ASIAN PAY TELEVISION TRUST

SGX QUARTERLY REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

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REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Revenue and EBITDA at $79.8 million[1] and $48.9 million for the quarter ended 30 September 2018
- EBITDA margin improved 1.1 percentage points to 61.2% for the quarter ended 30 September 2018
- Increase in the number of Premium digital cable TV and Broadband subscribers
- Distribution of 1.625 cents per unit for the quarter ended 30 June 2018 paid on 28 September 2018
- Distribution of 1.625 cents per unit declared for the quarter ended 30 September 2018
- Revised distribution guidance for Q4 2018 and new distribution guidance for 2019 and 2020
- Continued investment in TBC's[2] network and Broadband to drive growth

FINANCIAL HIGHLIGHTS

Asian Pay Television Trust ("APTT"[3]) reported total revenue of $79.8 million and EBITDA of $48.9 million for the quarter ended 30 September 2018, amidst continued challenging operating and economic conditions in Taiwan. For the nine months ended 30 September 2018, total revenue and EBITDA were $234.4 million and $140.6 million.

Compared to the prior corresponding period ("pcp"), total revenue and EBITDA for the quarter were lower by 5.5% and 3.7%, as ARPUs[4] were under pressure and revenue from channel leasing was lower. In constant Taiwan dollar ("NT$") terms, total revenue for the quarter and nine months was 4.7% lower than the pcp. Foreign exchange contributed to a negative variance of 0.8% for the quarter and 1.6% for the nine months compared to the pcp.

Notwithstanding the heightened competition and challenges which have impacted the entire industry, EBITDA margin improved 1.1 percentage points to 61.2% for the quarter, and 0.2 percentage points to 60.0% for the nine months compared to the pcp. This was achieved mainly from the lowering of operating expenses.

Group	Quarter ended 30 September			Nine months ended 30 September		
Amounts in $'000	2018	2017	Variance[5] (%)	2018	2017	Variance[5] (%)
Revenue						
Basic cable TV	63,953	68,026	(6.0)	186,139	199,955	(6.9)
Premium digital cable TV	3,396	3,865	(12.1)	10,500	11,850	(11.4)
Broadband	12,471	12,574	(0.8)	37,762	38,325	(1.5)
Total revenue	**79,820**	**84,465**	**(5.5)**	**234,401**	**250,130**	**(6.3)**
Total operating expenses	**(30,951)**	**(33,702)**	**8.2**	**(93,796)**	**(100,488)**	**6.7**
EBITDA	**48,869**	**50,763**	**(3.7)**	**140,605**	**149,642**	**(6.0)**
EBITDA margin	61.2%	60.1%		60.0%	59.8%	

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

OPERATIONAL PERFORMANCE

Operational highlights for TBC for the quarter ended 30 September 2018 are as follows:

- **Basic cable TV:** Basic cable TV revenue of $64.0 million for the quarter ended 30 September 2018 was down 6.0% on the pcp; in constant NT$ terms, Basic cable TV revenue for the quarter was down 5.2% on the pcp. This comprised subscription revenue of $50.3 million and non-subscription revenue of $13.7 million. TBC's c.757,000 Basic cable TV RGUs[6] each contributed an ARPU of NT$496 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 30 June 2018 (RGUs:

c.759,000; ARPU: NT$501 per month). Since it has been almost a year that analogue TV broadcasting has been switched off, Basic cable TV RGU additions have been impacted due to there being no more analogue TV piracy households to convert to paying Basic cable TV RGUs. Video piracy issues and aggressively priced IPTV also impact the ability to attract new RGUs. In constant NT$ 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:** While Premium digital cable TV RGUs increased, the lower ARPU has resulted in revenue under pressure. Premium digital cable TV revenue of $3.4 million for the quarter ended 30 September 2018 was down 12.1% on the pcp; in constant NT$ terms, Premium digital cable TV revenue for the quarter was 11.3% lower than the pcp. This was generated predominantly from TBC's c.194,000 Premium digital cable TV RGUs each contributing an ARPU of NT$127 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.6,000 and ARPU was lower compared to the previous quarter ended 30 June 2018 (RGUs: c.188,000; ARPU: NT$133 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 RGUs continued to increase, driving revenue growth in NT$ terms. Broadband revenue of $12.5 million for the quarter ended 30 September 2018 was down 0.8% on the pcp; in constant NT$ terms, Broadband revenue for the quarter was marginally higher than the pcp. This was generated predominantly from TBC's c.210,000 Broadband RGUs each contributing an ARPU of NT$425 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.5,000 and ARPU was lower compared to the previous quarter ended 30 June 2018 (RGUs: c.205,000 and ARPU: NT$439 per month). The focus on Broadband RGU growth, in the face of competitive market conditions from unlimited wireless data offerings from mobile operators, showed reasonable progress in the quarter, evident from the increase in RGUs and marginally higher revenue compared to the pcp in constant NT$ terms. 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] RGUs refer to Revenue Generating Units.

OUTLOOK

The growing popularity of online TV and internet retailing will continue to put pressure on cable TV revenue, while the unlimited wireless data offerings from mobile operators necessitate that we continue to offer higher speeds at competitive prices to attract and retain subscribers to our fixed-line Broadband services. ARPUs are expected to remain under pressure in this economic and operating environment. Against this challenging landscape, the Trustee-Manager has already embarked on a cost management exercise since last year to maintain EBITDA margins. However, in the longer term, more has to be done to drive the business forward. APTT has therefore implemented a focused debt management programme to reduce its dependence on borrowings and strengthen its balance sheet as it repositions itself for the future:

- APTT is targeting to close the refinancing of its borrowing facilities by 31 December 2018, ahead of its 2019 target. Despite rising debt levels, the Trust is optimistic that it can improve its interest margin and arrangement fees. The refinancing will provide funding certainty and eliminate the need to make significant principal repayments for the next three years.
- APTT is also targeting by 31 December 2018 to extend out its interest rate swaps to the end of 2021 to reduce the risk of rising interest rates.
- APTT intends to pay more conservative distributions to Unitholders so that all capital expenditure can be self-funded starting from 2019. This includes growth capital expenditure as APTT continues to deploy fibre deeper into the network to increase capacity and drive future growth. This investment is key to driving the Broadband business and positioning the Trust to pursue other opportunities for long-term success.

