11,269)
Total	**-**	**(11,269)**	**12,806**	**1,537**	**152**	**1,689**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(52)	(52)
Transfer to capital reserve	-	6,950	(6,950)	-	-	-
Distributions paid	-	-	(46,696)	(46,696)	(142)	(46,838)
Total	**-**	**6,950**	**(53,646)**	**(46,696)**	**(194)**	**(46,890)**
Balance as at 30 June 2018	**1,342,851**	**91,802**	**(292,343)**	**1,142,310**	**2,290**	**1,144,600**

Group Amounts in $'000	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
Balance as at 1 April 2018	**1,342,851**	**97,504**	**(281,882)**	**1,158,473**	**2,381**	**1,160,854**
Total comprehensive income						
Profit after income tax	-	-	19,837	19,837	76	19,913
Other comprehensive loss, net of tax	-	(12,652)	-	(12,652)	-	(12,652)
Total	**-**	**(12,652)**	**19,837**	**7,185**	**76**	**7,261**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(25)	(25)
Transfer to capital reserve	-	6,950	(6,950)	-	-	-
Distributions paid	-	-	(23,348)	(23,348)	(142)	(23,490)
Total	**-**	**6,950**	**(30,298)**	**(23,348)**	**(167)**	**(23,515)**
Balance as at 30 June 2018	**1,342,851**	**91,802**	**(292,343)**	**1,142,310**	**2,290**	**1,144,600**

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

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

Trust Amounts in $'000	Unitholders' funds	Accumulated surplus	Total equity
Balance as at 1 January 2018	**1,342,851**	**2,366**	**1,345,217**
Total comprehensive income			
Profit after income tax	-	48,444	48,444
Total	**-**	**48,444**	**48,444**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(46,696)	(46,696)
Total	**-**	**(46,696)**	**(46,696)**
Balance as at 30 June 2018	**1,342,851**	**4,114**	**1,346,965**

Trust Amounts in $'000	Unitholders' funds	Accumulated (deficit)/surplus	Total equity
Balance as at 1 April 2018	**1,342,851**	**(263)**	**1,342,588**
Total comprehensive income			
Profit after income tax	-	27,725	27,725
Total	**-**	**27,725**	**27,725**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	**-**	**(23,348)**	**(23,348)**
Balance as at 30 June 2018	**1,342,851**	**4,114**	**1,346,965**

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

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

DETAIL OF CHANGES IN UNITHOLDERS' FUNDS

Trust Number of units in '000	Quarter ended 30 June 2018	 2017	Half-year ended 30 June 2018	 2017
At beginning and end of the quarter/period	1,436,800	1,436,800	1,436,800	1,436,800

Trust Amounts in $'000	Quarter ended 30 June 2018	 2017	Half-year ended 30 June 2018	 2017
At beginning and end of the quarter/period	1,342,851	1,342,851	1,342,851	1,342,851

There were no changes to unitholders' funds during the quarters and half-years ended 30 June 2018 and 30 June 2017.

With reference to paragraphs 1(d)(ii), 1(d)(iv) and 1(d)(v) of Appendix 7.2 of the SGX-ST Listing Manual, the Trustee-Manager confirms that for the quarters and half-years ended 30 June 2018 and 30 June 2017, the Trust did not have any convertible securities, treasury units or subsidiary holdings on issue.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Group	Quarter ended 30 June		Half-year ended 30 June	
Amounts in $'000	2018	2017	2018	2017
Cash flows from operating activities				
Profit after income tax	**19,913**	**11,456**	**12,958**	**16,027**
Adjustments for:				
Depreciation and amortisation expense	18,637	14,986	36,809	29,199
Net foreign exchange (gain)/loss	(4,942)	5,907	(2,948)	5,746
Mark to market (gain)/loss on derivative financial instruments	(1,710)	(1,956)	(1,825)	1,590
Amortisation of deferred arrangement fees	2,334	2,252	4,672	4,484
Interest and other finance costs	13,587	14,558	26,587	28,644
Income tax (benefit)/expense	(1,137)	3,389	15,391	12,221
Operating cash flows before movements in working capital	**46,682**	**50,592**	**91,644**	**97,911**
Trade and other receivables	(6,455)	6,497	(6,129)	4,424
Income tax refund receivable	-	15	-	15
Trade and other payables	13,061	1,666	9,868	(346)
Retirement benefit obligations	(77)	(318)	(4,353)	(193)
Other assets	(99)	(552)	(1,213)	(972)
Other liabilities	(3,712)	(2,482)	(6,123)	(432)
Cash generated from operations	**49,400**	**55,418**	**83,694**	**100,407**
Income tax paid, net of refunds	(6,400)	(8,445)	(7,851)	(9,777)
Net cash inflows from operating activities	**43,000**	**46,973**	**75,843**	**90,630**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(17,319)	(24,852)	(31,884)	(40,794)
Proceeds from disposal of property, plant and equipment	-	42	-	48
Acquisition of intangible assets	(889)	(69)	(938)	(82)
Net cash used in investing activities	**(18,208)**	**(24,879)**	**(32,822)**	**(40,828)**
Cash flows from financing activities				
Interest and other finance costs paid	(12,074)	(14,579)	(26,494)	(28,665)
Borrowings from financial institutions	29,920	22,501	56,871	43,621
Repayment of borrowings to financial institutions	(2,402)	-	(6,712)	(1,563)
Settlement of derivative financial instruments	113	(980)	(7)	(2,531)
Settlement of transactions with non-controlling interests	(25)	(39)	(52)	(64)
Distributions to non-controlling interests	(142)	(145)	(142)	(145)
Distributions to unitholders	(23,348)	(23,348)	(46,696)	(46,696)
Net cash used in financing activities	**(7,958)**	**(16,590)**	**(23,232)**	**(36,043)**
Net increase in cash and cash equivalents	**16,834**	**5,504**	**19,789**	**13,759**
Cash and cash equivalents at the beginning of the quarter/period	69,790	67,343	66,835	59,088
Cash and cash equivalents at the end of the quarter/period	**86,624**	**72,847**	**86,624**	**72,847**

