

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018



The purpose of this Management's Discussion and Analysis ("MD&A"), dated November 28, 2019 is to provide readers with additional and complementary information regarding Asian Television Network International Limited ("ATN" or the "Company") financial condition and results of operations and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018 and related notes in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months period ended September 30, 2019. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Copies of these documents as well as additional information concerning the Company can be found on the SEDAR Web site at www.sedar.com and may also be obtained upon request, without charge, to the Secretary of the Company at its executive offices, 330 Cochrane Drive, Markham, Ontario L3R 8E4, telephone: 905-948-8199. The above-mentioned documents, as well as the Company's news releases, are also available on the Company's Web site at www.asiantelevision.com.

All amounts herein are expressed in Canadian dollars.

All of our operations are in Canada.

Table of Contents	Pages
Forward-looking Statements	2
Profile	2
Financial Highlights for the Quarter	3
Operational Highlights for the Quarter	3
Non-IFRS Measures	3 – 4
Performance Review	4 – 6
Segmented Information	6
Overview of Liquidity, Financing and Share Capital Activities	7 – 9
Contractual Obligations	9
Risks and Uncertainties Affecting our Business	9 – 10
Accounting	11 – 12
Controls and Procedures	12

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements concerning the future performance of the Company's business, its operations and its financial results and condition, and more particularly as they relate to management's belief in respect of the sufficiency of cash from operations to cover cash requirements as they arise.

When used in this document, the words "believe", "anticipate", "intend", "estimate", "expect" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements are based on management's current expectations. These forward looking statements relating to the Company's future cash requirements are based on an assumption that cash flow from the future operations in future periods will not be significantly less than for prior periods. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the forward looking information due to assumptions, estimates or expectations reflected or contained in the forward-looking information. Actual future performance, including cash flow from operations, will be affected by a number of factors, which may result in a decrease in cash flow from operations. These factors include technology changes, economic conditions, regulatory and taxation changes, competitive factors and changes in accounting rules or standards, many of which are beyond the Company's control (see "Risks and Uncertainties Affecting our Business"). Therefore, future events and results may vary substantially from what we currently foresee. Unless otherwise required by applicable securities laws, the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PROFILE

We are a Canadian media company focused on Canada's fast expanding South Asian population with all of our operations in Canada. ATN pioneered South Asian programming on television in Canada through its first venture on Rogers Cable Systems in 1971. Today ATN serves Canada's diverse cultural communities with more than 50 premium pay specialty television channels, in 9 languages. ATN offers its flagship general interest service "ATN - HD", several Bollywood movie channels with over 600 movies a month, and a variety of channels that include sports, news, music, lifestyle, spiritual and several regional language channels. ATN is Canada's pioneer of World Class Cricket. ATN's television channels are distributed to subscribers by various Canadian Broadcast Distribution Undertakings (BDUs), including cable, satellite and telephone companies. ATN operates a South Asian Radio Service on Satellite Radio across Canada and the United States. We are publicly traded on the TSX Venture Exchange (TSXV: SAT).

ATN derives its revenue principally from subscription revenue and advertising revenue on its speciality pay television channels. Subscription revenue consists of a portion of monthly fees paid by viewers to their Broadcast Distribution Undertakings (BDUs) while advertising revenue consists of revenue earned from the sale of on-air advertisement by ATN. The Company develops some of its programming in-house and also acquires the rights to programs from local and international television and film producers. All of ATN's television channels are speciality pay channels which are available on BDUs (including Canada's cable television networks and satellite and fibre optic television networks) for a monthly fee. The fee payable for a subscription to ATN's channels is in addition to the fee paid by subscribers to the BDUs for "basic" packages. Not all channels are carried by all BDUs. The Company's radio service is available on Canada's satellite radio service for a subscription fee. Advertisers on ATN's channels consist of national, regional and local businesses who commit to advertising over varying periods of time, principally short term. The Company also earns revenue from the licensing of programming to other broadcasters and from the production of advertising for advertisers. The Company's programming is targeted to Canada's South Asian population which is concentrated in Canada's major urban centres. The Company's operations are based in Markham, Ontario in suburban Toronto.