- With a lower distribution and the expected close of the refinancing by 31 December 2018, debt levels should start to reduce in 2019.
- Due to the increase in borrowings from 2018 capital expenditure and the payment of arrangement and other fees upon refinancing, the gearing ratio is expected to be approximately 8 times net debt to EBITDA by 31 December 2018, before starting to decline in 2019 with the impact of lower distributions and the refinancing.

On capital expenditure outlook, although lower than 2017, capital expenditure in 2018 and 2019 will remain elevated due to the key network and Broadband investments during these two years. Capital expenditure is expected to trend down from 2020. Capital expenditure, including growth capital expenditure, will be self-funded from 2019 as the Trust does not intend to use borrowings to fund its capital expenditure.

Overall, the Trust is heading in the right direction with its strategy to grow different segments in the Broadband business:

- The number of Broadband subscribers has been steadily increasing. 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 to retain existing ones. 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 subscribers.
- Supporting wireless operators with their network development: TBC's network is already beginning to provide data backhaul to some of Taiwan's major wireless operators. With 5G network development, data backhaul through TBC's network is expected to become a material part of the Broadband business within five years as wireless carriers tap into TBC's network for their 5G rollout.
- The Trust is making headway with its strategy to develop new market segments, including enterprise clients.
- The Trust will continue to introduce value-added solutions (e.g. IoT, smart home devices) that will leverage the Android gateway that many subscribers are now including in their broadband plans (52 thousand BandOTT boxes deployed as at 30 September 2018 compared to 13 thousand boxes as at 30 September 2017).

Commenting on APTT's latest results, Mr Brian McKinley, Chief Executive Officer said, *"APTT has been paying a large distribution to Unitholders for as long as it could. However, given the Trust's current level of borrowings and the challenging environment which has capped our growth in the recent years, the Board has deemed it prudent to implement a debt management programme to strengthen APTT's balance sheet. Among the initiatives include using operational cash flows to fund all capital expenditure, including growth capital expenditure. A lower distribution to Unitholders is therefore necessary as APTT repositions itself for the future."*

"Notwithstanding the heightened competition and challenges which have impacted the entire industry, our EBITDA margins for the quarter and nine months ended 30 September 2018 have improved compared to the pcp. We will continue with our key investment initiative to deploy fibre deeper into the network. We believe this is necessary to drive our Broadband growth and be data-backhaul ready to support the wireless operators with their 5G network development. Already, this strategy is beginning to bear fruits as we continue to develop new market segments, including enterprise clients and launching value-added solutions." added Mr McKinley.

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 September 2018. The books closure date will be on 14 December 2018 and the distribution will be paid on 21 December 2018.

To support the debt management programme, the Board has taken a two-year view on the distribution level. The distribution is expected to be 1.20 cents per unit for 2019 and 2020, subject to no material changes in planning assumptions. It is anticipated that the distribution will continue to be paid quarterly. The new distribution level will be implemented from the fourth quarter of 2018; the fourth quarter distribution of 2018 will be prorated to 0.30 cents per unit.

The lower distribution also offers the potential for future unit buybacks as the current unit price of APTT is undervalued. Depending on the Trust's performance in 2019 and 2020, the distribution level could be adjusted after 2020.

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 12,300 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 the date of this report, 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 September 2018.

	Quarter ended 30 September	
	2018	2017
Ordinary interim distribution	1.625 cents per unit	1.625 cents per unit
Announcement date	14 November 2018	13 November 2017
Ex-distribution date	12 December 2018	13 December 2017
Books closure date	14 December 2018	15 December 2017
Date payable	21 December 2018	22 December 2017

To support the debt management programme, the Board has taken a two-year view on the distribution level. The distribution is expected to be 1.20 cents per unit for 2019 and 2020, subject to no material changes in planning assumptions. It is anticipated that the distribution will continue to be paid quarterly. The new distribution level will be implemented from the fourth quarter of 2018; the fourth quarter distribution of 2018 will be prorated to 0.30 cents per unit.

Depending on the performance of the Trust in 2019 and 2020, the distribution level could be adjusted after 2020.

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	1.625
30 September 2018 (to be paid on 21 December 2018)	1.625
Total	**43.305**

[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 September			Nine months ended 30 September		
Amounts in $'000	Note[2]	2018	2017	Variance[3] (%)	2018	2017	Variance[3] (%)
Revenue							
Basic cable TV	A(i)	63,953	68,026	(6.0)	186,139	199,955	(6.9)
Premium digital cable TV	A(ii)	3,396	3,865	(12.1)	10,500	11,850	(11.4)
Broadband	A(iii)	12,471	12,574	(0.8)	37,762	38,325	(1.5)
Total revenue		**79,820**	**84,465**	**(5.5)**	**234,401**	**250,130**	**(6.3)**
Operating expenses[4]							
Broadcast and production costs	B(i)	(14,949)	(15,979)	6.4	(44,686)	(48,091)	7.1
Staff costs	B(ii)	(6,815)	(7,949)	14.3	(21,306)	(23,591)	9.7
Trustee-Manager fees	B(iv)	(1,836)	(1,825)	(0.6)	(5,449)	(5,416)	(0.6)
Other operating expenses	B(vii)	(7,351)	(7,949)	7.5	(22,355)	(23,390)	4.4
Total operating expenses		**(30,951)**	**(33,702)**	**8.2**	**(93,796)**	**(100,488)**	**6.7**
EBITDA		**48,869**	**50,763**	**(3.7)**	**140,605**	**149,642**	**(6.0)**
EBITDA margin[5]		61.2%	60.1%		60.0%	59.8%	
Capital expenditure							
Maintenance		4,143	6,307	34.3	13,529	16,033	15.6
Premium digital cable TV		-	9,323	100	-	36,144	100
Network, Broadband and other		11,643	8,525	(36.6)	36,152	15,816	(>100)
Total capital expenditure		**15,786**	**24,155**	**34.6**	**49,681**	**67,993**	**26.9**
Maintenance capital expenditure as a % of revenue		**5.2**	**7.5**		**5.8**	**6.4**	
Total capital expenditure as a % of revenue		**19.8**	**28.6**		**21.2**	**27.2**	
Income tax paid, net of refunds		(5,496)	(6,727)	18.3	(13,347)	(16,504)	19.1
Interest and other finance costs paid		(13,806)	(13,838)	0.2	(40,300)	(42,503)	5.2

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 September	30 June	31 March	31 December	30 September
RGUs ('000)					
Basic cable TV	757	759	761	762	762
Premium digital cable TV	194	188	187	193	195
Broadband	210	205	204	203	201

