ASIAN PAY TELEVISION TRUST

SGX QUARTERLY REPORT
FOR THE QUARTER AND YEAR ENDED
31 DECEMBER 2017

aptt
Asian Pay Television Trust

CONTENTS

REPORT SUMMARY

REPORT SUMMARY

KEY HIGHLIGHTS

- Revenue and EBITDA for the quarter of $84.7 million[1] and $51.8 million, up 0.9% and 3.6%
- Revenue and EBITDA for the year of $334.8 million and $201.4 million, up 4.9% and 6.4%
- Distribution of 1.625 cents per unit declared for the quarter ended 31 December 2017; distributions declared totalling 6.5 cents per unit for the year ended 31 December 2017
- Re-affirmed distribution guidance of 6.5 cents per unit for the year ending 31 December 2018, unchanged from 2017

FINANCIAL HIGHLIGHTS

Asian Pay Television Trust ("APTT"[2]) reported total revenue of $84.7 million and EBITDA of $51.8 million for the quarter ended 31 December 2017. Total revenue was $334.8 million and EBITDA was $201.4 million for the year ended 31 December 2017. Total revenue for the quarter and year ended 31 December 2017 was 0.9% and 4.9% higher than the prior corresponding period ("pcp"); in constant Taiwan dollars ("NT$") terms total revenue for the quarter and year ended 31 December 2017 was 0.4% and 1.0% lower than the pcp. Foreign exchange contributed to a positive variance of 1.3% for the quarter and 5.9% for the year ended 31 December 2017 compared to the pcp.

	Quarter ended 31 December 2017 $'000	Quarter ended 31 December 2016 $'000	Variance[3] %	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000	Variance[3] %
Revenue						
Basic cable TV	68,349	67,261	1.6	268,304	254,395	5.5
Premium digital cable TV	3,769	3,948	(4.5)	15,619	14,982	4.3
Broadband	12,590	12,705	(0.9)	50,915	49,852	2.1
Total revenue	**84,708**	**83,914**	**0.9**	**334,838**	**319,229**	**4.9**
Total operating expenses	**(32,927)**	**(33,953)**	**3.0**	**(133,415)**	**(129,931)**	**(2.7)**
EBITDA	**51,781**	**49,961**	**3.6**	**201,423**	**189,298**	**6.4**
EBITDA margin	61.1%	59.5%		60.2%	59.3%	

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

OPERATIONAL PERFORMANCE

Operational highlights for TBC[4] for the quarter and year ended 31 December 2017 are as follows:

- **Basic cable TV:** Basic cable TV revenue of $68.3 million for the quarter ended 31 December 2017 was up 1.6% on the pcp; in constant NT$ terms Basic cable TV revenue was up 0.3% on the pcp. This comprised subscription revenue of $52.6 million and non-subscription revenue of $15.7 million. Basic cable TV revenue of $268.3 million for the year ended 31 December 2017 was up 5.5% on the pcp; in constant NT$ terms Basic cable TV revenue was 0.4% lower than the pcp. This comprised subscription revenue of $215.5 million and non-subscription revenue of $52.8 million. TBC's c.762,000 Basic cable TV revenue generating units ("RGUs") each contributed an ARPU of NT$511 per month in the quarter to access over 100 cable TV channels. Basic cable TV RGUs remained unchanged and ARPU was lower compared to the previous quarter ended 30 September 2017 (RGUs: c.762,000; ARPU: NT$518 per month). In constant NT$ terms subscription revenue for the quarter and year ended was lower than the pcp because of a marginally lower Basic cable TV rate in one of TBC's five franchise areas. Non-subscription revenue was generated from the leasing of television channels to third parties, the sale of airtime advertising and fees for the installation of set-top boxes. In constant NT$ terms non-subscription revenue for the quarter and year ended was higher than the pcp mainly due to higher revenue generated from channel leasing.

4 TBC refers to Taiwan Broadband Communications group.

- **Premium digital cable TV:** Premium digital cable TV revenue of $3.8 million for the quarter ended 31 December 2017 was down 4.5% on the pcp; in constant NT$ terms Premium digital cable TV revenue was 5.8% lower than the pcp. Premium digital cable TV revenue of $15.6 million for the year ended 31 December 2017 was up 4.3% on the pcp; in constant NT$ terms Premium digital cable TV revenue was 1.6% lower than the pcp. This was generated predominantly from TBC's c.193,000 Premium digital cable TV RGUs each contributing an ARPU of NT$138 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs decreased by c.2,000 and ARPU was lower compared to the previous quarter ended 30 September 2017 (RGUs: c.195,000; ARPU: NT$141 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

- **Broadband:** Broadband revenue of $12.6 million for the quarter ended 31 December 2017 was down 0.9% on the pcp; in constant NT$ terms Broadband revenue was 2.2% lower than the pcp. Broadband revenue of $50.9 million for the year ended 31 December 2017 was up 2.1% on the pcp; in constant NT$ terms Broadband revenue was 3.8% lower than the pcp. This was generated predominantly from TBC's c.203,000 Broadband RGUs each contributing an ARPU of NT$444 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.2,000 and ARPU was lower compared to the previous quarter ended 30 September 2017 (RGUs: c.201,000 and ARPU: NT$450 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

- **Capital expenditure:** Capital expenditure of $17.6 million for the quarter ended 31 December 2017 was 47.1% lower than the pcp. Capital expenditure of $85.6 million for the year ended 31 December 2017 was 4.3% lower than the pcp. Capital expenditure for the quarter ended 31 December 2017 was lower because of lower capital expenditure being incurred on maintenance, premium digital cable TV growth and other capital expenditure compared to the pcp. Capital expenditure for the year ended 31 December 2017 was lower because of lower premium digital cable TV growth and other capital expenditure compared to the pcp partially offset by higher maintenance capital expenditure compared to the pcp.

OUTLOOK

In 2018, we will continue to build on the initiatives to up-sell and cross-sell services across TBC's subscriber base to drive growth in future cash flows. We will focus on Broadband RGU growth, in the face of competitive market conditions, especially unlimited data offerings from mobile operators, by offering discounted packages in order to acquire new RGUs from competitors and to retain existing RGUs. We remain cautiously optimistic regarding progress throughout 2018 and will continue to monitor market dynamics, along with enhancing our service offerings to drive growth.

While growth in RGUs is anticipated across all three of TBC's service offerings, total revenue for 2018 is anticipated to be influenced by a number of factors. These factors include the continued challenges in the economic and operating environment. TBC's monthly Basic cable TV rates for its five franchise areas were announced by the local authorities before the end of 2017. The Basic cable TV rates for 2018 across all five franchise areas have been maintained at the same rates as 2017. Overall EBITDA for the full year 2018, ignoring the impact of foreign exchange, is expected to be at the same level as 2017.

DISTRIBUTIONS

The Board of directors of the Trustee-Manager (the "Board") has declared an ordinary distribution of 1.625 cents per unit for the quarter ended 31 December 2017. The books closure date will be on 16 March 2018 and the distribution will be paid on 23 March 2018. Ordinary distributions of 1.625 cents per unit were paid for the quarters ended 31 March 2017, 30 June 2017 and 30 September 2017. This brings total distributions declared to 6.5 cents per unit for the year ended 31 December 2017 which is in line with the distribution guidance provided.

The Board is pleased to re-affirm distribution guidance for the year ending 31 December 2018. The distribution for 2018 is expected to be consistent with 2017 at 6.5 cents per unit. It is anticipated that the distribution will continue to be paid in quarterly instalments of 1.625 cents per unit. The distribution guidance is subject to no material changes in planning assumptions.

PERFORMANCE REVIEW OF ASIAN PAY TELEVISION TRUST

INTRODUCTION

ABOUT APTT

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

APTT was admitted to the main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and was listed on the SGX-ST on 29 May 2013. APTT is the first listed business trust in Asia focused on pay-TV businesses. APTT has approximately 11,400 unitholders, including retail investors and some of the world's foremost institutional investors.

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

SOLE ASSET

As at 31 December 2017, 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 that passes over 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 300 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 (the "Board") has declared an ordinary distribution of 1.625 cents per unit for the quarter ended 31 December 2017.