FINANCIAL HIGHLIGHTS FOR THE QUARTER

- Consolidated operating revenue decreased 20% this quarter over same the three months ended September 30, 2018 and 24% for the nine months ended September 30, 2019 compared to the nine months ended September 30, 2018.
- Declining revenues are predominantly as a result of increased internet piracy and consumers shifting towards illegal digital IPTV set-top boxes. The Company is actively involved in fighting this negative trend. FAIR PLAY CANADA, a coalition with more than 25 organizations combating the impact illegal piracy is having on our subscription and advertising revenue, had been lobbying the Canadian Radio-television and Telecommunications Commission (CRTC) to establish an independent anti-piracy, website-blocking agency, which would curtail digital media theft. The CRTC considered the matter and felt that it was out of its jurisdiction and that the matter fell under copyright legislation. The Company is currently pursuing the matter on the Copyright issues through an external Broadcasting and Telecommunications Legislative Review (BTLR) panel appointed by the Government of Canada ("Panel") to review Canada's communication legislative framework. The Panel will examine issues such as telecommunications and content creation in the digital age, net neutrality and cultural diversity, and how to strengthen the future of Canadian media and Canadian content creation. The Company has provided a submission to the Chair of the Panel and focused specifically on tackling the piracy issue by requesting granting of appropriate rights to the CRTC to allow it to intervene and aid in the appropriate manner or alternatively creating a separate agency to combat such illegal pirate IPTV Set Top Boxes and Pirate Services and Pirate websites. The Company also emphasized the fact that more than 20 of Canada's international peers have established similar regimes, including the UK, Australia, France, Belgium, Portugal, Spain, Italy, Ireland, Sweden, Norway, Finland, and Denmark. Some are administered by courts and others by administrative agencies like the CRTC. The Panel has set the date to conclude on the matter by January 30, 2020 and also made public the Company's submission in the meanwhile as well. The decrease in net income this quarter is primarily the result of increasing impact of piracy and illegal IPTV boxes on the company's operations.

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- Historic decision by the Federal Court of Canada: As part of the industry's continuing efforts to battle the pervasive problem that piracy and illegal IPTV has posed to the industry, Bell and Rogers have successfully obtained a site blocking order against alleged 'pirate' IPTV provider GoldTV on November 15, 2019. The decision mandates blocking of pirate websites by third party ISPs and is the first Canadian site blocking order against sites that predominantly facilitate copyright infringement in history. According to the complaint filed at the Federal Court, GoldTV.biz Service provides illegal access to hundreds (if not thousands) of live television channels and video-on-demand content. The order, requires various ISPs and resellers including Bell Media, Eastlink, Cogeco Inc., Rogers, Fido, Shaw Communications Inc., TekSavvy Solutions Inc., Telus Corp., and Videotron to block the GoldTV sites. While the sites could of course reappear, this is a major step towards Canada's fight against piracy and could have significant positive implications for the entire industry including ATN.

This Federal Court decision brings back the wheel full circle and reaffirms that for every wrong there is a remedy and that to provide such remedy the judicial system has inherent residual jurisdiction in our common law system. In an important decision released Friday, the Federal Court of Canada issued the first Canadian site blocking order against sites that predominantly facilitate copyright infringement. The precedent-setting move is the first time such an order has been made in Canada, and a judge says ISPs will have 15 days to comply. In light of that, ATN is back, motivated and with total commitment to play its full role in the fight against piracy. It hopes and expects to see withering down of piracy and regaining of lost ground by legitimate stake holders, including itself. ATN recently made a significant submission to the Government of Canada through The Broadcasting and Telecommunications Legislative Review (BTLR) Panel and in light of this remarkable and admirable decision by the Federal Court of Canada that the panel would consider the request more seriously with respect to signal theft, copyright and protection of Intellectual property in Canada. ATN has made significant investments in Canadian productions and is one of the largest producers and distributors of Multi-Cultural content in Canada and ATNs revenues have been severely affected in the last few years due to huge piracy of content by way of illegal piracy sites and illegal IPTV set top boxes that threatens the massive employment, economic, and cultural contributions of Canada's film, television, and music industries. ATN is also working closely with various Broadcast Distribution Undertakings to offer its customers a compelling and cost effective package which will help customers to transition easily from illegal IPTV to a regulated platform without making a big dent in their pockets.