RECONCILIATION OF NET PROFIT TO EBITDA

Group	Quarter ended 30 June			Half-year ended 30 June		
Amounts in $'000	2018	2017	Variance[1] (%)	2018	2017	Variance[1] (%)
Profit after income tax	**19,913**	**11,456**	**73.8**	**12,958**	**16,027**	**(19.1)**
Add: Depreciation and amortisation expense	18,637	14,986	(24.4)	36,809	29,199	(26.1)
Add: Net foreign exchange (gain)/loss	(5,353)	5,308	>100	(2,856)	6,714	>100
Add: Mark to market (gain)/loss on derivative financial instruments	(1,710)	(1,956)	(12.6)	(1,825)	1,590	>100
Add: Amortisation of deferred arrangement fees	2,334	2,252	(3.6)	4,672	4,484	(4.2)
Add: Interest and other finance costs	13,587	14,558	6.7	26,587	28,644	7.2
Add: Income tax (benefit)/expense	(1,137)	3,389	>100	15,391	12,221	(25.9)
EBITDA	**46,271**	**49,993**	**(7.4)**	**91,736**	**98,879**	**(7.2)**
EBITDA margin	59.6%	60.2%		59.3%	59.7%	

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

ASIAN PAY TELEVISION TRUST

MANAGEMENT REVIEW FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2018

REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND HALF-YEAR ENDED 30 JUNE 2018

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

A) REVIEW OF REVENUE

Total revenue for the quarter ended 30 June 2018 was $77.6 million (30 June 2017: $83.1 million). Total revenue for the half-year ended 30 June 2018 was $154.6 million (30 June 2017: $165.7 million). Total revenue for the quarter and half-year was 6.6% and 6.7% lower than the pcp; in constant NT$ terms, total revenue for the quarter and half-year was 4.1% and 4.9% lower than the pcp. Foreign exchange contributed to a negative variance of 2.5% for the quarter and 1.8% for the half-year compared to the pcp. Total revenue was influenced by a number of factors including the continued challenges in the economic and operating environment.

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

(i) Basic cable TV

Basic cable TV revenue of $61.5 million for the quarter ended 30 June 2018 was down 7.1% on the pcp (30 June 2017: $66.2 million); in constant NT$ terms, Basic cable TV revenue was down 4.6% on the pcp. This comprised subscription revenue of $51.2 million (30 June 2017: $54.9 million) and non-subscription revenue of $10.3 million (30 June 2017: $11.3 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Basic cable TV revenue of $122.2 million for the half-year ended 30 June 2018 was down 7.4% on the pcp (30 June 2017: $131.9 million); in constant NT$ terms, Basic cable TV revenue was down 5.6% on the pcp. This comprised subscription revenue of $103.3 million (30 June 2017: $109.6 million) and non-subscription revenue of $18.9 million (30 June 2017: $22.3 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Subscription revenue was generated from TBC's c.759,000 Basic cable TV RGUs each contributing an ARPU of NT$501 per month in the quarter to access over 100 cable TV channels. In constant NT$ terms, subscription revenue for the quarter and half-year was lower than the pcp because of a marginally lower number of subscribers and ARPU compared to the pcp.

Non-subscription revenue was 16.8% of Basic cable TV revenue for the quarter (30 June 2017: 17.0%) and 15.5% of Basic cable TV revenue for the half-year (30 June 2017: 16.9%). This was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms, non-subscription revenue for the quarter and half-year was lower than the pcp mainly due to lower revenue generated from channel leasing partially offset by higher airtime advertising sales. The leasing of television channels is mainly to third-party home shopping networks which continue to be affected by the decline in demand for home shopping and competition from internet retailing. This has negatively impacted the channel leasing revenue for the entire cable industry in Taiwan.