	Quarter ended 31 December 2017	Quarter ended 31 December 2016
Ordinary distribution	1.625 cents per unit	1.625 cents per unit
Announcement date	26 February 2018	27 February 2017
Ex-distribution date	14 March 2018	15 March 2017
Books closure date	16 March 2018	17 March 2017
Date payable	23 March 2018	24 March 2017

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

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

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

Breakdown of total annual distribution

	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000
Ordinary	93,392[1]	93,392[2]
Special	-	-
Total	**93,392**	**93,392**

[1] Includes an amount of $23.3 million which is to be paid on 23 March 2018.

[2] Included an amount of $23.3 million which was paid on 24 March 2017.

Historical distributions

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

Distribution period	Cents per unit
Six months ended:	
30 June 2013[1]	4.80
31 December 2013	4.13
30 June 2014	4.12
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 (to be paid on 23 March 2018)	1.625
Total	**38.430**

[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

	Note[1]	Group[2] Quarter ended 31 December 2017	Group Quarter ended 31 December 2016	Variance[3]	Group Year ended 31 December 2017	Group Year ended 31 December 2016	Variance[3]
		$'000	$'000	%	$'000	$'000	%
Revenue							
Basic cable TV	A(i)	68,349	67,261	1.6	268,304	254,395	5.5
Premium digital cable TV	A(ii)	3,769	3,948	(4.5)	15,619	14,982	4.3
Broadband	A(iii)	12,590	12,705	(0.9)	50,915	49,852	2.1
Total revenue		**84,708**	**83,914**	**0.9**	**334,838**	**319,229**	**4.9**
Operating expenses[4]							
Broadcast and production costs	B(i)	(16,197)	(16,168)	(0.2)	(64,288)	(61,723)	(4.2)
Staff costs	B(ii)	(7,190)	(8,055)	10.7	(30,781)	(30,455)	(1.1)
Trustee-Manager fees	B(iv)	(1,825)	(1,820)	(0.3)	(7,241)	(7,241)	-
Other operating expenses	B(vii)	(7,715)	(7,910)	2.5	(31,105)	(30,512)	(1.9)
Total operating expenses		**(32,927)**	**(33,953)**	**3.0**	**(133,415)**	**(129,931)**	**(2.7)**
EBITDA		**51,781**	**49,961**	**3.6**	**201,423**	**189,298**	**6.4**
EBITDA margin[5]		61.1%	59.5%		60.2%	59.3%	
Capital expenditure							
Maintenance		5,156	8,966	42.5	29,430	24,109	(22.1)
Premium digital cable TV growth		9,705	17,186	43.5	42,908	48,623	11.8
Other capital expenditure		2,759	7,161	61.5	13,275	16,757	20.8
Total capital expenditure		**17,620**	**33,313**	**47.1**	**85,613**	**89,489**	**4.3**
Total maintenance capital expenditure as a % of revenue		**6.1**	**10.7**		**8.8**	**7.6**	
Total capital expenditure as a % of revenue		**20.8**	**39.7**		**25.6**	**28.0**	
Income tax paid, net of refunds		2,614	3,782	30.9	19,118	13,169	(45.2)
Interest and other finance costs paid		13,536	12,003	(12.8)	56,039	52,250	(7.3)

1 Notes can be found on pages 25 to 29.

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

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

4 Operating expenses presented here exclude depreciation and amortisation expense, net foreign exchange 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 31 December 2017	Group as at 30 September 2017	Group as at 30 June 2017	Group as at 31 March 2017	Group as at 31 December 2016
RGUs ('000)					
Basic cable TV	762	762	762	762	762
Premium digital cable TV	193	195	195	185	182
Broadband	203	201	201	201	201

	Group Quarter ended 31 December 2017	Group Quarter ended 30 September 2017	Group Quarter ended 30 June 2017	Group Quarter ended 31 March 2017	Group Quarter ended 31 December 2016
ARPU[1] (NT$ per month)					
Basic cable TV	511	518	522	525	528
Premium digital cable TV	138	141	145	151	154
Broadband	444	450	453	457	461
AMCR[2] (%)					
Basic cable TV	(0.8)	(0.7)	(0.6)	(0.6)	(0.8)
Premium digital cable TV	(3.4)	(6.8)	(5.5)	(3.9)	(3.9)
Broadband	(1.8)	(1.2)	(1.2)	(1.3)	(1.7)

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

[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 and further dividing the result by the number of months in that period. The total number of churned RGUs for a particular service for a period is calculated by adding together all deactivated subscriptions, including deactivations caused by failure to make payments for that service from the billing system for the period.

The table below sets out TBC's monthly Basic cable TV rates for its franchise areas from 2015 to 2018:

Franchise area	2015 (NT$)	2016 (NT$)	2017 (NT$)	2018 (NT$)
South Taoyuan	530	530	510	510
Hsinchu County	570	570	570	570
North Miaoli	570	560	560	560
South Miaoli	570	560	560	560
Taichung City	565	550	550	550

REVIEW OF SELECTED FINANCIAL INFORMATION AND OPERATING DATA

(i) Total revenue

Total revenue for the quarter ended 31 December 2017 was $84.7 million (31 December 2016: $83.9 million). Total revenue for the year ended 31 December 2017 was $334.8 million (31 December 2016: $319.2 million). Total revenue for the quarter and year ended 31 December 2017 was 0.9% and 4.9% higher than the pcp; in constant NT$ terms total revenue for the quarter and year ended 31 December 2017 was 0.4% and 1.0% lower than the pcp. Foreign exchange contributed to a positive variance of 1.3% for the quarter and 5.9% for the year ended 31 December 2017 compared to the pcp. Total revenue was influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

(ii) Total operating expenses

Total operating expenses of $32.9 million for the quarter ended 31 December 2017 were 3.0% lower than the pcp (31 December 2016: $34.0 million). The lower total operating expenses for the quarter was mainly due to lower broadcast and production costs and staff costs in constant NT$ terms, partially offset by foreign exchange. Total operating expenses of $133.4 million for the year ended 31 December 2017 were 2.7% higher than the pcp (31 December 2016: $129.9 million). The higher total operating expenses for the year was mainly due to foreign exchange, partially offset by lower broadcast and production costs and staff costs in constant NT$ terms.

(iii) EBITDA and EBITDA Margin

EBITDA of $51.8 million for the quarter ended 31 December 2017 was 3.6% higher than the pcp (31 December 2016: $50.0 million). EBITDA margin for the quarter ended 31 December 2017 of 61.1% was higher than the pcp (31 December 2016: 59.5%).

EBITDA of $201.4 million for the year ended 31 December 2017 was 6.4% higher than the pcp (31 December 2016: $189.3 million). EBITDA margin for the year ended 31 December 2017 of 60.2% was higher than the pcp (31 December 2016: 59.3%).

(iv) Total capital expenditure

Total capital expenditure of $17.6 million for the quarter ended 31 December 2017 was 47.1% lower than the pcp (31 December 2016: $33.3 million) and $85.6 million for the year ended 31 December 2017 was 4.3% lower than the pcp (31 December 2016: $89.5 million). Total capital expenditure as a percentage of revenue was 20.8% for the quarter ended 31 December 2017 (31 December 2016: 39.7%) and 25.6% for the year ended 31 December 2017 (31 December 2016: 28.0%). Total capital expenditure for the quarter ended 31 December 2017 was lower because of lower capital expenditure being incurred on maintenance, premium digital cable TV growth and other capital expenditure compared to the pcp. Total capital expenditure for the year ended 31 December 2017 was lower because of lower premium digital cable TV growth and other capital expenditure compared to the pcp partially offset by higher maintenance capital expenditure compared to the pcp.

Total capital expenditure comprised the following:

- Maintenance capital expenditure to support TBC's existing infrastructure and business was predominantly funded from the operating cash flows of TBC. Such capital expenditure included items such as network maintenance and network reliability improvements.
- Premium digital cable TV capital expenditure to acquire digital set-top boxes to support TBC's digitisation program, installation related expenditure and digital head-end upgrades. Such capital expenditure was predominantly funded from debt facilities.
- Other capital expenditure included items such as high-speed broadband modems and cable line extensions for new buildings. Such capital expenditure was predominantly funded from debt facilities.