- The Company has come to a settlement pertaining to a disagreement with one of its broadcasting distribution undertaking ("BDU") partners that was originally disclosed in its F2018 financial statements. Management accrued an additional \$552,000 for the settlement of the matter from the original accrual made at December 31, 2018 as part of its year to date

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

accruals as of September 30, 2019. It should be noted that the accrual reflects a one-time expense as part of the settlement of the matter and is not expected to be reflective of a recurring expense for the company.

- ATN has the largest collection of original South Asian Canadian content in its television broadcast library. The majority of these programs are exclusively produced by ATN over the last four decades. The archives are invaluable and reflect the community's contribution to art, culture, education, music, dance, cinema, sports, politics, business and public service. ATN's past and present productions also include original Canadian content with international celebrities from overseas. The Company continues to further monetize its library of South Asian Canadian content through its channels and is in discussion regarding the possibility of syndications outside of Canada on other international services.
- As part of its ongoing measures to identify cost-saving opportunities, the company has finalized renegotiating of its agreements for its signal delivery contracts which would result in significant monthly savings which the company expects to start realizing by the fourth quarter of the year.

NON-IFRS MEASURES

In addition to discussing earnings measures in accordance with IFRS, this MD&A provides the following non-IFRS measures which are also factors used by the Company's management and Board of Directors in monitoring and evaluating the performance of the Company. The Company's management also believe certain investors use it as a measure of the Company's financial performance and for valuation purposes.

EBITDA (earnings before interest, taxes, depreciation and amortization) is provided to assist investors in determining the ability of the Company to generate cash flow from operating activities and to cover financial charges. EBITDA is also an indicator widely used for business valuation purposes. The following table reconciles IFRS measures disclosed in the unaudited interim condensed consolidated income statements for the three and nine months ended September 30, 2019 and September 30, 2018 to EBITDA:

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Net (loss) income for the period	\$ (634,028)	\$ (242,657)	\$ (1,999,099)	\$ (924,950)
Income tax (recovery) expense	-	(126,312)	(328,234)	(344,328)
Finance costs	21,499	4,145	73,581	12,112
Depreciation and amortization	336,557	384,999	1,357,961	1,123,668
EBITDA	\$ (275,972)	\$ 20,175	\$ (895,791)	\$ (133,498)

EBITDA is not defined by IFRS and is not standardized for public issuers. This measure may not be comparable to similar measures presented by other public enterprises.

PERFORMANCE REVIEW

Summarized Consolidated Financial Results

Three and nine months ended September 30, 2019 and September 30, 2018 and % Change

Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended September 30			Nine months ended September 30		
	2019	2018	%Change	2019	2018	%Change
Operating revenue	\$ 2,994,964	\$ 3,765,733	-20%	\$ 9,094,326	\$ 11,934,226	-24%
Administrative expenses	372,168	497,442	-25%	1,008,902	1,557,370	-35%
Marketing and distribution costs	2,228,623	2,605,397	-14%	7,194,133	8,401,337	-14%
Employee costs	788,015	911,376	-14%	2,481,001	2,859,676	-13%
Depreciation and amortization	218,451	118,713	84%	664,909	366,327	82%
Finance costs	21,499	4,145	419%	73,581	12,112	508%
Loss (gain) on foreign exchange differences	236	(2,371)	-110%	(867)	6,682	-113%
Total operating expenses	3,628,992	4,134,702	-12%	11,421,659	13,203,504	-13%
(Loss) income before taxes	(634,028)	(368,969)	72%	(2,327,333)	(1,269,278)	83%
Income tax (recovery) expense	-	(126,312)	-100%	(328,234)	(344,328)	-5%
Net (loss) income for the period	\$ (634,028)	\$ (242,657)	161%	\$ (1,999,099)	\$ (924,950)	116%
Basic and Diluted (Loss) Earnings per share	\$ (0.03)	\$ (0.01)	161%	\$ (0.08)	\$ (0.04)	116%