(ii) Premium digital cable TV

Premium digital cable TV revenue of $3.5 million for the quarter ended 30 June 2018 was down 12.9% on the pcp (30 June 2017: $4.0 million); in constant NT$ terms, Premium digital cable TV revenue was 10.4% lower than the pcp. This comprised subscription revenue of $3.3 million (30 June 2017: $3.8 million) and non-subscription revenue of $0.2 million (30 June 2017: $0.2 million).

Premium digital cable TV revenue of $7.1 million for the half-year ended 30 June 2018 was down 11.0% on the pcp (30 June 2017: $8.0 million); in constant NT$ terms, Premium digital cable TV revenue was 9.2% lower than the pcp. This comprised subscription revenue of $6.8 million (30 June 2017: $7.6 million) and non-subscription revenue of $0.3 million (30 June 2017: $0.4 million).

Subscription revenue was generated from TBC's c.188,000 Premium digital cable TV RGUs each contributing an ARPU of NT$133 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.187,000; ARPU: NT$135 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. Video piracy issues and aggressively priced IPTV impact the ability to attract new RGUs and strengthen ARPUs.

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 June 2018 was down 2.4% on the pcp (30 June 2017: $12.9 million); in constant NT$ terms, Broadband revenue for the quarter was marginally higher than the pcp. This comprised subscription revenue of $12.1 million (30 June 2017: $12.6 million) and non-subscription revenue of $0.5 million (30 June 2017: $0.3 million).

Broadband revenue of $25.3 million for the half-year ended 30 June 2018 was down 1.8% on the pcp (30 June 2017: $25.8 million); in constant NT$ terms, Broadband revenue remained broadly unchanged compared to the pcp. This comprised subscription revenue of $24.3 million (30 June 2017: $25.1 million) and non-subscription revenue of $1.0 million (30 June 2017: $0.7 million).

Subscription revenue was generated from TBC's c.205,000 Broadband RGUs each contributing an ARPU of NT$439 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.1,000 and ARPU was lower compared to the previous quarter ended 31 March 2018 (RGUs: c.204,000 and ARPU: NT$443 per month). The focus on Broadband RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed reasonable progress in the quarter given the increase in RGUs and higher revenue compared to the pcp. The availability of low cost unlimited data offerings from the top mobile operators is necessitating fixed-line operators to offer higher speeds at competitive prices to acquire new RGUs and re-contract existing RGUs.

Non-subscription revenue was predominantly 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 $14.9 million for the quarter ended 30 June 2018, down 7.1% on the pcp (30 June 2017: $16.1 million); in constant NT$ terms, broadcast and production costs were 4.6% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a positive variance of 2.5% for the quarter compared to the pcp.

Broadcast and production costs were $29.7 million for the half-year ended 30 June 2018, down 7.4% on the pcp (30 June 2017: $32.1 million); in constant NT$ terms, broadcast and production costs were 5.6% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a positive variance of 1.8% for the half-year compared to the 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 $6.9 million for the quarter ended 30 June 2018, down 4.2% on the pcp (30 June 2017: $7.2 million) and $14.5 million for the half-year ended 30 June 2018, down 7.4% on the pcp (30 June 2017: $15.6 million). Staff costs for the quarter and half-year were lower mainly due to lower actual staff costs in constant NT$ 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 18.2 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, 1.3 million notional units vested in 2016 and 2.6 million notional units vested in 2017. The remaining 13.5 million notional units remained unvested as at 30 June 2018.

LTIP expense attributable to the quarter and half-year 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 $18.6 million for the quarter ended 30 June 2018, up 24.4% on the pcp (30 June 2017: $15.0 million) and $36.8 million for the half-year ended 30 June 2018, up 26.1% on the pcp (30 June 2017: $29.2 million). The increase was mainly due to higher depreciation expense on network equipment and amortisation expense on programming rights for the quarter and half-year compared to the pcp.

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

(iv) Trustee-Manager fees

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

The Trustee-Manager base fees were $1.8 million for the quarter ended 30 June 2018 (30 June 2017: $1.8 million) and $3.6 million for the half-year ended 30 June 2018 (30 June 2017: $3.6 million). There were no performance fees payable to the Trustee-Manager for the quarter and half-year (30 June 2017: 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 gain/(loss)

Net foreign exchange gain was $5.4 million for the quarter ended 30 June 2018 (30 June 2017: loss of $5.3 million) and $2.9 million for the half-year ended 30 June 2018 (30 June 2017: loss of $6.7 million). Net foreign exchange gain for the quarter and half-year ended 30 June 2018 included unrealised foreign exchange gain from translations at the subsidiary level which is not expected to be realised.