Group	Quarter ended				
	2018			2017	
	30 September	30 June	31 March	31 December	30 September
ARPU[1] (NT$ per month)					
Basic cable TV	496	501	506	511	518
Premium digital cable TV	127	133	135	138	141
Broadband	425	439	443	444	450
AMCR[2] (%)					
Basic cable TV	(0.8)	(0.8)	(0.7)	(0.8)	(0.7)
Premium digital cable TV	(3.5)	(3.3)	(3.3)	(3.4)	(6.8)
Broadband	(1.2)	(1.2)	(1.4)	(1.8)	(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 September 2018 was $79.8 million (30 September 2017: $84.5 million). Total revenue for the nine months ended 30 September 2018 was $234.4 million (30 September 2017: $250.1 million). Total revenue for the quarter and nine months was 5.5% and 6.3% lower than the pcp; in constant NT$ terms, total revenue for the quarter and nine months was 4.7% lower than the pcp. Foreign exchange contributed to a negative variance of 0.8% for the quarter and 1.6% for the nine months 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 $31.0 million for the quarter ended 30 September 2018 were 8.2% lower than the pcp (30 September 2017: $33.7 million). Total operating expenses of $93.8 million for the nine months ended 30 September 2018 were 6.7% lower than pcp (30 September 2017: $100.5 million). The lower total operating expenses for the quarter and nine months were mainly due to lower broadcast and production costs, staff costs and other operating expenses.

(iii) EBITDA and EBITDA Margin

EBITDA of $48.9 million for the quarter ended 30 September 2018 was 3.7% lower than the pcp (30 September 2017: $50.8 million). EBITDA margin for the quarter of 61.2% was higher than the pcp (30 September 2017: 60.1%). EBITDA of $140.6 million for the nine months ended 30 September 2018 was 6.0% lower than the pcp (30 September 2017: $149.6 million). EBITDA margin for the nine months of 60.0% was higher than the pcp (30 September 2017: 59.8%). Notwithstanding the heightened competition and challenges which have impacted the entire industry, EBITDA margin improved 1.1 percentage points for the quarter and 0.2 percentage points for the nine months compared to the pcp. This was achieved mainly from the lowering of operating expenses.

(iv) Capital expenditure

Total capital expenditure of $15.8 million for the quarter ended 30 September 2018 was 34.6% lower than the pcp (30 September 2017: $24.2 million) and $49.7 million for the nine months ended 30 September 2018 was 26.9% lower than the pcp (30 September 2017: $68.0 million). Total capital expenditure as a percentage of revenue was 19.8% for the quarter (30 September 2017: 28.6%) and 21.2% for the nine months (30 September 2017: 27.2%). Total capital expenditure for the quarter and nine months was lower than the pcp because of lower capital expenditure being incurred on maintenance and premium digital cable TV compared to the pcp partially offset by higher network, Broadband and 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 increase network capacity to drive future growth. This investment is key to driving the Broadband business, positioning APTT to benefit from supporting wireless carriers in their future 5G rollouts and to pursue other opportunities for the long-term success of the Trust.

Although lower than 2017, capital expenditure in 2018 and 2019 will remain elevated due to the key network and Broadband investments during these two years. Capital expenditure is expected to trend down from 2020. Capital expenditure, including growth capital expenditure, will be self-funded from 2019 as the Trust does not intend to use borrowings to fund its capital expenditure.

Capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business.
- 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 which were completed in 2017.
- Network, Broadband and other capital expenditure included items related to expanding the fibre network such as cabling, additional equipment to upgrade the headends, backbone and fibre nodes, DOCSIS and GPON deployments for higher speed customers, high-speed broadband modems and cable line extensions for new buildings.

ASIAN PAY TELEVISION TRUST

FINANCIAL STATEMENTS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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.

		Group as at		Trust as at	
Amounts in $'000	Note[1]	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Assets					
Current assets					
Cash and cash equivalents	C(i)	80,458	66,835	3,077	7,439
Trade and other receivables	C(ii)	16,495	11,845	-	-
Derivative financial instruments	C(vi)	642	-	642	-
Other assets	C(vii)	2,073	1,278	331	68
		99,668	**79,958**	**4,050**	**7,507**
Non-current assets					
Investment in subsidiaries	C(iii)	-	-	1,342,351	1,342,351
Property, plant and equipment	C(iv)	320,872	320,852	34	37
Intangible assets	C(v)	2,385,902	2,391,052	20	29
Derivative financial instruments	C(vi)	48	-	48	-
Other assets	C(vii)	1,040	1,058	18	-
		2,707,862	**2,712,962**	**1,342,471**	**1,342,417**
Total assets		**2,807,530**	**2,792,920**	**1,346,521**	**1,349,924**
Liabilities					
Current liabilities					
Borrowings from financial institutions	D(i)	225,124	14,677	-	-
Derivative financial instruments	D(ii)	26	831	26	831
Trade and other payables	D(iii)	33,451	21,692	1,836	3,650
Retirement benefit obligations	D(iv)	1,400	1,400	-	-
Income tax payable	D(v)	11,047	13,182	-	1
Other liabilities	D(vii)	58,727	57,335	167	225
		329,775	**109,117**	**2,029**	**4,707**
Non-current liabilities					
Borrowings from financial institutions	D(i)	1,227,952	1,379,888	-	-
Derivative financial instruments	D(ii)	1,229	1,633	41	-
Retirement benefit obligations	D(iv)	16,144	20,437	-	-
Deferred tax liabilities	D(vi)	83,834	73,323	-	-
Other liabilities	D(vii)	19,668	18,721	-	-
		1,348,827	**1,494,002**	**41**	**-**
Total liabilities		**1,678,602**	**1,603,119**	**2,070**	**4,707**
Net assets		**1,128,928**	**1,189,801**	**1,344,451**	**1,345,217**
Equity					
Unitholders' funds		1,342,851	1,342,851	1,342,851	1,342,851
Reserves	D(viii)	97,238	96,121	-	-
Accumulated (deficit)/surplus		(313,472)	(251,503)	1,600	2,366
Equity attributable to unitholders of APTT		**1,126,617**	**1,187,469**	**1,344,451**	**1,345,217**
Non-controlling interests	D(ix)	2,311	2,332	-	-
Total equity		**1,128,928**	**1,189,801**	**1,344,451**	**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 September 2018	 2017	 Variance[2] (%)	Nine months ended 30 September 2018	 2017	 Variance[2] (%)
Revenue							
Basic cable TV	A(i)	63,953	68,026	(6.0)	186,139	199,955	(6.9)
Premium digital cable TV	A(ii)	3,396	3,865	(12.1)	10,500	11,850	(11.4)
Broadband	A(iii)	12,471	12,574	(0.8)	37,762	38,325	(1.5)
Total revenue		**79,820**	**84,465**	**(5.5)**	**234,401**	**250,130**	**(6.3)**
Operating expenses							
Broadcast and production costs	B(i)	(14,949)	(15,979)	6.4	(44,686)	(48,091)	7.1
Staff costs	B(ii)	(6,815)	(7,949)	14.3	(21,306)	(23,591)	9.7
Depreciation and amortisation expense[3]	B(iii)	(20,297)	(16,393)	(23.8)	(57,106)	(45,592)	(25.3)
Trustee-Manager fees	B(iv)	(1,836)	(1,825)	(0.6)	(5,449)	(5,416)	(0.6)
Net foreign exchange (loss)/gain	B(v)	(2,226)	(1,780)	(25.1)	630	(8,494)	>100
Mark to market (loss)/gain on derivative financial instruments[4]	B(vi)	(104)	530	(>100)	1,721	(1,060)	>100
Other operating expenses	B(vii)	(7,351)	(7,949)	7.5	(22,355)	(23,390)	4.4
Total operating expenses		**(53,578)**	**(51,345)**	**(4.3)**	**(148,551)**	**(155,634)**	**4.6**
Operating profit		**26,242**	**33,120**	**(20.8)**	**85,850**	**94,496**	**(9.1)**
Amortisation of deferred arrangement fees	B(viii)	(2,330)	(2,216)	(5.1)	(7,002)	(6,700)	(4.5)
Interest and other finance costs	B(ix)	(13,989)	(13,758)	(1.7)	(40,576)	(42,402)	4.3
Profit before income tax		**9,923**	**17,146**	**(42.1)**	**38,272**	**45,394**	**(15.7)**
Income tax expense[5]	B(x)	(7,627)	(8,030)	5.0	(23,018)	(20,251)	(13.7)
Profit after income tax		**2,296**	**9,116**	**(74.8)**	**15,254**	**25,143**	**(39.3)**
Profit after income tax attributable to:							
Unitholders of APTT		2,219	9,039	(75.5)	15,025	24,914	(39.7)
Non-controlling interests		77	77	-	229	229	-
Profit after income tax		**2,296**	**9,116**	**(74.8)**	**15,254**	**25,143**	**(39.3)**
Basic and diluted earnings per unit attributable to unitholders of APTT		**0.15 cents**	**0.63 cents**		**1.05 cents**	**1.73 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 (loss)/gain on derivative financial instruments was due to exchange rate movements on foreign exchange contracts.