The most significant variances in the consolidated results between the three months period ended September 30, 2019 and September 30, 2018 is a 20% decline in operating revenue and a 72% increase in net loss before taxes for the period. The Company continues

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

to experience declining revenues from consumers shifting towards illegal Internet piracy boxes. The nine months ended September 30, 2019 experienced 24% decline in operating revenue and a 83% increase in net loss before taxes for the same period.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

Overall Analysis

Operating Revenues

Operating revenues are derived from subscription fees, advertising sales and programming and finance income. Subscriptions fees are charged to the consumer by the Broadcast Distribution Undertakings ("BDUs" or singular, "BDU") such as cable, satellite and telephone companies. The portion of the fees received for each subscriber is negotiated between ATN and the BDUs and varies for each channel. Subscribers are generally permitted to change their viewing package at any time and therefore may terminate their subscription with the BDUs at any time. Advertising revenues are derived from national, regional and local advertising customers and are aired on the Company's broadcasting channels and they vary according to market and general economic conditions, the quality of programming and the effectiveness of the sales organization. Advertising is sold directly by ATN or through an agency on short and long-term contracts, ranging from one day, a week or several months, however contracts seldom extend beyond one year.

Operating revenues are detailed as follows:

Three and nine months ended September 30, 2019 and September 30, 2018 and % Change

Throughout this MD&A, percentage changes are calculated using numbers rounded as they appear.

	Three months ended September 30				Nine months ended September 30			
	2019	2018	\$ Change	% Change	2019	2018	\$ Change	% Change
Subscription	\$ 2,127,625	\$ 2,474,518	\$ (346,893)	-14%	\$ 6,413,904	\$ 8,387,365	\$ (1,973,461)	-24%
Advertising	766,022	1,205,471	(439,449)	-36%	2,391,799	3,276,048	(884,249)	-27%
Programming	86,917	69,587	17,330	25%	243,749	222,239	21,510	10%
Finance income	14,400	16,157	(1,757)	-11%	44,874	48,574	(3,700)	-8%
Total	\$ 2,994,964	\$ 3,765,733	\$ (770,769)	-20%	\$ 9,094,326	\$ 11,934,226	\$ (2,839,900)	-24%

Total revenues reached \$2,994,964 and \$9,094,326 respectively, for the three and nine months periods ended September 30, 2019 compared to \$3,765,733 and \$11,934,226 for the same periods last year, for decreases of \$770,769 and \$2,839,900 respectively.

The decrease for the quarter is essentially due to a 14% or \$346,893 decline in subscription revenue and 36% or a 439,449 decline in advertising. The trend where consumers are dropping their legal television providers for mostly illegal digital boxes continues. As a result, the Company is actively involved in Fair Play Canada, a coalition of more than 25 organizations involved in every aspect of Canada's film, TV, radio, sports entertainment, and music to help prevent international piracy sites and organizations from continuing to have a negative effect on industry revenues.

Administrative expenses

Administrative expenses were \$372,168 and \$1,008,902 for the three and nine months periods ended September 30, 2019, compared to \$497,442 and \$1,557,370 respectively for the same periods last year, for a decrease of \$125,274 and \$548,468 respectively. The decrease is primarily attributed to a reclass of building rent expense as part of "Administrative expense" to Amortization and Finance expense going forward as a result adoption of IFRS 16. Please refer to "Adoption of Accounting Standards" below for further details.

Marketing and distribution costs

Marketing and distribution costs were \$2,228,623 and \$7,194,133 for the three and nine months periods ended September 30, 2019, compared to \$2,605,397 and \$8,401,337 respectively for the same period last year, for decreases of \$376,774 and \$1,207,204 respectively. The decrease in marketing and distribution costs are attributable to mainly lower programming costs due to declining revenues.