ASIAN PAY TELEVISION TRUST

FINANCIAL STATEMENTS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017

STATEMENTS OF FINANCIAL POSITION

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

	Note[1]	Group as at 31 December 2017 $'000	Group as at 31 December 2016 $'000	Trust as at 31 December 2017 $'000	Trust as at 31 December 2016 $'000
Assets					
Current assets					
Cash and cash equivalents	C(i)	66,835	59,088	7,439	7,983
Trade and other receivables	C(ii)	11,845	14,802	-	-
Derivative financial instruments	C(vii)	-	6	-	6
Other assets	C(viii)	1,278	3,489	68	268
		79,958	**77,385**	**7,507**	**8,257**
Non-current assets					
Investment in subsidiaries	C(iii)	-	-	1,342,351	1,342,351
Property, plant and equipment	C(iv)	320,852	291,350	37	-
Intangible assets	C(v)	2,391,052	2,367,743	29	-
Income tax refund receivable	C(vi)	-	15	-	-
Other assets	C(viii)	1,058	914	-	-
		2,712,962	**2,660,022**	**1,342,417**	**1,342,351**
Total assets		**2,792,920**	**2,737,407**	**1,349,924**	**1,350,608**
Liabilities					
Current liabilities					
Borrowings from financial institutions	D(i)	14,677	12,236	-	-
Derivative financial instruments	D(ii)	831	1,818	831	1,818
Trade and other payables	D(iii)	21,692	20,988	3,650	10,612
Retirement benefit obligations	D(iv)	1,400	1,416	-	-
Income tax payable	D(v)	13,182	14,246	1	2
Other liabilities	D(vii)	57,335	58,476	225	452
		109,117	**109,180**	**4,707**	**12,884**
Non-current liabilities					
Borrowings from financial institutions	D(i)	1,379,888	1,294,731	-	-
Derivative financial instruments	D(ii)	1,633	5,455	-	396
Retirement benefit obligations	D(iv)	20,437	19,365	-	-
Deferred tax liabilities	D(vi)	73,323	61,807	-	-
Other liabilities	D(vii)	18,721	16,313	-	-
		1,494,002	**1,397,671**	**-**	**396**
Total liabilities		**1,603,119**	**1,506,851**	**4,707**	**13,280**
Net assets		**1,189,801**	**1,230,556**	**1,345,217**	**1,337,328**
Equity					
Unitholders' funds		1,342,851	1,342,851	1,342,851	1,342,851
Reserves	D(viii)	96,121	74,217	-	-
Accumulated (deficit)/surplus		(251,503)	(188,839)	2,366	(5,523)
Equity attributable to unitholders of APTT		**1,187,469**	**1,228,229**	**1,345,217**	**1,337,328**
Non-controlling interests	D(ix)	2,332	2,327	-	-
Total equity		**1,189,801**	**1,230,556**	**1,345,217**	**1,337,328**

[1] Notes can be found on pages 30 to 40.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note[1]	Group Quarter ended 31 December 2017 $'000	Group Quarter ended 31 December 2016 $'000	Variance[2] %	Group Year ended 31 December 2017 $'000	Group Year ended 31 December 2016 $'000	Variance[2] %
Revenue							
Basic cable TV	A(i)	68,349	67,261	1.6	268,304	254,395	5.5
Premium digital cable TV	A(ii)	3,769	3,948	(4.5)	15,619	14,982	4.3
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Total revenue		**84,708**	**83,914**	**0.9**	**334,838**	**319,229**	**4.9**
Operating expenses							
Broadcast and production costs	B(i)	(16,197)	(16,168)	(0.2)	(64,288)	(61,723)	(4.2)
Staff costs	B(ii)	(7,190)	(8,055)	10.7	(30,781)	(30,455)	(1.1)
Depreciation and amortisation expense[3]	B(iii)	(17,605)	(19,133)	8.0	(63,197)	(55,652)	(13.6)
Trustee-Manager fees	B(iv)	(1,825)	(1,820)	(0.3)	(7,241)	(7,241)	-
Net foreign exchange gain/(loss)	B(v)	2,299	6,579	(65.1)	(6,196)	10,603	(>100)
Mark to market loss on derivative financial instruments[4]	B(vi)	(622)	(1,315)	52.7	(1,681)	(759)	(>100)
Other operating expenses	B(vii)	(7,715)	(7,910)	2.5	(31,105)	(30,512)	(1.9)
Total operating expenses		**(48,855)**	**(47,822)**	**(2.2)**	**(204,489)**	**(175,739)**	**(16.4)**
Operating profit		**35,853**	**36,092**	**(0.7)**	**130,349**	**143,490**	**(9.2)**
Amortisation of deferred arrangement fees[5]	B(viii)	(2,216)	(2,202)	(0.6)	(8,916)	(5,927)	(50.4)
Interest and other finance costs	B(ix)	(13,926)	(13,967)	0.3	(56,328)	(54,015)	(4.3)
Profit before income tax		**19,711**	**19,923**	**(1.1)**	**65,105**	**83,548**	**(22.1)**
Income tax expense	B(x)	(8,078)	(3,485)	(>100)	(28,329)	(23,548)	(20.3)
Profit after income tax		**11,633**	**16,438**	**(29.2)**	**36,776**	**60,000**	**(38.7)**
Profit after income tax attributable to:							
Unitholders of APTT		11,532	16,341	(29.4)	36,446	59,658	(38.9)
Non-controlling interests		101	97	4.1	330	342	(3.5)
Profit after income tax		**11,633**	**16,438**	**(29.2)**	**36,776**	**60,000**	**(38.7)**
Basic and diluted earnings per unit attributable to unitholders of APTT		**0.80 cents**	**1.14 cents**		**2.54 cents**	**4.15 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 Decrease in depreciation and amortisation expense for the quarter was mainly due to impairment losses of $5.4 million included in the pcp, partially offset by higher depreciation expense on network equipment and amortisation expense on programming rights compared to the pcp. Increase in depreciation and amortisation expense for the year was mainly due to higher depreciation expense on network equipment compared to the pcp, partially offset by impairment losses of $6.7 million included in the pcp, Refer note B(iii) for more details.

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

5 Variance in amortisation of deferred arrangement fees was due to the amortisation of additional arrangement fees on the Group's borrowing facilities. Refer Note D(i) on page 36 for more details.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group Quarter ended 31 December 2017 $'000	Group Quarter ended 31 December 2016 $'000	Variance[1] %	Group Year ended 31 December 2017 $'000	Group Year ended 31 December 2016 $'000	Variance[1] %
Profit after income tax	**11,633**	**16,438**	**(29.2)**	**36,776**	**60,000**	**(38.7)**
Other comprehensive income						
Items that will not subsequently be reclassified to profit or loss:						
Remeasurement of defined benefit obligations	(1,401)	(3,780)	62.9	(1,401)	(3,780)	62.9
	(1,401)	**(3,780)**	**62.9**	**(1,401)**	**(3,780)**	**62.9**
Items that may subsequently be reclassified to profit or loss:						
Exchange differences on translation of foreign operations	7,161	28,666	(75.0)	14,704	42,433	(65.3)
Unrealised movement on change in fair value of cash flow hedging financial instruments	1,667	1,914	(12.9)	3,473	4,207	(17.4)
Deferred tax relating to items that may subsequently be reclassified to profit or loss	(283)	(325)	12.9	(590)	(715)	17.5
	8,545	**30,255**	**(71.8)**	**17,587**	**45,925**	**(61.7)**
Other comprehensive income, net of tax	**7,144**	**26,475**	**(73.0)**	**16,186**	**42,145**	**(61.6)**
Total comprehensive income	**18,777**	**42,913**	**(56.2)**	**52,962**	**102,145**	**(48.2)**
Total comprehensive income attributable to:						
Unitholders of APTT	18,676	42,816	(56.4)	52,632	101,803	(48.3)
Non-controlling interests	101	97	4.1	330	342	(3.5)
Total comprehensive income	**18,777**	**42,913**	**(56.2)**	**52,962**	**102,145**	**(48.2)**