5 Variance in income tax 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 September			Nine months ended 30 September		
Amounts in $'000	2018	2017	Variance[1] (%)	2018	2017	Variance[1] (%)
Profit after income tax	**2,296**	**9,116**	**(74.8)**	**15,254**	**25,143**	**(39.3)**
Other comprehensive income/(loss)						
Items that may subsequently be reclassified to profit or loss:						
Exchange differences on translation of foreign operations	5,141	(17,065)	>100	(6,230)	7,543	(>100)
Unrealised movement on change in fair value of cash flow hedging financial instruments	369	848	(56.5)	435	1,806	(75.9)
Deferred tax relating to items that may subsequently be reclassified to profit or loss	(74)	(144)	48.6	(38)	(307)	87.6
Other comprehensive income/(loss), net of tax	**5,436**	**(16,361)**	**>100**	**(5,833)**	**9,042**	**(>100)**
Total comprehensive income/(loss)	**7,732**	**(7,245)**	**>100**	**9,421**	**34,185**	**(72.4)**
Total comprehensive income/(loss) attributable to:						
Unitholders of APTT	7,655	(7,322)	>100	9,192	33,956	(72.9)
Non-controlling interests	77	77	-	229	229	-
Total comprehensive income/(loss)	**7,732**	**(7,245)**	**>100**	**9,421**	**34,185**	**(72.4)**

[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	-	-	15,025	15,025	229	15,254
Other comprehensive loss, net of tax	-	(5,833)	-	(5,833)	-	(5,833)
Total	**-**	**(5,833)**	**15,025**	**9,192**	**229**	**9,421**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(108)	(108)
Transfer to capital reserve	-	6,950	(6,950)	-	-	-
Distributions paid	-	-	(70,044)	(70,044)	(142)	(70,186)
Total	**-**	**6,950**	**(76,994)**	**(70,044)**	**(250)**	**(70,294)**
Balance as at 30 September 2018	**1,342,851**	**97,238**	**(313,472)**	**1,126,617**	**2,311**	**1,128,928**

Group Amounts in $'000	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
Balance as at 1 July 2018	**1,342,851**	**91,802**	**(292,343)**	**1,142,310**	**2,290**	**1,144,600**
Total comprehensive income						
Profit after income tax	-	-	2,219	2,219	77	2,296
Other comprehensive loss, net of tax	-	5,436	-	5,436	-	5,436
Total	**-**	**5,436**	**2,219**	**7,655**	**77**	**7,732**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(56)	(56)
Distributions paid	-	-	(23,348)	(23,348)	-	(23,348)
Total	**-**	**-**	**(23,348)**	**(23,348)**	**(56)**	**(23,404)**
Balance as at 30 September 2018	**1,342,851**	**97,238**	**(313,472)**	**1,126,617**	**2,311**	**1,128,928**

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

Group Amounts in $'000	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
Balance as at 1 July 2017	**1,342,851**	**105,338**	**(225,378)**	**1,222,811**	**2,270**	**1,225,081**
Total comprehensive loss						
Profit after income tax	-	-	9,039	9,039	77	9,116
Other comprehensive loss, net of tax	-	(16,361)	-	(16,361)	-	(16,361)
Total	**-**	**(16,361)**	**9,039**	**(7,322)**	**77**	**(7,245)**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(39)	(39)
Distributions paid	-	-	(23,348)	(23,348)	-	(23,348)
Total	**-**	**-**	**(23,348)**	**(23,348)**	**(39)**	**(23,387)**
Balance as at 30 September 2017	**1,342,851**	**88,977**	**(239,687)**	**1,192,141**	**2,308**	**1,194,449**

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	-	69,278	69,278
Total	**-**	**69,278**	**69,278**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(70,044)	(70,044)
Total	**-**	**(70,044)**	**(70,044)**
Balance as at 30 September 2018	**1,342,851**	**1,600**	**1,344,451**