Employee costs

Employee costs were \$788,015 and \$2,481,001 for the three and nine months periods ended September 30, 2019, compared to \$911,376 and \$2,859,676 respectively for the same period last year, for a decrease of \$123,361 and \$378,675 respectively.

Employee costs represent a material portion of our expenses. As a result of declining revenues management continues to assess its employee staffing requirements. During the past three and nine months, management reduced its employee staffing requirements and continues to do so as necessary.

Asian Television Network International Limited
Management’s Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

Depreciation and amortization

Depreciation and amortization expense were \$218,451 and \$664,909 for the three and nine months periods ended September 30, 2019, compared to \$118,713 and \$366,327 respectively for the same period last year, for increases of \$99,738 and \$298,582 respectively. Depreciation and amortization expense increase is primarily attributable increased amortization expense on right of use assets (building and other) recognized as a requirement of IFRS 16 adoption. Please refer to “Adoption of Accounting Standards” below for further details.

Finance costs

Finance costs were \$21,499 and \$73,581 for the three and nine months periods ended September 30, 2019, compared to \$4,145 and \$12,112 respectively for the same period last year, for increases of \$17,354 and \$61,469 respectively. The increase is all primarily due to interest expense on leases liabilities recognized as a requirement of IFRS 16 adoption. Please refer to “Adoption of Accounting Standards” below for further details.

Income tax (recovery) expense

Income tax (recovery) expense was \$nil and \$(328,324) for the three and nine months periods ended September 30, 2019, compared to \$(126,312) and \$(344,328) respectively for the same period last year, for an increase of \$126,312 and \$16,094 respectively. Our effective income tax rate for the three and nine months ended September 30, 2019 and 2018 was 0% and 12.99% compared to 34.23% and 27.13% respectively. Due to non-deductible amounts for Federal tax purposes and loss carry forwards, income tax expense varies from the amounts that would be computed by applying the statutory income tax rate of 26.50% to income before tax.

Net loss for the period and loss per share (“LPS”) Basic and Diluted

Net loss was \$634,028 (LPS - \$0.03) and \$1,999,099 (LPS - \$0.08) for the three and nine months periods ended September 30, 2019, compared to \$242,657 (LPS - \$0.01) and \$924,950 (LPS - \$0.04) respectively for the same period last year. The Company experienced a 161% and 116% increase in net loss respectively for the three and nine months periods end September 30, 2019, compared to the same period last year.

Quarterly Performance

The following table highlights the quarterly performance of the Company’s operations for the past eight quarters.

	2017		2018				2019		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Revenue	\$ 4,557,408	\$ 4,209,064	\$ 3,959,427	\$ 3,765,733	\$ 2,895,407	\$ 3,214,943	\$ 2,884,419	\$ 2,994,964	
EBITDA (1)	\$ (33,562)	\$ (97,520)	\$ (56,153)	\$ 20,175	\$ (355,534)	\$ (510,724)	\$ (567,696)	\$ (275,972)	
Net income (loss)	\$ (111,556)	\$ (256,024)	\$ (426,270)	\$ (242,657)	\$ (576,762)	\$ (423,111)	\$ (941,961)	\$ (634,028)	
Basic EPS (LPS)	\$ -	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)	
Diluted EPS (LPS)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.04)	\$ (0.03)	

(1) The above financial data was prepared in accordance with IFRS except EBITDA which is a Non IFRS measure. See Non-IFRS Measures.

The Company’s revenue and operations results vary, depending on the quarter. However, the loss of revenue is a steady indicator of the growing impact of consumers’ switch to illegal piracy boxes over last 8 quarters.

SEGMENTED INFORMATION

The Company operates in only one business segment and therefore does not report financial results on a segmented basis.

OVERVIEW OF LIQUIDITY, FINANCING AND SHARE CAPITAL ACTIVITIES

Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's growth is financed through a combination of the cash flows from operations and borrowings under the existing credit facility. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. Management deems its liquidity risk to be low and this is explained in the paragraphs that follow.