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

STATEMENTS OF CHANGES IN EQUITY

Group	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2017	**1,342,851**	**74,217**	**(188,839)**	**1,228,229**	**2,327**	**1,230,556**
Total comprehensive income						
Profit after income tax	-	-	36,446	36,446	330	36,776
Other comprehensive income, net of tax	-	16,186	-	16,186	-	16,186
Total	**-**	**16,186**	**36,446**	**52,632**	**330**	**52,962**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(117)	(117)
Transfer to capital reserves	-	5,718	(5,718)	-	-	-
Distributions paid	-	-	(93,392)	(93,392)	(208)	(93,600)
Total	**-**	**5,718**	**(99,110)**	**(93,392)**	**(325)**	**(93,717)**
Balance as at 31 December 2017	**1,342,851**	**96,121**	**(251,503)**	**1,187,469**	**2,332**	**1,189,801**

Group	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 October 2017	**1,342,851**	**88,977**	**(239,687)**	**1,192,141**	**2,308**	**1,194,449**
Total comprehensive income						
Profit after income tax	-	-	11,532	11,532	101	11,633
Other comprehensive income, net of tax	-	7,144	-	7,144	-	7,144
Total	**-**	**7,144**	**11,532**	**18,676**	**101**	**18,777**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(14)	(14)
Distributions paid	-	-	(23,348)	(23,348)	(63)	(23,411)
Total	-	**-**	**(23,348)**	**(23,348)**	**(77)**	**(23,425)**
Balance as at 31 December 2017	**1,342,851**	**96,121**	**(251,503)**	**1,187,469**	**2,332**	**1,189,801**

Group	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2016	**1,342,851**	**28,386**	**(142,439)**	**1,228,798**	**2,319**	**1,231,117**
Total comprehensive income						
Profit after income tax	-	-	59,658	59,658	342	60,000
Other comprehensive income, net of tax	-	42,145	-	42,145	-	42,145
Total	**-**	**42,145**	**59,658**	**101,803**	**342**	**102,145**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(117)	(117)
Transfer to capital reserves	-	3,686	(3,686)	-	-	-
Distributions paid	-	-	(102,372)	(102,372)	(217)	(102,589)
Total	**-**	**3,686**	**(106,058)**	**(102,372)**	**(334)**	**(102,706)**
Balance as at 31 December 2016	**1,342,851**	**74,217**	**(188,839)**	**1,228,229**	**2,327**	**1,230,556**

Group	Unitholders' funds	Reserves	Accumulated deficit	Equity attributable to unitholders of APTT	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance as at 1 October 2016	**1,342,851**	**47,742**	**(181,832)**	**1,208,761**	**2,304**	**1,211,065**
Total comprehensive income						
Profit after income tax	-	-	16,341	16,341	97	16,438
Other comprehensive income, net of tax	-	26,475	-	26,475	-	26,475
Total	**-**	**26,475**	**16,341**	**42,816**	**97**	**42,913**
Transactions with unitholders, recognised directly in equity						
Settlement of transactions with non-controlling interests	-	-	-	-	(14)	(14)
Distributions paid	-	-	(23,348)	(23,348)	(60)	(23,408)
Total	**-**	**-**	**(23,348)**	**(23,348)**	**(74)**	**(23,422)**
Balance as at 31 December 2016	**1,342,851**	**74,217**	**(188,839)**	**1,228,229**	**2,327**	**1,230,556**

Trust	Unitholders' funds $'000	Accumulated (deficit)/surplus $'000	Total equity $'000
Balance as at 1 January 2017	**1,342,851**	**(5,523)**	**1,337,328**
Total comprehensive income			
Profit after income tax	-	101,281	101,281
Total	**-**	**101,281**	**101,281**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(93,392)	(93,392)
Total	**-**	**(93,392)**	**(93,392)**
Balance as at 31 December 2017	**1,342,851**	**2,366**	**1,345,217**

Trust	Unitholders' funds $'000	Accumulated surplus $'000	Total equity $'000
Balance as at 1 October 2017	**1,342,851**	**920**	**1,343,771**
Total comprehensive income			
Profit after income tax	-	24,794	24,794
Total	**-**	**24,794**	**24,794**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	**-**	**(23,348)**	**(23,348)**
Balance as at 31 December 2017	**1,342,851**	**2,366**	**1,345,217**

Trust	Unitholders' funds $'000	Accumulated deficit $'000	Total equity $'000
Balance as at 1 January 2016	**1,342,851**	**(4,349)**	**1,338,502**
Total comprehensive income			
Profit after income tax	-	101,198	101,198
Total	**-**	**101,198**	**101,198**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(102,372)	(102,372)
Total	**-**	**(102,372)**	**(102,372)**
Balance as at 31 December 2016	**1,342,851**	**(5,523)**	**1,337,328**

Trust	Unitholders' funds $'000	Accumulated deficit $'000	Total equity $'000
Balance as at 1 October 2016	**1,342,851**	**(5,736)**	**1,337,115**
Total comprehensive income			
Profit after income tax	-	23,561	23,561
Total	**-**	**23,561**	**23,561**
Transactions with unitholders, recognised directly in equity			
Distributions paid	-	(23,348)	(23,348)
Total	**-**	**(23,348)**	**(23,348)**
Balance as at 31 December 2016	**1,342,851**	**(5,523)**	**1,337,328**

DETAIL OF CHANGES IN UNITHOLDERS' FUNDS

Group and Trust	Quarter ended 31 December 2017 Number of units '000	Quarter ended 31 December 2017 $'000	Year ended 31 December 2017 Number of units '000	Year ended 31 December 2017 $'000
At beginning and end of the quarter/year	1,436,800	1,342,851	1,436,800	1,342,851

Group and Trust	Quarter ended 31 December 2016 Number of units '000	Quarter ended 31 December 2016 $'000	Year ended 31 December 2016 Number of units '000	Year ended 31 December 2016 $'000
At beginning and end of the quarter/year	1,436,800	1,342,851	1,436,800	1,342,851

There were no changes to unitholders' funds during the quarters and years ended 31 December 2017 and 2016.

With reference to paragraphs 1(d)(ii), 1(d)(iv) and 1(d)(v) of Appendix 7.2 of the SGX-ST Listing Manual, the Trustee-Manager confirms that for the quarters and years ended 31 December 2017 and 2016, the Trust did not have any convertible securities, treasury units or subsidiary holdings on issue.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Group Quarter ended 31 December 2017 $'000	Group Quarter ended 31 December 2016 $'000	Group Year ended 31 December 2017 $'000	Group Year ended 31 December 2016 $'000
Cash flows from operating activities				
Profit after income tax	**11,633**	**16,438**	**36,776**	**60,000**
Adjustments for:				
Depreciation and amortisation expense	17,605	19,133	63,197	55,652
Net foreign exchange (gain)/loss	(2,830)	(3,484)	5,274	(9,902)
Gain on disposal of property, plant and equipment	-	(39)	-	(39)
Mark to market loss on derivative financial instruments	622	1,315	1,681	759
Amortisation of deferred arrangement fees	2,216	2,202	8,916	5,927
Interest and other finance costs	13,926	13,967	56,328	54,015
Income tax expense	8,078	3,485	28,329	23,548
Operating cash flows before movements in working capital	**51,250**	**53,017**	**200,501**	**189,960**
Trade and other receivables	(1,051)	(924)	2,957	2,848
Income tax refund receivable	-	(137)	15	7
Trade and other payables	2,279	2,335	449	502
Retirement benefit obligations	136	496	(345)	33
Other assets	2,555	(210)	2,067	(1,212)
Other liabilities	836	8,806	1,810	6,206
Cash generated from operations	**56,005**	**63,383**	**207,454**	**198,344**
Income tax paid, net of refunds	(2,614)	(3,782)	(19,118)	(13,169)
Net cash inflows from operating activities	**53,391**	**59,601**	**188,336**	**185,175**
Cash flows from investing activities				
Acquisition of property, plant and equipment	(20,960)	(37,713)	(85,777)	(98,589)
Proceeds from disposal of property, plant and equipment	-	43	51	195
Acquisition of intangible assets	(1,621)	(1,971)	(13,320)	(2,642)
Net cash used in investing activities	**(22,581)**	**(39,641)**	**(99,046)**	**(101,036)**
Cash flows from financing activities				
Interest and other finance costs paid	(13,536)	(12,003)	(56,039)	(52,250)
Borrowings from financial institutions	20,000	33,312	76,517	204,020
Repayment of borrowings to financial institutions	(1,808)	(5,810)	(5,246)	(134,733)
Settlement of derivative financial instruments	(77)	(869)	(3,058)	(308)
Settlement of transactions with non-controlling interests	(14)	(14)	(117)	(117)
Distributions to non-controlling interests	(63)	(60)	(208)	(217)
Distributions to unitholders	(23,348)	(23,348)	(93,392)	(102,372)
Net cash used in financing activities	**(18,846)**	**(8,792)**	**(81,543)**	**(85,977)**
Net increase/(decrease) in cash and cash equivalents	**11,964**	**11,168**	**7,747**	**(1,838)**
Cash and cash equivalents at the beginning of the quarter/year	54,871	47,920	59,088	60,926
Cash and cash equivalents at the end of the quarter/year	**66,835**	**59,088**	**66,835**	**59,088**