(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(vi). For the quarter ended 30 June 2018, the period end mark to market gain on foreign currency contracts was $1.7 million (30 June 2017: $2.0 million) and for the half-year ended 30 June 2018, the period end mark to market gain on foreign currency contracts was $1.8 million (30 June 2017: loss of $1.6 million). Mark to market gain/(loss) on derivative financial instruments included gain of $0.1 million (30 June 2017: loss of $1.0 million) and loss of $0.01 million (30 June 2017: loss of $2.5 million) on NT$ foreign exchange contracts settled during the quarter and half-year.

(vii) Other operating expenses

Other operating expenses were $7.6 million for the quarter ended 30 June 2018, down 4.5% on the pcp (30 June 2017: $8.0 million) and $15.0 million for the half-year ended 30 June 2018, down 2.8% on the pcp (30 June 2017: $15.4 million).

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

(viii) Amortisation of deferred arrangement fees

The Group pays financing fees to the lenders when entering into debt facilities. At inception, the financing fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. Amortisation of deferred arrangement fees was $2.3 million for the quarter ended 30 June 2018, up 3.6% on the pcp (30 June 2017: $2.3 million) and $4.7 million for the half-year ended 30 June 2018, up 4.2% on the pcp (30 June 2017: $4.5 million).

(ix) Interest and other finance costs

Interest and other finance costs were $13.6 million for the quarter ended 30 June 2018, 6.7% lower than the pcp (30 June 2017: $14.6 million) and $26.6 million for the half-year ended 30 June 2018, 7.2% lower than the pcp (30 June 2017: $28.6 million). These comprised interest expense and commitment fees on the Group’s debt facilities.

(x) Income tax benefit/(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 benefit/(expense) recognised in the consolidated statements of profit or loss was as follows:

Group	Quarter ended 30 June		Half-year ended 30 June	
Amounts in $'000	2018	2017	2018	2017
Current income tax	(1,202)	(2,462)	(2,936)	(4,520)
Deferred income tax	5,322	2,861	(8,210)	(2,658)
Withholding tax	(2,983)	(3,136)	(4,245)	(4,391)
Under provision of tax in prior years	-	(652)	-	(652)
Total	**1,137**	**(3,389)**	**(15,391)**	**(12,221)**

In January 2018, it was announced that the Income Tax Law in Taiwan has been amended and, starting from 2018, the corporate income tax rate was adjusted from 17% to 20%. This has impacted the Group's deferred tax liabilities as at 1 January 2018 by a one-time adjustment of $11.5 million, which was recognised as income tax expense in the consolidated statements of profit or loss during the half-year ended 30 June 2018. Refer Note D(vi) for more details on the Group's deferred tax liabilities.

REVIEW OF STATEMENTS OF FINANCIAL POSITION AND NET ASSETS AS AT 30 JUNE 2018

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 $7.4 million as at 31 December 2017 to $7.3 million as at 30 June 2018. The decrease was primarily due to the payment of distributions to unitholders net of receipt of distributions from TBC during the half-year ended 30 June 2018.

Cash and cash equivalents at the Group level increased from $66.8 million as at 31 December 2017 to $86.6 million as at 30 June 2018. The increase was primarily driven by operating cash flows and changes in working capital, partially offset by the payment of distributions to unitholders and capital expenditures during the half-year.

(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 Group level increased from $11.8 million as at 31 December 2017 to $18.0 million as at 30 June 2018 mainly due to increase 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	Principal activities	Country of incorporation	Equity holding			
			%		$'000	
Name of subsidiary			2018	2017	2018	2017
APTT Holdings 1 Limited	Investment holding company	Bermuda	100	100	704,734	704,734
APTT Holdings 2 Limited	Investment holding company	Bermuda	100	100	637,617	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 Amounts in $'000	As at 1 January 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 June 2018
Land	4,139	-	-	-	-	(26)	4,113
Buildings	6,127	-	(524)	-	(605)	(34)	4,964
Leasehold improvements	1,734	-	83	-	(242)	(11)	1,564
Network equipment	294,102	2,576	27,307	-	(29,339)	(1,872)	292,774
Plant and equipment	6,594	3	720	-	(1,254)	(42)	6,021
Transport equipment	1,536	-	-	-	(292)	(9)	1,235
Leased equipment	215	-	-	-	(49)	(1)	165
Assets under construction	6,405	31,316	(27,586)	-	-	(84)	10,051
Total	**320,852**	**33,895**	**-**	**-**	**(31,781)**	**(2,079)**	**320,887**