Credit Facility and Covenants

The Company has an authorized line of credit of \$500,000. The Company chooses this type of credit facility because it provides flexibility with no scheduled repayment terms. The Company is subject to covenants on its credit facility. The Company's bank covenants include standard terms and conditions and the line is secured by term deposits held by the financial institution. As of September 30, 2019, the Company has utilized \$nil portion of this facility recorded as Bank Indebtedness.

The Company has an authorized revolving line of credit of \$500,000 to assist with financing of broadcasting and similar technology. As of September 30, 2019, the Company has utilized \$102,490 of this facility recorded as Finance Lease Obligations.

The Company was in compliance with the covenants throughout the quarter and at quarter end. Cash flow from operations and funds available from the Company's \$500,000 credit facility have been the primary funding sources of working capital, capital expenditures, dividend payments, debt repayments, and other contractually required payments through the past several years.

Positive Cash Balances

The Company maintains significant positive cash balances. The fact that the Company has positive cash positions on its balance sheet reduces its liquidity risk to fund any current obligations. It can also access any unused capacity in its credit facility to fund obligations.

Working Capital Requirements

As at September 30, 2019, the Company's working capital balance was approximately \$130,000. The cash on hand and the cash from current receivables will be sufficient to cover the Company's current obligations to its suppliers and employees and in combination with ongoing cash from operations the Company will be able to meet all other current cash requirements as they arise. In addition, if cash inflows from customers are not sufficient to cover current obligations, because of timing issues, the Company has access to a \$500,000 operating credit line of which \$500,000 is available.

Future Cash Requirements

Other than for operations, the Company's cash requirements are mostly for interest payments, repayment of debt, capital expenditures, dividends, and other contractual obligations. Management anticipates that its cash flows from operations will provide less funds to meet its cash requirements and as a result may reduce or eliminate the payment of its quarterly dividend.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

Operating, Financing and Investing Activities

	Three months ended September 30		Nine months ended September 30	
	2019	2018	2019	2018
Net cash flows from (used in) operating activities	\$ 369,732	\$ (322,217)	\$ 1,065,474	\$ 433,640
Net cash flows from (used in) investing activities	(2,718,883)	(206,545)	(2,498,681)	(1,895,501)
Net cash flows from (used in) financing activities	(127,130)	(23,905)	(614,400)	(535,394)
Net cash increase (decrease) in cash and cash equivalents	(2,476,281)	(552,667)	(2,047,607)	(1,997,255)
Cash and cash equivalents at beginning of period	3,452,986	3,871,562	3,024,312	5,316,150
Cash and cash equivalents at end of period	\$ 976,705	\$ 3,318,895	\$ 976,705	\$ 3,318,895

Cash from operating activities

The Company's cash balances decreased from \$3,024,312 as at December 31, 2018 to \$976,705 as at September 30, 2019. Of the \$2,047,607 decrease, the company has generated cash flows from operations of 1,065,474 in the nine months ended September 30, 2019 also aided by a receipt \$440,321 of income tax refund received earlier in the year.

Cash from investing activities

Cash used in investing activities was \$2,718,883 for the three month period ended September 30, 2019 compared to \$206,545 for the same period last year. Cash used in investing activities is primarily as a result of investments made into GICs of \$2,500,000 during the quarter.

Cash used in financing activities

Cash used in financing activities was \$127,130 for the three month period ended September 30, 2019 compared to \$23,905 used in financing activities for the same period last year. Cash used in financing activities primarily consists of principal payments made towards lease liabilities.

Finance lease obligations

Our finance lease obligations are described in details in Note 13 of our 2018 Annual Audited Consolidated Financial Statements.

Interest Rate and Foreign Exchange Management

Interest rate risk is the risk that changes in market interest rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings. The exposure to interest rate risk arises from borrowings and investments issued at variable and fixed interest rates.

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Company's financial instrument holdings.

The Company has minimal interest and foreign exchange risk.