RECONCILIATION OF NET PROFIT TO EBITDA

	Group Quarter ended 31 December 2017 $'000	Group Quarter ended 31 December 2016 $'000	Variance[1] %	Group Year ended 31 December 2017 $'000	Group Year ended 31 December 2016 $'000	Variance[1] %
Profit after income tax	**11,633**	**16,438**	**(29.2)**	**36,776**	**60,000**	**(38.7)**
Add: Depreciation and amortisation expense	17,605	19,133	8.0	63,197	55,652	(13.6)
Add: Net foreign exchange (gain)/loss	(2,299)	(6,579)	(65.1)	6,196	(10,603)	(>100)
Add: Mark to market loss on derivative financial instruments	622	1,315	52.7	1,681	759	(>100)
Add: Amortisation of deferred arrangement fees	2,216	2,202	(0.6)	8,916	5,927	(50.4)
Add: Interest and other finance costs	13,926	13,967	0.3	56,328	54,015	(4.3)
Add: Income tax expense	8,078	3,485	(>100)	28,329	23,548	(20.3)
EBITDA	**51,781**	**49,961**	**3.6**	**201,423**	**189,298**	**6.4**
EBITDA margin	**61.1%**	**59.5%**		**60.2%**	**59.3%**	

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 YEAR ENDED 31 DECEMBER 2017

REVIEW OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2017

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

A) REVIEW OF REVENUE

Total revenue for the quarter ended 31 December 2017 was $84.7 million (31 December 2016: $83.9 million). Total revenue for the year ended 31 December 2017 was $334.8 million (31 December 2016: $319.2 million). Total revenue for the quarter and year ended 31 December 2017 was 0.9% and 4.9% higher than the pcp; in constant NT$ terms total revenue for the quarter and year ended 31 December 2017 was 0.4% and 1.0% lower than the pcp. Foreign exchange contributed to a positive variance of 1.3% for the quarter and 5.9% for the year ended 31 December 2017 compared to the pcp. Total revenue was influenced by a number of factors including the continued weakness in the Taiwanese economy and a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

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

(i) Basic cable TV

Basic cable TV revenue of $68.3 million for the quarter ended 31 December 2017 was up 1.6% on the pcp (31 December 2016: $67.3 million); in constant NT$ terms Basic cable TV revenue was up 0.3% on the pcp. This comprised subscription revenue of $52.6 million (31 December 2016: $53.7 million) and non-subscription revenue of $15.7 million (31 December 2016: $13.6 million). The increase was mainly due to higher non-subscription revenue as described below.

Basic cable TV revenue of $268.3 million for the year ended 31 December 2017 was up 5.5% on the pcp (31 December 2016: $254.4 million); in constant NT$ terms Basic cable TV revenue was 0.4% lower than the pcp. This comprised subscription revenue of $215.5 million (31 December 2016: $206.7 million) and non-subscription revenue of $52.8 million (31 December 2016: $47.7 million). The decrease was mainly due to lower subscription revenue as described below.

Subscription revenue was generated from TBC's c.762,000 Basic cable TV RGUs each contributing an ARPU of NT$511 per month in the quarter to access over 100 cable TV channels. In constant NT$ terms subscription revenue for the quarter and year ended 31 December 2017 was lower than the pcp because of a marginally lower Basic cable TV rate in one of TBC's five franchise areas.

Non-subscription revenue was 23.0% of Basic cable TV revenue for the quarter ended 31 December 2017 (31 December 2016: 20.2%) and 19.7% of Basic cable TV revenue for the year ended 31 December 2017 (31 December 2016: 18.8%). 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 year ended 31 December 2017 was higher than the pcp mainly due to higher revenue generated from channel leasing partially offset by lower airtime advertising sales.

(ii) Premium digital cable TV

Premium digital cable TV revenue of $3.8 million for the quarter ended 31 December 2017 was down 4.5% on the pcp (31 December 2016: $3.9 million); in constant NT$ terms Premium digital cable TV revenue was 5.8% lower than the pcp. This comprised subscription revenue of $3.6 million (31 December 2016: $3.7 million) and non-subscription revenue of $0.2 million (31 December 2016: $0.3 million).

Premium digital cable TV revenue of $15.6 million for the year ended 31 December 2017 was up 4.3% on the pcp (31 December 2016: $15.0 million); in constant NT$ terms Premium digital cable TV revenue was 1.6% lower than the pcp. This comprised subscription revenue of $14.9 million (31 December 2016: $14.2 million) and non-subscription revenue of $0.7 million (31 December 2016: $0.8 million).

Subscription revenue was generated from TBC's c.193,000 Premium digital cable TV RGUs each contributing an ARPU of NT$138 per month in the quarter for Premium digital cable TV packages, bundled DVR or DVR-only services. Premium digital cable TV RGUs decreased by c.2,000 and ARPU was lower compared to the previous quarter ended 30 September 2017

(RGUs: c.195,000; ARPU: NT$141 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

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

(iii) Broadband

Broadband revenue of $12.6 million for the quarter ended 31 December 2017 was down 0.9% on the pcp (31 December 2016: $12.7 million); in constant NT$ terms Broadband revenue was 2.2% lower than the pcp. This comprised subscription revenue of $12.1 million (31 December 2016: $12.3 million) and non-subscription revenue of $0.5 million (31 December 2016: $0.4 million).

Broadband revenue of $50.9 million for the year ended 31 December 2017 was up 2.1% on the pcp (31 December 2016: $49.9 million); in constant NT$ terms Broadband revenue was 3.8% lower than the pcp. This comprised subscription revenue of $49.4 million (31 December 2016: $48.4 million) and non-subscription revenue of $1.5 million (31 December 2016: $1.5 million).

Subscription revenue was generated from TBC's c.203,000 Broadband RGUs each contributing an ARPU of NT$444 per month in the quarter for high-speed Broadband services. Broadband RGUs increased by c.2,000 and ARPU was lower compared to the previous quarter ended 30 September 2017 (RGUs: c.201,000 and ARPU: NT$450 per month). The lower ARPU was due to promotions and discounted bundled packages that were offered to generate new RGUs and to retain existing RGUs.

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

B) REVIEW OF OPERATING EXPENSES

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

(i) Broadcast and production costs

Broadcast and production costs were $16.2 million for the quarter ended 31 December 2017, up 0.2% on the pcp (31 December 2016: $16.2 million); in constant NT$ terms broadcast and production costs were 1.1% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 1.3% for the quarter ended 31 December 2017 compared to the pcp.

Broadcast and production costs were $64.3 million for the year ended 31 December 2017, up 4.2% on the pcp (31 December 2016: $61.7 million); in constant NT$ terms broadcast and production costs were 1.7% lower than the pcp mainly due to lower cost of acquiring cable TV content. Foreign exchange contributed to a negative variance of 5.9% for the year ended 31 December 2017 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 $7.2 million for the quarter ended 31 December 2017, down 10.7% on the pcp (31 December 2016: $8.1 million) and $30.8 million for the year ended 31 December 2017, up 1.1% on the pcp (31 December 2016: $30.5 million). Staff costs for the quarter ended 31 December 2017 were lower mainly due to lower actual staff costs in constant NT$ terms, partially offset by foreign exchange. Staff costs for the year ended 31 December 2017 were higher mainly due to foreign exchange, partially offset by lower actual staff costs in constant NT$ terms.