Group Carrying value Amounts in $'000	As at 1 April 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 June 2018
Land	4,137	-	-	-	-	(24)	4,113
Buildings	5,225	-	87	-	(317)	(31)	4964
Leasehold improvements	1,614	-	83	-	(124)	(9)	1,564
Network equipment	289,500	1,611	18,207	-	(14,859)	(1,685)	292,774
Plant and equipment	6,564	-	109	-	(615)	(37)	6,021
Transport equipment	1,377	-	-	-	(135)	(7)	1,235
Leased equipment	190	-	-	-	(24)	(1)	165
Assets under construction	13,992	14,620	(18,486)	-	-	(75)	10,051
Total	**322,599**	**16,231**	**-**	**-**	**(16,074)**	**(1,869)**	**320,887**

Group Carrying value Amounts in $'000	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
Land	3,836	-	278	-	-	25	4,139
Buildings	3,710	-	3,078	-	(692)	31	6,127
Leasehold improvements	2,022	5	143	-	(453)	17	1,734
Network equipment	267,512	2,858	75,940	(51)	(53,731)	1,574	294,102
Plant and equipment	3,156	43	5,539	-	(2,132)	(12)	6,594
Transport equipment	1,183	-	997	-	(645)	1	1,536
Leased equipment	313	-	-	-	(100)	2	215
Assets under construction	9,618	82,707	(85,975)	-	-	55	6,405
Total	**291,350**	**85,613**	**-**	**(51)**	**(57,753)**	**1,693**	**320,852**

Trust Carrying value Amounts in $'000	As at 1 January 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 June 2018
Leasehold improvements	2	-	-	-	(2)	-	-
Plant and equipment	35	3	-	-	(8)	-	30
Total	**37**	**3**	**-**	**-**	**(10)**	**-**	**30**

Trust Carrying value Amounts in $'000	As at 1 April 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 June 2018
Leasehold improvements	1	-	-	-	(1)	-	-
Plant and equipment	35	-	-	-	(5)	-	30
Total	**36**	**-**	**-**	**-**	**(6)**	**-**	**30**

Trust Carrying value Amounts in $'000	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
Leasehold improvements	-	3	-	-	(1)	-	2
Plant and equipment	-	43	-	-	(8)	-	35
Total	**-**	**46**	**-**	**-**	**(9)**	**-**	**37**

During the quarter and half-year ended 30 June 2018, the Group acquired property, plant and equipment with an aggregate cost of $16.2 million (30 June 2017: $21.4 million) and $33.9 million (30 June 2017: $43.8 million) of which $5.0 million remained unpaid as at 30 June 2018 (30 June 2017: $6.3 million). In addition, property, plant and equipment with an aggregate cost of $6.1 million, unpaid as at 31 March 2018, was paid during the quarter (30 June 2017: $9.8 million) and property, plant and equipment with an aggregate cost of $3.0 million, unpaid as at 31 December 2017, was paid during the half-year (30 June 2017: $3.2 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 Amounts in $'000	As at 1 January 2018	Additions	Amortisation	Foreign exchange effect	As at 30 June 2018
Cable TV licences	2,371,588	-	-	(15,272)	2,356,316
Software	4,037	1,620	(1,246)	(23)	4,388
Programming rights	7,584	-	(3,782)	(34)	3,768
Goodwill	7,843	-	-	(51)	7,792
Total	**2,391,052**	**1,620**	**(5,028)**	**(15,380)**	**2,372,264**

Group Carrying value Amounts in $'000	As at 1 April 2018	Additions	Amortisation	Foreign exchange effect	As at 30 June 2018
Cable TV licences	2,370,061	-	-	(13,745)	2,356,316
Software	3,470	1,617	(676)	(23)	4,388
Programming rights	5,685	-	(1,887)	(30)	3,768
Goodwill	7,837	-	-	(45)	7,792
Total	**2,387,053**	**1,617**	**(2,563)**	**(13,843)**	**2,372,264**

Group Carrying value Amounts in $'000	As at 1 January 2017	Additions	Amortisation	Foreign exchange effect	As at 31 December 2017
Cable TV licences	2,355,970	-	-	15,618	2,371,588
Software	3,982	2,295	(2,288)	48	4,037
Programming rights	-	10,729	(3,156)	11	7,584
Goodwill	7,791	-	-	52	7,843
Total	**2,367,743**	**13,024**	**(5,444)**	**15,729**	**2,391,052**

Trust Carrying value Amounts in $'000	As at 1 January 2018	Additions	Amortisation	Foreign exchange effect	As at 30 June 2018
Software	29	-	(6)	-	23
Total	**29**	**-**	**(6)**	**-**	**23**

Trust Carrying value Amounts in $'000	As at 1 April 2018	Additions	Amortisation	Foreign exchange effect	As at 30 June 2018
Software	26	-	(3)	-	23
Total	**26**	**-**	**(3)**	**-**	**23**