Outstanding Common Share data

Set out below is our outstanding common share data as at September 30, 2019 and at September 30, 2018.

Designation of Security	Number or Principal Amount Outstanding	If Convertible, Exercisable or Exchangeable for Common Shares, Maximum Number of Common Shares Issuable
Common Shares	24,402,914	N/A
Stock Options	Nil	Nil
Warrants	Nil	Nil
Total (maximum number of shares – fully diluted)	24,402,914	

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

We declared and paid dividends on each of our outstanding Common shares during the past 9 quarters, as follows:

Declaration date	Record date	Payment date	Dividend per share	Dividends paid
July 4, 2016	July 15, 2016	July 29, 2016	\$.02	\$ 488,058
October 3, 2016	October 15, 2016	October 31, 2016	\$.02	\$ 488,058
January 3, 2017	January 15, 2017	January 31, 2017	\$.02	\$ 488,058
April 3, 2017	April 13, 2017	April 28, 2017	\$.02	\$ 488,058
July 4, 2017	July 14, 2017	July 31, 2017	\$.01	\$ 244,029
October 3, 2017	October 15, 2017	October 31, 2017	\$.01	\$ 244,029
January 3, 2018	January 15, 2018	January 31, 2018	\$.01	\$ 244,029
April 3, 2018	April 15, 2018	April 30, 2018	\$.01	\$ 244,029
July 3, 2018	July 15, 2018	July 31, 2018	\$.005	\$ 122,016

CONTRACTUAL OBLIGATIONS

See our 2018 Annual MD&A for a summary of our material obligations under Contractual Obligations. These are also discussed in Note 18 of our 2018 Annual Audited Consolidated Financial Statements. Except where otherwise disclosed in this MD&A, there have been no material changes to our material contractual obligations.

RISKS AND UNCERTAINTIES AFFECTING OUR BUSINESSES

Our business is subject to risks and uncertainties that could result in a material adverse effect on our business and financial results.

Identifying the Principal Risks of our Business

Our Board is responsible, in its governance role, for overseeing management in its responsibility for identifying the principal risks of our business and the implementation of appropriate risk assessment processes to manage these risks. The Audit Committee supports the Board through its responsibility to discuss policies with respect to risk assessment and risk management. In addition, it is responsible for assisting the Board in the oversight of compliance with legal and regulatory requirements. The Audit Committee also reviews with senior management the adequacy of the internal controls that we have adopted to safeguard assets from loss and unauthorized use, to prevent, deter and detect fraud, and to verify the accuracy of the financial records.

Market Risks and Uncertainties

The Company has been experiencing rapidly increasing costs for programming. We continue to be active in the purchase of these rights. However, we are aware of and will guard against the risks inherent in purchasing product without significant gains in subscribers and revenue. The Company's channels are distributed nation-wide by a small number of cable and satellite companies. We rely on these companies to distribute our channels to our customers.

To achieve this end, we work diligently with them to maximize the number of channels carried individually by them. The BDUs, such as cable, satellite and telephone companies are our customers. It is their responsibility to report to us the actual number of subscribers and the actual amount of subscription revenue. In addition, management reviews external data for the current and prior periods to assist in the verification of the data obtained from the BDUs. The risk inherent in this relationship is the possibility of an error in reporting to us the number of subscribers or the amount of subscription revenue. Although management reviews internal and external subscriber data, management nonetheless relies on the accuracy and integrity of reports obtained from BDUs to verify the number of subscribers to the Company's channels.

Technology Risks and Uncertainties

The Company is constantly aware of all changes in technology that affects or will affect the distribution of our channels or offer a new method of distribution. Many of these changes affect the way the Company distributes its content. However, equally important, some changes directly affect the capacity of a carrier to be able to distribute more or all of our channels. Although, management remains diligent reviewing these changes for new opportunities for our Company's channels to reach new markets, the cost to the Company of accessing new technologies may negatively impact on the Company's profitability.