Trust Amounts in $'000	Unitholders' funds	Accumulated surplus	Total equity
Balance as at 1 July 2018	**1,342,851**	**4,114**	**1,346,965**
Total comprehensive income			
Profit after income tax	-	20,834	20,834
Total	**-**	**20,834**	**20,834**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	**-**	**(23,348)**	**(23,348)**
Balance as at 30 September 2018	**1,342,851**	**1,600**	**1,344,451**

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

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

DETAIL OF CHANGES IN UNITHOLDERS' FUNDS

Trust	Quarter ended 30 September		Nine months ended 30 September	
Number of units in '000	2018	2017	2018	2017
At beginning and end of the quarter/period	1,436,800	1,436,800	1,436,800	1,436,800

Trust	Quarter ended 30 September		Nine months ended 30 September	
Amounts in $'000	2018	2017	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 nine months ended 30 September 2018 and 30 September 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 nine months ended 30 September 2018 and 30 September 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 September		Nine months ended 30 September	
Amounts in $'000	2018	2017	2018	2017
Cash flows from operating activities				
Profit after income tax	**2,296**	**9,116**	**15,254**	**25,143**
Adjustments for:				
Depreciation and amortisation expense	20,297	16,393	57,106	45,592
Net foreign exchange loss/(gain)	2,089	2,357	(859)	8,103
Mark to market loss/(gain) on derivative financial instruments	104	(530)	(1,721)	1,060
Amortisation of deferred arrangement fees	2,330	2,216	7,002	6,700
Interest and other finance costs	13,989	13,758	40,576	42,402
Income tax expense	7,627	8,030	23,018	20,251
Operating cash flows before movements in working capital	**48,732**	**51,340**	**140,376**	**149,251**
Trade and other receivables	1,479	(416)	(4,650)	4,008
Income tax refund receivable	-	-	-	15
Trade and other payables	1,891	(1,484)	11,759	(1,830)
Retirement benefit obligations	60	(288)	(4,293)	(481)
Other assets	435	484	(778)	(488)
Other liabilities	480	1,406	(5,643)	974
Cash generated from operations	**53,077**	**51,042**	**136,771**	**151,449**
Income tax paid, net of refunds	(5,496)	(6,727)	(13,347)	(16,504)
Net cash inflows from operating activities	**47,581**	**44,315**	**123,424**	**134,945**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(15,807)	(24,023)	(47,691)	(64,817)
Proceeds from disposal of property, plant and equipment	-	3	-	51
Acquisition of intangible assets	(7,948)	(11,617)	(8,886)	(11,699)
Net cash used in investing activities	**(23,755)**	**(35,637)**	**(56,577)**	**(76,465)**
Cash flows from financing activities				
Interest and other finance costs paid	(13,806)	(13,838)	(40,300)	(42,503)
Borrowings from financial institutions	12,460	12,896	69,331	56,517
Repayment of borrowings to financial institutions	(5,515)	(1,875)	(12,227)	(3,438)
Settlement of derivative financial instruments	273	(450)	266	(2,981)
Settlement of transactions with non-controlling interests	(56)	(39)	(108)	(103)
Distributions to non-controlling interests	-	-	(142)	(145)
Distributions to unitholders	(23,348)	(23,348)	(70,044)	(70,044)
Net cash used in financing activities	**(29,992)**	**(26,654)**	**(53,224)**	**(62,697)**
Net (decrease)/increase in cash and cash equivalents	**(6,166)**	**(17,976)**	**13,623**	**(4,217)**
Cash and cash equivalents at the beginning of the quarter/period	86,624	72,847	66,835	59,088
Cash and cash equivalents at the end of the quarter/period	**80,458**	**54,871**	**80,458**	**54,871**

RECONCILIATION OF NET PROFIT TO EBITDA

Group	Quarter ended 30 September			Nine months ended 30 September		
Amounts in $'000	2018	2017	Variance[1] (%)	2018	2017	Variance[1] (%)
Profit after income tax	**2,296**	**9,116**	**(74.8)**	**15,254**	**25,143**	**(39.3)**
Add: Depreciation and amortisation expense	20,297	16,393	(23.8)	57,106	45,592	(25.3)
Add: Net foreign exchange loss/(gain)	2,226	1,780	(25.1)	(630)	8,494	>100
Add: Mark to market loss/(gain) on derivative financial instruments	104	(530)	(>100)	(1,721)	1,060	>100
Add: Amortisation of deferred arrangement fees	2,330	2,216	(5.1)	7,002	6,700	(4.5)
Add: Interest and other finance costs	13,989	13,758	(1.7)	40,576	42,402	4.3
Add: Income tax expense	7,627	8,030	5.0	23,018	20,251	(13.7)
EBITDA	**48,869**	**50,763**	**(3.7)**	**140,605**	**149,642**	**(6.0)**
EBITDA margin	61.2%	60.1%		60.0%	59.8%	

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

ASIAN PAY TELEVISION TRUST

MANAGEMENT REVIEW FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2018

REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 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 September 2018 was $79.8 million (30 September 2017: $84.5 million). Total revenue for the nine months ended 30 September 2018 was $234.4 million (30 September 2017: $250.1 million). Total revenue for the quarter and nine months was 5.5% and 6.3% lower than the pcp; in constant NT$ terms, total revenue for the quarter and nine months was 4.7% lower than the pcp. Foreign exchange contributed to a negative variance of 0.8% for the quarter and 1.6% for the nine months 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 $64.0 million for the quarter ended 30 September 2018 was down 6.0% on the pcp (30 September 2017: $68.0 million); in constant NT$ terms, Basic cable TV revenue was down 5.2% on the pcp. This comprised subscription revenue of $50.3 million (30 September 2017: $53.3 million) and non-subscription revenue of $13.7 million (30 September 2017: $14.7 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Basic cable TV revenue of $186.1 million for the nine months ended 30 September 2018 was down 6.9% on the pcp (30 September 2017: $200.0 million); in constant NT$ terms, Basic cable TV revenue was down 5.3% on the pcp. This comprised subscription revenue of $153.5 million (30 September 2017: $162.9 million) and non-subscription revenue of $32.6 million (30 September 2017: $37.1 million). The decrease was mainly due to lower subscription and non-subscription revenue as described below.