Trust Carrying value Amounts in $'000	As at 1 January 2017	Additions	Amortisation	Foreign exchange effect	As at 31 December 2017
Software	-	35	(6)	-	29
Total	**-**	**35**	**(6)**	**-**	**29**

During the quarter and half-year ended 30 June 2018, the Group acquired intangible assets with an aggregate cost of $1.6 million (30 June 2017: $0.1 million) and $1.6 million (30 June 2017: $0.1 million) of which $0.7 million remained unpaid as at 30 June 2018 (30 June 2017: $0.1 million). In addition, intangible assets with an aggregate cost of $0.002 million, unpaid as at 31 March 2018, was paid during the quarter (30 June 2017: nil) and intangible assets with an aggregate cost of $0.1 million, unpaid as at 31 December 2017, was paid during the half-year. Of the intangible assets with an aggregate cost of $0.3 million unpaid as at 31 December 2016, $0.08 million was paid during the half-year ended 30 June 2017 with $0.07 million paid during the quarter. Total aggregate cost of intangible asset which remained unpaid as at 30 June 2017 was $0.3 million.

(vi) Derivative financial instruments

The Group and Trust use foreign exchange contracts to manage their exposure to foreign exchange movements of NT$ and US$ future estimated cash flows from dividends and principal and interest payments received by the Trust from the entities held within the Group. The Group and Trust employ a 24-month rolling hedging program that swaps from 25% of forecast cash flows receivable up to 24 months away, to 100% of cash flows on amounts receivable within three months. As at 30 June 2018, mark to market movements, classified as current and non-current assets, on such contracts were $0.8 million (31 December 2017: nil) and $0.2 million (31 December 2017: nil) both at the Group and Trust level.

(vii) Other assets

As at 30 June 2018, the Group and Trust had other current assets of $2.4 million and $0.1 million (31 December 2017: $1.3 million and $0.1 million). These predominantly comprised GST recoverable and expense prepayments.

Other non-current assets at the Group and Trust level of $1.1 million and $0.02 million as at 30 June 2018 (31 December 2017: $1.1 million and nil) predominantly comprised refundable deposits.

D) LIABILITIES

(i) Borrowings from financial institutions

Group	As at	
Amounts in $'000	30 June 2018	31 December 2017
Current portion	20,352	14,677
	20,352	**14,677**
Non-current portion	1,461,996	1,424,400
Less: Unamortised arrangement fees	(41,334)	(44,512)
	1,420,662	**1,379,888**
Total[1]	**1,441,014**	**1,394,565**

[1] Comprised outstanding NT$ denominated borrowings of $1,237.5 million (31 December 2017: $1,218.1 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $203.5 million (31 December 2017: $176.5 million) at Bermuda holding companies' level.

Onshore Facilities

On 29 December 2017, TBC secured an incremental NT$1.0 billion to its existing seven-year facilities of NT$28.0 billion, totalling to NT$29.0 billion ("Onshore Facilities"). The Onshore Facilities will enable TBC to fund necessary capital expenditure.

The NT$ denominated borrowings are repayable in tranches by 2023 and are secured by certain land, buildings, network equipment and plant and equipment held by TBC as well as by pledges over shares in onshore entities of TBC and over the shares in TBC Holdings B.V. and Harvest Cable Holdings B.V. held by Cable TV S.A. The onshore affiliates of TBC are jointly liable under the debt facilities. As at 30 June 2018, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $299.8 million (31 December 2017: $301.0 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. As discussed in Note D(ii), the Group uses interest rate swaps to swap a significant 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. 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.

Offshore Facilities

Offshore Facilities consists of 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 secured by APTT Holdings 1 Limited and APTT Holdings 2 Limited. The Offshore Facilities, denominated in Singapore dollars, are repayable in tranches by 2019 and are secured by a first priority pledge of all of the assets of APTT Holdings 1 Limited, APTT Holdings 2 Limited, Cable TV S.A. and APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT including bank accounts and 100% of the total outstanding shares of APTT Holdings 1 Limited, APTT Holdings 2 Limited and Cable TV S.A. As at 30 June 2018, the total carrying value of assets pledged for the Offshore Facilities was $1,122 million (31 December 2017: $1,121 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.

The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.75% per annum.

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.

(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(vi). As at 30 June 2018, mark to market movements, classified as current and non-current liabilities, on such contracts were $0.01 million (31 December 2017: $0.8 million) and $0.05 million (31 December 2017: nil) at Group and Trust level.

The Group also uses interest rate swaps to manage its exposure to interest rate movements on its NT$ denominated borrowings from financial institutions by swapping a significant portion of those borrowings from floating rate to fixed rate. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss.