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

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

A total of 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 31 December 2017.

LTIP expense attributable to the quarter and year ended 31 December 2017 has been recognised in the consolidated financial statements to reflect the estimate of the future obligations under the LTIP.

(iii) Depreciation and amortisation expense

Depreciation and amortisation expense was $17.6 million for the quarter ended 31 December 2017, down 8.0% on the pcp (31 December 2016: $19.1 million). Depreciation and amortisation expense for the pcp included impairment losses of $5.4 million representing obsolete network equipment. This was partially offset by higher depreciation expense on network equipment and amortisation expense on programming rights for the quarter compared to the pcp. Depreciation and amortisation expense was $63.2 million for the year ended 31 December 2017, up 13.6% on the pcp (31 December 2016: $55.7 million). The increase was mainly due to higher depreciation expense on network equipment, partially offset by net impairment losses of $1.3 million representing damage to property, plant and equipment due to fire and impairment losses of $5.4 million as mentioned above included in the pcp. Refer Note C(iv) for more details.

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

(iv) Trustee-Manager fees

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

The Trustee-Manager base fees were $1.8 million for the quarter ended 31 December 2017 (31 December 2016: $1.8 million) and $7.2 million for the year ended 31 December 2017 (31 December 2016: $7.2 million). There were no performance fees payable to the Trustee-Manager for the quarter and year ended 31 December 2017 (31 December 2016: nil).

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

(v) Net foreign exchange gain/(loss)

Net foreign exchange gain was $2.3 million for the quarter ended 31 December 2017 (31 December 2016: $6.6 million) and net foreign exchange loss was $6.2 million for the year ended 31 December 2017 (31 December 2016: gain of $10.6 million). Net foreign exchange loss for the year ended 31 December 2017 included unrealised foreign exchange loss from translations at the subsidiary level for the year ended 31 December 2017. The unrealised foreign exchange loss from translations at the subsidiary level are not expected to be realised, nor result in cash losses.

(vi) Mark to market loss on derivative financial instruments

The Group uses foreign exchange contracts to manage its exposure to foreign exchange movements as discussed in Note C(vii). For the quarter ended 31 December 2017, the period end mark to market loss on foreign currency contracts was $0.6 million (31 December 2016: $1.3 million) and for the year ended 31 December 2017, the period end mark to market loss on foreign currency contracts was $1.7 million (31 December 2016: $0.8 million). Mark to market losses included losses of $0.1 million and $3.1 million on NT$ foreign exchange contracts settled during the quarter and year ended 31 December 2017.

(vii) Other operating expenses

Other operating expenses were $7.7 million for the quarter ended 31 December 2017, down 2.5% on the pcp (31 December 2016: $7.9 million) and $31.1 million for the year ended 31 December 2017, up 1.9% on the pcp (31 December 2016: $30.5 million).

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

(viii) Amortisation of deferred arrangement fees

The Group pays financing fees to the lenders when entering into debt facilities. At inception, the financing fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. Amortisation of deferred arrangement fees was $2.2 million for the quarter ended 31 December 2017, up 0.6% on the pcp (31 December 2016: $2.2 million) and $8.9 million for the year ended 31 December 2017, up 50.4% on the pcp (31 December 2016: $5.9 million). Amortisation of deferred arrangement fees for the quarter and year ended 31 December 2017 was higher compared to the pcp due to amortisation of additional arrangement fees on the Group's borrowing facilities as discussed in Note D(i).

(ix) Interest and other finance costs

Interest and other finance costs were $13.9 million for the quarter ended 31 December 2017, 0.3% lower than the pcp (31 December 2016: $14.0 million) and $56.3 million for the year ended 31 December 2017, up 4.3% on the pcp (31 December 2016: $54.0 million). These comprised interest expense and commitment fees on the Group's debt facilities.

Following the completion of the acquisition of the Trustee-Manager by Dynami, the interest margin on TBC's borrowing facilities has decreased by 30 basis points starting from 30 June 2017.

(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 31 December 2017 $'000	Group Quarter ended 31 December 2016 $'000	Group Year ended 31 December 2017 $'000	Group Year ended 31 December 2016 $'000
Current income tax	(1,543)	(3,596)	(8,128)	(9,609)
Deferred income tax	(4,794)	771	(10,517)	(6,224)
Withholding tax	(1,882)	339	(9,184)	(7,858)
Over/(under) provision for tax in prior years	141	(999)	(500)	143
Total	**(8,078)**	**(3,485)**	**(28,329)**	**(23,548)**

In January 2018, it was announced that the Income Tax Law in Taiwan was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. This will impact the Group's deferred tax assets/liabilities recognised as at 31 December 2017. Refer Note D(vi) for more details.

REVIEW OF STATEMENTS OF FINANCIAL POSITION AND NET ASSETS AS AT 31 DECEMBER 2017

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

C) ASSETS

(i) Cash and cash equivalents

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

Cash and cash equivalents at the Trust level decreased from $8.0 million as at 31 December 2016 to $7.4 million as at 31 December 2017. The decrease was primarily due to the payment of distributions to unitholders net of receipt of distributions from TBC during the year ended 31 December 2017.

Cash and cash equivalents at the Group level increased from $59.1 million as at 31 December 2016 to $66.8 million as at 31 December 2017. The increase was primarily driven by operating cash flows and changes in working capital, partially offset by the payment of distributions to unitholders and capital expenditures.

(ii) Trade and other receivables

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

Trade and other receivables at the Group level decreased from $14.8 million as at 31 December 2016 to $11.8 million as at 31 December 2017 mainly due to decrease in the amounts due from trade debtors for channel leasing and advertising revenue.

(iii) Investment in subsidiaries

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

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

(iv) Property, plant and equipment

All items of property, plant and equipment ("PPE") are initially recorded at cost, subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The amounts recognised in the statements of financial position were determined as follows:

Group Carrying value	As at 1 January 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**

Group Carrying value	As at 1 October 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Land	3,834	-	278	-	-	27	4,139
Buildings	3,755	-	2,633	-	(290)	29	6,127
Leasehold improvements	1,741	-	97	-	(117)	13	1,734
Network equipment	285,472	1,154	19,419	-	(13,993)	2,050	294,102
Plant and equipment	5,726	1	1,375	-	(551)	43	6,594
Transport equipment	1,676	-	7	-	(159)	12	1,536
Leased equipment	239	-	-	-	(25)	1	215
Assets under construction	13,658	16,465	(23,809)	-	-	91	6,405
Total	**316,101**	**17,620**	**-**	**-**	**(15,135)**	**2,266**	**320,852**

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

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

Trust[1] Carrying value	As at 1 October 2017	Additions	Transfer within PPE	Disposals/ write-offs	Depreciation and impairment	Foreign exchange effect	As at 31 December 2017
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Leasehold improvements	3	-	-	-	(1)	-	2
Plant and equipment	37	1	-	-	(3)	-	35
Total	**40**	**1**	**-**	**-**	**(4)**	**-**	**37**

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

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

As at 31 December 2016, the Group estimated the value of insurance claim for the fire damages to be $1.3 million. The total net impairment losses of $6.7 million, representing obsolete network equipment of $5.4 million and net loss on property, plant and equipment from fire of $1.3 million, were included in depreciation and amortisation expense for 2016 in the consolidated statements of profit or loss. During the quarter ended 31 December 2017, the Group has settled the insurance claim for the fire damages at $2.0 million, which resulted in a gain of $0.7 million recognised against operating expenses in the consolidated statements of profit or loss for the quarter and year ended 31 December 2017.

During the quarter and year ended 31 December 2017, the Group acquired property, plant and equipment with an aggregate cost of $17.6 million (31 December 2016: $33.3 million) and $85.6 million (31 December 2016: $89.5 million) of which $3.0 million remained unpaid as at 31 December 2017 (31 December 2016: $3.2 million). In addition, property, plant and equipment with an aggregate cost of $6.3 million, unpaid as at 30 September 2017 (30 September 2016: $7.6 million), was paid during the quarter ended 31 December 2017.