Subscription revenue was generated from TBC's c.757,000 Basic cable TV RGUs each contributing an ARPU of NT$496 per month in the quarter to access over 100 cable TV channels. Since it has been almost a year that analogue TV broadcasting has been switched off, Basic cable TV RGU additions have been impacted due to there being no more analogue TV piracy households to convert to paying Basic cable TV RGUs. Video piracy issues and aggressively priced IPTV also impact the ability to attract new RGUs. In constant NT$ terms, subscription revenue for the quarter and nine months was lower than the pcp because of a marginally lower number of subscribers and ARPU compared to the pcp.

Non-subscription revenue was 21.4% of Basic cable TV revenue for the quarter (30 September 2017: 21.7%) and 17.5% for the nine months (30 September 2017: 18.5%). This was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms, non-subscription revenue for the quarter and nine months 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 channel leasing revenue for the entire cable industry in Taiwan.

(ii) Premium digital cable TV

While Premium digital cable TV RGUs increased, the lower ARPU has resulted in revenue under pressure. Premium digital cable TV revenue of $3.4 million for the quarter ended 30 September 2018 was down 12.1% on the pcp (30 September 2017: $3.9 million); in constant NT$ terms, Premium digital cable TV revenue was 11.3% lower than the pcp. This comprised subscription revenue of $3.3 million (30 September 2017: $3.7 million) and non-subscription revenue of $0.1 million (30 September 2017: $0.2 million).

Premium digital cable TV revenue of $10.5 million for the nine months ended 30 September 2018 was down 11.4% on the pcp (30 September 2017: $11.9 million); in constant NT$ terms, Premium digital cable TV revenue was 9.8% lower than the pcp. This comprised subscription revenue of $10.1 million (30 September 2017: $11.3 million) and non-subscription revenue of $0.4 million (30 September 2017: $0.6 million).

Subscription revenue was generated from TBC's c.194,000 Premium digital cable TV RGUs each contributing an ARPU of NT$127 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.6,000 and ARPU was lower compared to the previous quarter ended 30 June 2018 (RGUs: c.188,000; ARPU: NT$133 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 RGUs continued to increase, driving revenue growth in NT$ terms. Broadband revenue of $12.5 million for the quarter ended 30 September 2018 was down 0.8% on the pcp (30 September 2017: $12.6 million); in constant NT$ terms, Broadband revenue for the quarter was marginally higher than the pcp. This comprised subscription revenue of $11.8 million (30 September 2017: $12.2 million) and non-subscription revenue of $0.7 million (30 September 2017: $0.4 million).

Broadband revenue of $37.8 million for the nine months ended 30 September 2018 was down 1.5% on the pcp (30 September 2017: $38.3 million); in constant NT$ terms, Broadband revenue for the nine months was marginally higher than the pcp. This comprised subscription revenue of $36.1 million (30 September 2017: $37.3 million) and non-subscription revenue of $1.7 million (30 September 2017: $1.0 million).

Subscription revenue was generated from TBC's c.210,000 Broadband RGUs each contributing an ARPU of NT$425 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.5,000 and ARPU was lower compared to the previous quarter ended 30 June 2018 (RGUs: c.205,000 and ARPU: NT$439 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, evident from the increase in RGUs and marginally 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 and other 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 September 2018, down 6.4% on the pcp (30 September 2017: $16.0 million); in constant NT$ 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 0.8% for the quarter compared to the pcp.

Broadcast and production costs were $44.7 million for the nine months ended 30 September 2018, down 7.1% on the pcp (30 September 2017: $48.1 million); in constant NT$ terms, broadcast and production costs were 5.5% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a positive variance of 1.6% for the nine months 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 $6.8 million for the quarter ended 30 September 2018, down 14.3% on the pcp (30 September 2017: $7.9 million) and $21.3 million for the nine months ended 30 September 2018, down 9.7% on the pcp (30 September 2017: $23.6 million). Staff costs for the quarter and nine months were lower mainly due to lower actual staff costs in constant dollar 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 September 2018.

LTIP expense attributable to the quarter and nine months 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 $20.3 million for the quarter ended 30 September 2018, up 23.8% on the pcp (30 September 2017: $16.4 million) and $57.1 million for the nine months ended 30 September 2018, up 25.3% on the pcp (30 September 2017: $45.6 million). The increase was mainly due to higher depreciation expense on network equipment and amortisation expense on programming rights for the quarter and nine months 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 September 2018 (30 September 2017: $1.8 million) and $5.4 million for the nine months ended 30 September 2018 (30 September 2017: $5.4 million). There were no performance fees payable to the Trustee-Manager for the quarter and nine months ended 30 September 2018 (30 September 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 (loss)/gain

Net foreign exchange loss for the quarter ended 30 September 2018 was $2.2 million (30 September 2017: $1.8 million) and net foreign exchange gain for the nine months ended 30 September 2018 was $0.6 million (30 September 2017: loss of $8.5 million). Net foreign exchange (loss)/gain for the quarter and nine months ended 30 September 2018 included unrealised foreign exchange movements from translations at the subsidiary level which are not expected to be realised.

(vi) Mark to market (loss)/gain 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 September 2018, the period end mark to market loss on foreign currency contracts was $0.1 million (30 September 2017: gain of $0.5 million) and for the nine months ended 30 September 2018, the period end mark to market gain on foreign currency contracts was $1.7 million (30 September 2017: loss of $1.1 million). Mark to market (loss)/ gain on derivative financial instruments included gain of $0.3 million on NT$ foreign exchange contracts settled during the quarter (30 September 2017: loss of $0.5 million) and nine months (30 September 2017: loss of $3.0 million).

(vii) Other operating expenses

Other operating expenses were $7.4 million for the quarter ended 30 September 2018, down 7.5% on the pcp (30 September 2017: $7.9 million) and $22.4 million for the nine months ended 30 September 2018, down 4.4% on the pcp (30 September 2017: $23.4 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 or refinance existing 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 September 2018, up 5.1% on the pcp (30 September 2017: $2.2 million) and $7.0 million for the nine months ended 30 September 2018, up 4.5% on the pcp (30 September 2017: $6.7 million).

(ix) Interest and other finance costs

Interest and other finance costs were $14.0 million for the quarter ended 30 September 2018, 1.7% higher than the pcp (30 September 2017: $13.8 million) and $40.6 million for the nine months ended 30 September 2018, 4.3% lower than the pcp (30 September 2017: $42.4 million). These comprised interest expense and commitment fees on the Group’s debt facilities.