As at 30 June 2018, the notional amount of interest rate swaps was NT$28.0 billion (31 December 2017: NT$16.0 billion). As at 30 June 2018, mark to market movements, classified as non-current liabilities, on such swaps were $1.6 million (31 December 2017: $1.6 million) at the Group level. Non-current derivative financial instruments at the Group level of $1.6 million as at 30 June 2018 (31 December 2017: $1.6 million) also included the mark to market movements on foreign exchange contracts of $0.05 million (31 December 2017: nil) as mentioned above.

(iii) Trade and other payables

	Group as at		Trust as at	
Amounts in $'000	**30 June 2018**	**31 December 2017**	**30 June 2018**	**31 December 2017**
Trade payables due to outside parties	27,947	18,042	-	-
Base fees payable to the Trustee-Manager	3,613	3,650	3,613	3,650
Total	**31,560**	**21,692**	**3,613**	**3,650**

The Group's trade and other payables as at 30 June 2018 comprised mainly broadcast and production costs payable of $27.9 million (31 December 2017: $18.0 million) and base fees payable to the Trustee-Manager of $3.6 million (31 December 2017: $3.7 million).

The Trust's trade and other payables as at 30 June 2018 comprised mainly base fees payable to the Trustee-Manager of $3.6 million (31 December 2017: $3.7 million).

(iv) Retirement benefit obligations

The Group operates both a defined benefit scheme and a defined contribution scheme. Eligibility for participation in each of the schemes is governed by employment and related laws in the country of employment for employees of the Group. As at 30 June 2018, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2017: $1.4 million) and $16.1 million (31 December 2017: $20.4 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	
Amounts in $'000	30 June 2018	31 December 2017
Balance at the beginning of the period/year	**13,182**	**14,246**
Current income tax provision	2,936	8,128
Under provision for tax in prior years	-	500
Income tax payment	(3,708)	(5,730)
Prepaid and withheld income tax	(304)	(4,087)
Foreign exchange effect	(91)	125
Balance at the end of the period/year	**12,015**	**13,182**

(vi) Deferred tax liabilities

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

Group	As at	
Amounts in $'000	30 June 2018	31 December 2017
Impairment loss	(926)	(792)
Cash flow hedging reserves	(311)	(278)
Intangible assets that are partially deductible for tax purposes[1]	78,034	63,977
Accelerated tax depreciation	663	715
Undistributed earnings of subsidiaries	2,375	7,956
Others	(13)	(11)
Unrealised exchange differences	1,124	1,756
Deferred tax liabilities, net	**80,946**	**73,323**

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $78.0 million were recorded by the Group for the partial tax deductions in respect of the amortisation of intangible assets claimed by the Group as at 30 June 2018 (31 December 2017: $64.0 million).

As discussed in Note B(x), the Income Tax Law in Taiwan was amended and the corporate income tax rate starting from 2018 was adjusted from 17% to 20%. This has impacted the Group's deferred tax liabilities as at 1 January 2018 by a one-time adjustment of $11.5 million.

(vii) Other liabilities

The Group's current other liabilities as at 30 June 2018 of $53.8 million (31 December 2017: $57.3 million) predominantly comprised collections received in advance from subscribers amounting to $34.9 million (31 December 2017: $36.3 million), accrued expenses of $11.7 million (31 December 2017: $11.3 million), withholding and other tax payable of $3.1 million (31 December 2017: $4.2 million), interest and other finance costs payable of $2.2 million (31 December 2017: $2.2 million) and amounts accrued under the Group's long-term incentive plan of $1.7 million (31 December 2017: $3.1 million).

The Trust's current other liabilities as at 30 June 2018 of $0.2 million (31 December 2017: $0.2 million) comprised accruals for regular operating expenses.

The Group's non-current other liabilities as at 30 June 2018 of $19.4 million (31 December 2017: $18.7 million) predominantly comprised subscriber deposits received of $15.6 million (31 December 2017: $15.6 million) and amounts accrued under the Group's long-term incentive plan of $2.8 million (31 December 2017: $2.1 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:

Group Amounts in $'000	Foreign currency translation reserves	Cash flow hedging reserves	Capital reserves	Retirement benefit obligations reserves	Total
Balance as at 1 January 2018	**86,422**	**(694)**	**23,412**	**(13,019)**	**96,121**
Exchange differences on translation of foreign operations	(11,371)	-	-	-	(11,371)
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	66	-	-	66
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	36	-	-	36
Transfer from accumulated profits[1]	-	-	6,950	-	6,950
Balance as at 30 June 2018	**75,051**	**(592)**	**30,362**	**(13,019)**	**91,802**
Balance as at 1 April 2018	**87,978**	**(867)**	**23,412**	**(13,019)**	**97,504**
Exchange differences on translation of foreign operations	(12,927)	-	-	-	(12,927)
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	344	-	-	344
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(69)	-	-	(69)
Transfer from accumulated profits[1]	-	-	6,950	-	6,950
Balance as at 30 June 2018	**75,051**	**(592)**	**30,362**	**(13,019)**	**91,802**
Balance as at 1 January 2017	**71,718**	**(3,577)**	**17,694**	**(11,618)**	**74,217**
Exchange differences on translation of foreign operations	14,704	-	-	-	14,704
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	3,473	-	-	3,473
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(590)	-	-	(590)
Transfer from accumulated profits[1]	-	-	5,718	-	5,718
Remeasurement of defined benefit obligations	-	-	-	(1,401)	(1,401)
Balance as at 31 December 2017	**86,422**	**(694)**	**23,412**	**(13,019)**	**96,121**