(v) Intangible assets

Cable TV licences

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

Software

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

Programming rights

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

Goodwill

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

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

Group Carrying value	As at 1 January 2017 $'000	Additions $'000	Amortisation $'000	Foreign exchange effect $'000	As at 31 December 2017 $'000
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**

Group Carrying value	As at 1 October 2017 $'000	Additions $'000	Amortisation $'000	Foreign exchange effect $'000	As at 31 December 2017 $'000
Cable TV licences	2,354,736	-	-	16,852	2,371,588
Software	3,062	1,526	(576)	25	4,037
Programming rights	9,413	-	(1,894)	65	7,584
Goodwill	7,787	-	-	56	7,843
Total	**2,374,998**	**1,526**	**(2,470)**	**16,998**	**2,391,052**

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

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

Trust[1] Carrying value	As at 1 October 2017 $'000	Additions $'000	Amortisation $'000	Foreign exchange effect $'000	As at 31 December 2017 $'000
Software	30	2	(3)	-	29
Total	**30**	**2**	**(3)**	**-**	**29**

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

During the quarter and year ended 31 December 2017, the Group acquired intangible assets with an aggregate cost of $1.5 million (31 December 2016: $2.0 million) and $13.0 million (31 December 2016: $2.3 million) of which $0.1 million remained unpaid as at 31 December 2017 (31 December 2016: $0.3 million). In addition, intangible assets with an aggregate cost of $0.1 million, unpaid as at 30 September 2017 (30 September 2016: $0.3 million), was paid during the quarter ended 31 December 2017.

(vi) Income tax refund receivable

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

(vii) Derivative financial instruments

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

(viii) Other assets

As at 31 December 2017, the Group and the Trust had other current assets of $1.3 million (31 December 2016: $3.5 million) and $0.1 million (31 December 2016: $0.3 million). These predominantly comprised GST recoverable and expense prepayments.

Other non-current assets at the Group level of $1.1 million as at 31 December 2017 (31 December 2016: $0.9 million) predominantly comprised refundable deposits.

D) LIABILITIES

(i) Borrowings from financial institutions

	Group as at 31 December 2017 $'000	Group as at 31 December 2016 $'000
Current portion	14,677	12,236
	14,677	**12,236**
Non-current portion	1,424,400	1,347,779
Less: Unamortised arrangement fees	(44,512)	(53,048)
	1,379,888	**1,294,731**
Total[1]	**1,394,565**	**1,306,967**

[1] Comprised outstanding NT$ denominated borrowings of $1,218.1 million (31 December 2016: $1,179.2 million) at TBC level and Singapore dollar denominated multicurrency borrowings of $176.5 million (31 December 2016: $127.8 million) at Bermuda holding companies' level.

Onshore Facilities

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

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

The NT$ denominated borrowings are repayable in tranches by 2023 and are secured by certain land, buildings, network equipment and plant and equipment held by TBC as well as by pledges over shares in onshore entities of TBC and over the shares in TBC Holdings B.V. and Harvest Cable Holdings B.V. held by Cable TV S.A. The onshore affiliates of TBC are jointly liable under the debt facilities. As at 31 December 2017, the total carrying value of property, plant and equipment pledged for the Onshore Facilities was $301.0 million (31 December 2016: $264.5 million). In addition, guarantees in favour of the lenders under the debt facilities are provided by TBC Holdings B.V. and Harvest Cable Holdings B.V.

The NT$ denominated borrowings bear a floating interest rate of Taiwan's three-month Taipei Interbank Offered Rate ("TAIBOR") plus an interest margin of 2.3% per annum. Following the completion of the acquisition of the Trustee-Manager by Dynami, the interest margin on the Onshore Facilities has decreased by 30 basis points starting from 30 June 2017. As discussed in Note D(ii), the Group uses interest rate swaps to swap a portion of its borrowings from floating rate to fixed rate.

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

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

Offshore Facilities

As announced on 11 July 2016, APTT secured a multicurrency term loan facility in an aggregate amount of $125.0 million and a multicurrency revolving loan facility in an aggregate amount of $125.0 million through its wholly-owned subsidiaries APTT Holdings 1 Limited and APTT Holdings 2 Limited. The Offshore Facilities, denominated in Singapore dollars, are repayable in tranches by 2019 and are secured by a first priority pledge of all of the assets of APTT Holdings 1 Limited, APTT Holdings 2 Limited, Cable TV S.A. and APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT including bank accounts and 100% of the total outstanding shares of APTT Holdings 1 Limited, APTT Holdings 2 Limited and Cable TV S.A. As at 31 December 2017, the total carrying value of assets pledged for the Offshore Facilities was $1,121 million (31 December 2016: $1,115 million). In addition, guarantees in favour of lenders under the debt facilities are provided by APTT Management Pte. Limited, in its capacity as Trustee-Manager of APTT, and Cable TV S.A.

Arrangement fees on the Offshore Facilities were agreed at 2.0%, payable 50% on financial close and 50% on the first anniversary of the financial close. At inception, the arrangement fees are recorded as unamortised arrangement fees. The fees are amortised over the period of the debt facilities as an expense to the consolidated statements of profit or loss. The Offshore Facilities bear a floating interest rate of Singapore Interbank Offered Rate ("SIBOR") plus an interest margin of 4.50% to 4.75% per annum.

(ii) Derivative financial instruments

The Group and Trust use foreign exchange contracts to manage their exposure to foreign exchange movements as discussed in Note C(vii). As at 31 December 2017, mark to market movements, classified as current and non-current liabilities, on such contracts were $0.8 million (31 December 2016: $1.8 million) and nil (31 December 2016: $0.4 million) at the Trust level. Current and non-current derivative financial instruments at the Group level included these mark to market movements in addition to mark to market movements on interest rate swaps as described below.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its NT$ denominated borrowings from financial institutions by swapping a portion of those borrowings from floating rate to fixed rate. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount deferred in equity is recognised in profit or loss over the period that the floating rate interest payments on debt impact profit or loss. As at 31 December 2017, the notional amount of interest rate swaps was NT$16.0 billion (31 December 2016: NT$25.5 billion). As at 31 December 2017, mark to market movements, classified as non-current liabilities, on such swaps were $1.6 million (31 December 2016: $5.1 million) at the Group level.

(iii) Trade and other payables

	Group as at 31 December 2017 $'000	Group as at 31 December 2016 $'000	Trust as at 31 December 2017 $'000	Trust as at 31 December 2016 $'000
Trade payables due to outside parties	18,042	17,310	-	-
Base fees payable to the Trustee-Manager	3,650	3,640	3,650	3,640
Other payables due to subsidiaries	-	-	-	6,934
Other payables due to the Trustee-Manager	-	38	-	38
Total	**21,692**	**20,988**	**3,650**	**10,612**

The Group's trade and other payables as at 31 December 2017 comprised mainly broadcast and production costs payable of $18.0 million (31 December 2016: $17.3 million) and base fees payable to the Trustee-Manager of $3.7 million (31 December 2016: $3.6 million).

The Trust's trade and other payables as at 31 December 2017 comprised mainly base fees payable to the Trustee-Manager of $3.7 million (31 December 2016: $3.6 million). Trust's trade and other payables as at 31 December 2016 also comprised cash held by the Trust on behalf of its subsidiaries of $6.9 million.

(iv) Retirement benefit obligations

The Group operates both a defined benefit scheme and a defined contribution scheme. Eligibility for participation in each of the schemes is governed by employment and related laws in the country of employment for employees of the Group. As at 31 December 2017, the Group's retirement benefit obligations, classified as current and non-current liabilities, were $1.4 million (31 December 2016: $1.4 million) and $20.4 million (31 December 2016: $19.4 million).