(x) Income tax expense

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

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

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

Group	Quarter ended 30 September		Nine months ended 30 September	
Amounts in $'000	2018	2017	2018	2017
Current income tax	(1,679)	(1,525)	(4,615)	(6,045)
Deferred income tax	(2,618)	(3,065)	(10,828)	(5,723)
Withholding tax	(3,247)	(2,911)	(7,492)	(7,302)
Under provision of tax in prior years	(83)	(529)	(83)	(1,181)
Total	**(7,627)**	**(8,030)**	**(23,018)**	**(20,251)**

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 nine months ended 30 September 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 SEPTEMBER 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 $3.1 million as at 30 September 2018. The decrease was primarily due to the payment of distributions to unitholders net of receipt of distributions from TBC during the nine months ended 30 September 2018.

Cash and cash equivalents at the Group level increased from $66.8 million as at 31 December 2017 to $80.5 million as at 30 September 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 nine months.

(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 $16.5 million as at 30 September 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 September 2018
Land	4,139	-	-	-	-	(17)	4,122
Buildings	6,127	-	1,567	-	(983)	(12)	6,699
Leasehold improvements	1,734	-	89	-	(364)	(8)	1,451
Network equipment	294,102	3,951	39,267	-	(44,504)	(1,228)	291,588
Plant and equipment	6,594	11	1,262	-	(1,848)	(29)	5,990
Transport equipment	1,536	-	-	-	(427)	(7)	1,102
Leased equipment	215	84	-	(95)	(75)	-	129
Assets under construction	6,405	45,635	(42,185)	-	-	(64)	9,791
Total	**320,852**	**49,681**	**-**	**(95)**	**(48,201)**	**(1,365)**	**320,872**

Group Carrying value Amounts in $'000	As at 1 July 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 September 2018
Land	4,113	-	-	-	-	9	4,122
Buildings	4,964	-	2,091	-	(378)	22	6,699
Leasehold improvements	1,564	-	6	-	(122)	3	1,451
Network equipment	292,774	1,375	11,960	-	(15,165)	644	291,588
Plant and equipment	6,021	8	542	-	(594)	13	5,990
Transport equipment	1,235	-	-	-	(135)	2	1,102
Leased equipment	165	84	-	(95)	(26)	1	129
Assets under construction	10,051	14,319	(14,599)	-	-	20	9,791
Total	**320,887**	**15,786**	**-**	**(95)**	**(16,420)**	**714**	**320,872**

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 September 2018
Leasehold improvements	2	-	-	-	(2)	-	-
Plant and equipment	35	11	-	-	(12)	-	34
Total	**37**	**11**	**-**	**-**	**(14)**	**-**	**34**

Trust Carrying value Amounts in $'000	As at 1 July 2018	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 30 September 2018
Leasehold improvements	-	-	-	-	-	-	-
Plant and equipment	30	8	-	-	(4)	-	34
Total	**30**	**8**	**-**	**-**	**(4)**	**-**	**34**

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 nine months ended 30 September 2018, the Group acquired property, plant and equipment with an aggregate cost of $15.8 million (30 September 2017: $24.2 million) and $49.7 million (30 September 2017: $68.0 million) of which $5.0 million remained unpaid as at 30 September 2018 (30 September 2017: $6.3 million). In addition, property, plant and equipment with an aggregate cost of $5.0 million, unpaid as at 30 June 2018, was paid during the quarter (30 September 2017: $6.3 million) and property, plant and equipment with an aggregate cost of $3.0 million, unpaid as at 31 December 2017, was paid during the nine months (30 September 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 September 2018
Cable TV licences	2,371,588	-	-	(10,006)	2,361,582
Software	4,037	1,661	(1,818)	(17)	3,863
Programming rights	7,584	12,127	(7,087)	24	12,648
Goodwill	7,843	-	-	(34)	7,809
Total	**2,391,052**	**13,788**	**(8,905)**	**(10,033)**	**2,385,902**

Group Carrying value Amounts in $'000	As at 1 July 2018	Additions	Amortisation	Foreign exchange effect	As at 30 September 2018
Cable TV licences	2,356,316	-	-	5,266	2,361,582
Software	4,388	41	(572)	6	3,863
Programming rights	3,768	12,127	(3,305)	58	12,648
Goodwill	7,792	-	-	17	7,809
Total	**2,372,264**	**12,168**	**(3,877)**	**5,347**	**2,385,902**

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 September 2018
Software	29	-	(9)	-	20
Total	**29**	**-**	**(9)**	**-**	**20**

Trust Carrying value Amounts in $'000	As at 1 July 2018	Additions	Amortisation	Foreign exchange effect	As at 30 September 2018
Software	23	-	(3)	-	20
Total	**23**	**-**	**(3)**	**-**	**20**

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 nine months ended 30 September 2018, the Group acquired intangible assets with an aggregate cost of $12.2 million (30 September 2017: $11.4 million) and $13.8 million (30 September 2017: $11.5 million) of which $4.9 million remained unpaid as at 30 September 2018 (30 September 2017: $0.1 million). In addition, intangible assets with an aggregate cost of $0.7 million, unpaid as at 30 June 2018, was paid during the quarter (30 September 2017: $0.3 million) and intangible assets with an aggregate cost of $0.1 million, unpaid as at 31 December 2017, was paid during the nine months (30 September 2017: $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 September 2018, mark to market movements, classified as current and non-current assets, on such contracts were $0.6 million (31 December 2017: nil) and $0.05 million (31 December 2017: nil) both at the Group and Trust level.

(vii) Other assets

As at 30 September 2018, the Group and Trust had other current assets of $2.1 million and $0.3 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 $1.0 million and $0.02 million as at 30 September 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 September 2018	31 December 2017
Current portion	226,661	14,677
Less: Unamortised arrangement fees	(1,537)	-
	225,124	**14,677**
Non-current portion	1,265,496	1,424,400
Less: Unamortised arrangement fees	(37,544)	(44,512)
	1,227,952	**1,379,888**
Total[1]	**1,453,076**	**1,394,565**

[1] Comprised outstanding NT$ denominated borrowings of $1,244.2 million (31 December 2017: $1,218.1 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $208.9 million (31 December 2017: $176.5 million) at Bermuda holding companies' level.

Onshore Facilities

Offshore Facilities consist of seven-year facilities totalling NT$29.0 billion ("Onshore Facilities").

The NT$ denominated borrowings are repayable in tranches by 2023 and are secured by certain land, buildings, network equipment and plant and equipment held by TBC as well as by pledges over shares in onshore entities of TBC and over the shares in TBC Holdings B.V. and Harvest Cable Holdings B.V. held by Cable TV S.A. The onshore affiliates of TBC are jointly liable under the debt facilities. As at 30 September 2018, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $300.4 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 and other fees on the Onshore Facilities were agreed at 1.8%, payable upon the financial close. At inception, such 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 September 2018, the total carrying value of assets pledged for the Offshore Facilities was $1,120 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 and other 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, such fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss.