[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		Trust as at	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders ($'000)	1,142,310	1,187,469	1,346,965	1,345,217
Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000)	1,436,800	1,436,800	1,436,800	1,436,800
Net asset value per unit attributable to unitholders ($)	**0.80**	**0.83**	**0.94**	**0.94**

As at 30 June 2018, the Group had negative working capital of $11.3 million (31 December 2017: $29.2 million). This included $34.9 million of collections received in advance from subscribers which do not require any future cash outflow from the Group (31 December 2017: $36.3 million).

After adjusting for this amount, the Group would have positive working capital of $23.6 million (31 December 2017: $7.1 million). The Group has undrawn debt facilities of $54.2 million (31 December 2017: $112.5 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 759,000 cable TV RGUs as at 30 June 2018, with more than 175 channels of exciting local and international content on its digital TV platforms in Taiwan. For the renewal periods in 2018, a 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. The Group completed the digitisation of its subscriber base across all five franchise areas in 2017 and switched off analogue TV broadcasting. 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 $75.8 million for the half-year ended 30 June 2018 (year ended 31 December 2017: $188.3 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:

	Quarter ended 30 June		Half-year ended 30 June	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Trustee-Manager fees	1,817	1,805	3,613	3,591

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

	As at	
Amounts in $'000	**30 June 2018**	**31 December 2017**
Base fees payable to the Trustee-Manager	3,613	3,650

For the quarter and half-year ended 30 June 2018, the Trustee-Manager recovered ancillary charges amounting to $0.1 million (30 June 2017: nil) and $0.2 million (30 June 2017: less than $0.1 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 half-year ended 30 June 2018 have been disclosed within 45 days after the end of the relevant financial period.

(ii) Confirmation on undertakings from directors and executive officers

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

(iii) Review by independent auditor

The financial statements for the half-year ended 30 June 2018 have been reviewed by the Group's auditors, Deloitte & Touche LLP, in accordance with *International Standards on Review Engagement 2410*. The extract of the review report, dated 6 August 2018 on the financial information of the Trust and its subsidiaries for the half-year ended 30 June 2018 is attached to this announcement.

(iv) Basis of preparation

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current year as specified in the audited financial statements of the Group for the year ended 31 December 2017 except for the adoption of revised IFRS (including its consequential amendments) and interpretations effective for the financial period beginning 1 January 2018. The adoption of these revised IFRS and interpretations did not result in material changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial period. Accordingly, comparative financial information presented in this report has not been restated.

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

(v) Functional and presentation currency

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

(vi) Rounding of amounts in the financial statements

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

(vii) Group accounting - subsidiaries

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

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

On behalf of the Board of directors of APTT Management Pte. Limited, as Trustee-Manager of APTT, we, the undersigned hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of directors which may render the financial statements for the quarter and half-year ended 30 June 2018 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 Asian Pay Television Trust

Yong Lum Sung
Chair and Independent Director

Brian McKinley
Chief Executive Officer and Executive Director

Singapore
6 August 2018

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 of 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.

Information, including forecast financial information, in this report should not be considered as a recommendation in relation to holding, purchasing or selling securities or other instruments in APTT. Due care and attention has been used in the preparation of forecast information. However, actual results may vary from forecasts and any variation may be materially positive or negative. Forecasts by their very nature, are subject to uncertainty and contingencies many of which are outside the control of APTT. Past performance is not a reliable indication of future performance.

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

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

Deloitte.

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6 August 2018

The Board of Directors
APTT Management Pte. Limited
As Trustee-Manager of Asian Pay Television Trust
150 Beach Road
#35-39, The Gateway West,
Singapore 189720

Dear Sirs

ASIAN PAY TELEVISION TRUST
REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Asian Pay Television Trust ("APTT" or the "Trust") as of 30 June 2018 and condensed interim statement of changes in equity of the Trust for the half-year then ended, the condensed interim consolidated statement of financial position of APTT and its subsidiaries (the "Group") as of 30 June 2018, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group for the half-year then ended and other explanatory notes ("condensed interim consolidated financial statements") as set out on pages 4 to 33.

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

Scope of review

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

Conclusion

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

Deloitte, Touche LLP

Public Accountants and
Chartered Accountants

Singapore