(v) Income tax payable

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

	Group as at 31 December 2017 $'000	Group as at 31 December 2016 $'000
Balance at the beginning of the year	**14,246**	**9,672**
Current income tax provision	8,128	9,609
Under/(over) provision for tax in prior years	500	(377)
Income tax payment	(5,730)	(2,289)
Prepaid and withheld income tax	(4,087)	(2,853)
Foreign exchange effect	125	484
Balance at the end of the year	**13,182**	**14,246**

(vi) Deferred tax liabilities

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

	Group as at 31 December 2017 $'000	Group as at 31 December 2016 $'000
Impairment loss	(792)	(1,649)
Cash flow hedging reserves	(278)	(860)
Intangible assets that are partially deductible for tax purposes[1]	63,977	58,029
Accelerated tax depreciation	715	1,004
Undistributed earnings of subsidiaries	7,956	6,070
Others	(11)	(266)
Unrealised exchange differences	1,756	(521)
Deferred tax liabilities, net	**73,323**	**61,807**

[1] Following the settlement principles agreed between the Group and the Taiwan tax authorities in 2014, deferred tax liabilities of $64.0 million were recorded by the Group for the partial tax deductions in respect of the amortisation of intangible assets claimed by the Group as at 31 December 2017 (31 December 2016: $58.0 million).

As discussed in Note B(x), the Income Tax Law in Taiwan was amended and the corporate income tax rate from 2018 will be adjusted from 17% to 20%. Consequently, the Group's net deferred tax liabilities as at 31 December 2017 are expected to increase by $11.5 million.

(vii) Other liabilities

The Group's current other liabilities as at 31 December 2017 of $57.3 million (31 December 2016: $58.5 million) predominantly comprised collections received in advance from subscribers amounting to $36.3 million (31 December 2016: $35.9 million), accrued expenses of $11.3 million (31 December 2016: $14.3 million), withholding and other tax payable of $4.2 million (31 December 2016: $4.6 million), interest and other finance costs payable of $2.2 million (31 December 2016: $1.9 million) and amounts accrued under the Group's long-term incentive plan of $3.1 million (31 December 2016: $1.6 million).

The Trust's current other liabilities as at 31 December 2017 of $0.2 million (31 December 2016: $0.5 million) comprised accruals for regular operating expenses.

The Group's non-current other liabilities as at 31 December 2017 of $18.7 million (31 December 2016: $16.3 million) predominantly comprised subscriber deposits received of $15.6 million (31 December 2016: $13.8 million) and amounts accrued under the Group's long-term incentive plan of $2.1 million (31 December 2016: $1.4 million).

(viii) Reserves

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

	Foreign currency translation reserves	Cash flow hedging reserves	Capital reserves	Retirement benefit obligations reserves	Total
	$'000	$'000	$'000	$'000	$'000
Balance as at 1 January 2017	**71,718**	**(3,577)**	**17,694**	**(11,618)**	**74,217**
Exchange differences on translation of foreign operations	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**
Balance as at 1 October 2017	**79,261**	**(2,078)**	**23,412**	**(11,618)**	**88,977**
Exchange differences on translation of foreign operations	7,161	-	-	-	7,161
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	1,667	-	-	1,667
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(283)	-	-	(283)
Remeasurement of defined benefit obligations	-	-	-	(1,401)	(1,401)
Balance as at 31 December 2017	**86,422**	**(694)**	**23,412**	**(13,019)**	**96,121**
Balance as at 1 January 2016	**29,285**	**(7,069)**	**14,008**	**(7,838)**	**28,386**
Exchange differences on translation of foreign operations	42,433	-	-	-	42,433
Unrealised movement on change in fair value of cash flow hedging financial instruments:					
Interest rate swaps	-	4,207	-	-	4,207
Deferred tax relating to items that may subsequently be reclassified to profit or loss	-	(715)	-	-	(715)
Transfer from accumulated profits[1]	-	-	3,686	-	3,686
Remeasurement of defined benefit obligations	-	-	-	(3,780)	(3,780)
Balance as at 31 December 2016	**71,718**	**(3,577)**	**17,694**	**(11,618)**	**74,217**

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

(ix) Non-controlling interests

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

E) NET ASSET VALUE ATTRIBUTABLE TO UNITHOLDERS

	Group as at 31 December 2017	Group as at 31 December 2016	Trust as at 31 December 2017	Trust as at 31 December 2016
Net asset value attributable to unitholders				
Total net asset value attributable to unitholders ($'000)	1,187,469	1,228,229	1,345,217	1,337,328
Total number of units in issue used in calculation of net asset value per unit attributable to unitholders ('000)	1,436,800	1,436,800	1,436,800	1,436,800
Net asset value per unit attributable to unitholders ($)	**0.83**	**0.85**	**0.94**	**0.93**

As at 31 December 2017, the Group had negative working capital of $29.2 million (31 December 2016: $31.8 million). This included $36.3 million of collections received in advance from subscribers which do not require any future cash outflow from the Group (31 December 2016: $35.9 million).

After adjusting for this amount, the Group would have positive working capital of $7.1 million (31 December 2016: $4.1 million). The Group has undrawn debt facilities of $112.5 million (31 December 2016: $143.5 million) which can be drawn to address any shortfall in working capital requirements.

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

- The Group has five cable TV system operators, with their nine-year cable TV licences renewed in either 2008 or 2009, that serve approximately 762,000 cable TV RGUs as at 31 December 2017, with more than 175 channels of local and international content on its cable TV platforms in Taiwan. For the renewal periods in 2017 and 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 $188.3 million for the year ended 31 December 2017 (year ended 31 December 2016: $185.2 million);
- In view of the steady operating cash flows generated, good credibility over the past years and full compliance with the requirements as stipulated in the debt facilities, the Trustee-Manager is confident it can refinance such debt facilities when required; and
- The Trustee-Manager has carefully monitored and managed its cash flows. Management and operation reports are prepared and reviewed on a monthly basis and cash flow forecasts are prepared on a quarterly basis to project cash flow requirements of the Group using various general and operational assumptions.

F) INTERESTED PERSON TRANSACTIONS

(i) The Trustee-Manager

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

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

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

	Quarter ended 31 December 2017 $'000	Quarter ended 31 December 2016 $'000	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000
Trustee-Manager fees	1,825	1,820	7,241	7,241

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

	As at 31 December 2017 $'000	As at 31 December 2016 $'000
Base fees payable to the Trustee-Manager	3,650	3,640

For the quarter and year ended 31 December 2017, the Trustee-Manager recovered ancillary charges amounting to $0.1 million (31 December 2016: less than $0.1 million) and $0.2 million (31 December 2016: $0.3 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(1) of the SGX-ST Listing Manual, the financial statements for the quarter and year ended 31 December 2017 have been disclosed within 60 days after the end of the relevant financial period.

(ii) Disclosure of person occupying a managerial position

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Trustee-Manager confirms that for the quarter and year ended 31 December 2017 no person occupied managerial positions in the Trust or in any of its subsidiaries who were a relative of a director, chief executive officer and/or substantial unitholder.

(iii) Segment information

The Group is principally engaged in providing cable TV and broadband services in Taiwan and therefore the Trustee-Manger considers that the Group operates in one single business and geographical segment.

(iv) 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.

(v) Review of the provisions of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor and they would not, in the opinion of the Audit Committee, affect their independence.

(vi) Review by independent auditor

The financial statements for the quarter and year ended 31 December 2017 have not been audited or reviewed by the Group's auditors, Deloitte & Touche LLP, however they form the basis of the Financial Report within the APTT 2017 Annual Report, which will be audited by Deloitte & Touche LLP and will be available publicly in due course.

(vii) 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 2016. There were no substantial changes to the Group's accounting policies and disclosures, except for certain presentation improvements arising from amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*.

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.

(viii) Functional and presentation currency

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

(ix) Rounding of amounts in the financial statements

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

(x) 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.

(xi) Breakdown of Group's total revenue and profit after income tax before deducting non-controlling interests

	Year ended 31 December 2017 $'000	Year ended 31 December 2016 $'000	Variance[1] %
Total revenue			
1st half-year	165,665	156,040	6.2
2nd half-year	169,173	163,189	3.7
	334,838	**319,229**	**4.9**
Profit after income tax before deducting non-controlling interests			
1st half-year	16,027	32,902	(51.3)
2nd half-year	20,749	27,098	(23.4)
	36,776	**60,000**	**(38.7)**

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

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 year ended 31 December 2017 to be false or misleading in any material aspect.

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

Yong Lum Sung
Director

Brian McKinley
Director

Singapore
26 February 2018

DISCLAIMERS