The Trustee-Manager is in the process of discussing with the Group's lenders to refinance the existing borrowing facilities. APTT is targeting to close the refinancing of its borrowing facilities by 31 December 2018, ahead of its 2019 target. Despite rising debt levels, the Trust is optimistic that it can improve its interest margin and arrangement fees. The refinancing will provide funding certainty and eliminate the need to make significant principal repayments for the next three years.

(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 September 2018, mark to market movements, classified as current and non-current liabilities, on such contracts were $0.03 million and $0.04 million (31 December 2017: $0.8 million and 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 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 September 2018, the notional amount of interest rate swaps was NT$28.0 billion (31 December 2017: NT$16.0 billion). These interest rate swaps mature in June 2019. APTT is targeting by 31 December 2018 to extend out its interest rate swaps to the end of 2021 to reduce the risk of rising interest rates.

As at 30 September 2018, mark to market movements, classified as non-current liabilities, on such swaps were $1.2 million (31 December 2017: $1.6 million) at the Group level. Non-current derivative financial instruments at the Group level of $1.2 million as at 30 September 2018 (31 December 2017: $1.6 million) also included the mark to market movements on foreign exchange contracts of $0.04 million (31 December 2017: nil) as mentioned above.

(iii) Trade and other payables

	Group as at		Trust as at	
Amounts in $'000	**30 September 2018**	**31 December 2017**	**30 September 2018**	**31 December 2017**
Trade payables due to outside parties	31,615	18,042	-	-
Base fees payable to the Trustee-Manager	1,836	3,650	1,836	3,650
Total	**33,451**	**21,692**	**1,836**	**3,650**

The Group's trade and other payables as at 30 September 2018 comprised mainly broadcast and production costs payable of $31.6 million (31 December 2017: $18.0 million) and base fees payable to the Trustee-Manager of $1.8 million (31 December 2017: $3.7 million).

The Trust's trade and other payables as at 30 September 2018 comprised mainly base fees payable to the Trustee-Manager of $1.8 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 September 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 Amounts in $'000	As at 30 September 2018	 31 December 2017
Balance at the beginning of the period/year	**13,182**	**14,246**
Current income tax provision	4,615	8,128
Under provision for tax in prior years	83	500
Income tax payment	(4,136)	(5,730)
Prepaid and withheld income tax	(2,628)	(4,087)
Foreign exchange effect	(69)	125
Balance at the end of the period/year	**11,047**	**13,182**

(vi) Deferred tax liabilities

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

Group Amounts in $'000	As at 30 September 2018	 31 December 2017
Impairment loss	(928)	(792)
Cash flow hedging reserves	(238)	(278)
Intangible assets that are partially deductible for tax purposes[1]	79,838	63,977
Accelerated tax depreciation	577	715
Undistributed earnings of subsidiaries	3,430	7,956
Others	(12)	(11)
Unrealised exchange differences	1,167	1,756
Deferred tax liabilities, net	**83,834**	**73,323**

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $79.8 million were recorded by the Group for the partial tax deductions in respect of the amortisation of intangible assets claimed by the Group as at 30 September 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 September 2018 of $58.7 million (31 December 2017: $57.3 million) predominantly comprised collections received in advance from subscribers amounting to $34.4 million (31 December 2017: $36.3 million), accrued expenses of $15.9 million (31 December 2017: $11.3 million), withholding and other tax payable of $4.4 million (31 December 2017: $4.2 million), interest and other finance costs payable of $2.4 million (31 December 2017: $2.2 million) and amounts accrued under the Group's long-term incentive plan of $1.5 million (31 December 2017: $3.1 million).

The Trust's current other liabilities as at 30 September 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 September 2018 of $19.7 million (31 December 2017: $18.7 million) predominantly comprised subscriber deposits received of $15.8 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	(6,230)	-	-	-	(6,230)
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	435	-	-	435
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(38)	-	-	(38)
Transfer from accumulated profits[1]	-	-	6,950	-	6,950
Balance as at 30 September 2018	**80,192**	**(297)**	**30,362**	**(13,019)**	**97,238**
Balance as at 1 July 2018	**75,051**	**(592)**	**30,362**	**(13,019)**	**91,802**
Exchange differences on translation of foreign operations	5,141	-	-	-	5,141
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	369	-	-	369
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(74)	-	-	(74)
Balance as at 30 September 2018	**80,192**	**(297)**	**30,362**	**(13,019)**	**97,238**
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 September 2018	31 December 2017	30 September 2018	31 December 2017
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders ($'000)	1,126,617	1,187,469	1,344,451	1,345,217
Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000)	1,436,800	1,436,800	1,436,800	1,436,800
Net asset value per unit attributable to unitholders ($)	**0.78**	**0.83**	**0.94**	**0.94**

As at 30 September 2018, the Group had negative working capital of $230.1 million (31 December 2017: $29.2 million). This included $34.4 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) and $225.1 million of current portion of long-term borrowings from financial institutions which are due for maturity in July 2019. As discussed in Note D(i), APTT is targeting to close the refinancing of its borrowing facilities by 31 December 2018.

After adjusting for these amounts, the Group would have positive working capital of $29.4 million (31 December 2017: $7.1 million). The Group has undrawn debt facilities of $41.7 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 757,000 cable TV RGUs as at 30 September 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 $123.4 million for the nine months ended 30 September 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 September		Nine months ended 30 September	
Amounts in $'000	**2018**	**2017**	**2018**	**2017**
Trustee-Manager fees	1,836	1,825	5,449	5,416

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 September 2018**	**31 December 2017**
Base fees payable to the Trustee-Manager	1,836	3,650

For the quarter and nine months ended 30 September 2018, the Trustee-Manager recovered ancillary charges amounting to $0.1 million (30 September 2017: $0.1 million) and $0.2 million (30 September 2017: $0.2 million) from the Trust.

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

G) ADDITIONAL INFORMATION

(i) Announcement of financial statements

Pursuant to Rule 705(2) of the SGX-ST Listing Manual, the financial statements for the quarter and nine months ended 30 September 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 quarter and nine months ended 30 September 2018 have not been audited or reviewed by the Group's auditors, Deloitte & Touche LLP.

(iv) Basis of preparation

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current 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 nine months ended 30 September 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
14 November 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.