General Economic Conditions and Consumer Audience Confidence Risks and Uncertainties

Our business is affected by general economic conditions, consumer confidence and spending. Recessions or declines in economic activity or economic uncertainty generally cause an erosion of consumer and business confidence and may materially reduce discretionary consumer spending. Any reduction in discretionary spending by consumers and businesses or weak economic conditions may materially negatively affect us through decreased demand for our services including decreased advertising, decreased revenue and profitability, and higher bad debt expense.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

The specialty television industry in which the Company operates involves a certain amount of risk. There can be no assurance of the economic success of any specialty television channel as revenues depend on audience acceptance, which cannot be accurately predicted. Audience acceptance is impacted by the specialty television service's content, reviews of critics, marketing and promotions, the quality and acceptance of other competing services, the availability of alternative forms of entertainment, leisure activities, general economic conditions, public tastes and other intangible factors. The lack of audience acceptance for the Company's specialty television channels could have an adverse impact on the Company's business, results of operations, prospects or financial condition.

We may fail to anticipate or satisfy demand for certain new services or may not be able to offer or market these new services successfully to subscribers. The failure to attract subscribers to new services, or failure to keep pace with changing consumer preferences, would slow revenue growth and could have a materially adverse effect on our business, results of operations and financial condition.

Our television specialty services compete principally for viewers and advertisers with other Canadian specialty services that broadcast in their respective markets and increasingly with Internet TV video downloading which also represents competition for share of viewership. In addition, our subscription revenue and advertising revenue are generally negatively impacted by economic cycles. Although the Company continues to develop flexible advertising packages and distribution channels tailored to the needs of advertisers, a general downturn in advertising budgets for television advertisers will have a negative impact on ATN's advertising revenue.

Dependence on BDUs Distributors or Programming Suppliers

The Company is dependent on BDUs for its subscription revenue. The termination by any one BDU of its broadcasting of one or more of ATN's channels or changes in how the channels are offered to subscribers may have a significant negative impact on ATN's revenues. The Company address this risk by attempting to ensure that at least one BDU distributes some or all of its channels in each large Canadian metropolitan area, but nonetheless the loss of one BDU could be expected to impact ATN's revenue. Furthermore, the number of pay television households subscribing to traditional Canadian Cable or Satellite TV services continues to decline. Other video offerings available to consumers over the Internet such as, direct-to-consumer subscription or free services, some with pirated content, have contributed to this trend. If this decline continues, it could have a material adverse effect on our results of operations.

The Company has taken an active role in protecting its content rights and is working with many of its BDU partners in combatting the threat of piracy by legal means.

The Company is likewise dependent on its content suppliers for its subscription revenue. The termination by any one of its content suppliers could affect the number or quality of ATN's channels thus having a negative impact on ATN's revenues. The Company address this risk by attempting to ensure that it distributes content from most or all of the major south Asian content suppliers, but nonetheless the loss of any supplier could be expected to impact ATN's revenue.

Regulatory Risks and Uncertainties

The specialty television services industry is regulated by the, Canadian Radio-television and Telecommunications Commission ("CRTC") under the Broadcasting Act (Canada) (the "Broadcasting Act") which grants and renews licenses. The Company's broadcasting licenses must be renewed from time to time, typically every seven years, and cannot be transferred without regulatory approval. The Company's inability to renew its licenses on favorable terms, or at all, would have an adverse impact on its results of operations, prospects and financial condition.

Changes in the regulations governing the specialty television industry, including decisions by regulators affecting the Company's broadcasting operations, such as the granting or renewal of licenses or the granting of additional broadcasting licenses to competitors or the introduction of new regulations by regulators, could adversely impact operating results, prospects and financial condition of the Company. Our television specialty services may compete principally for viewers and advertisers with other similar, if any, Canadian or foreign specialty services that broadcast in their respective markets.

Substantially all of our business activities are subject to regulation by the CRTC, and, accordingly, our results of operations are affected by changes in regulations and by the decisions of these regulators.

Our broadcasting specialty services are licensed (or operated pursuant to an exemption order) and regulated by the CRTC pursuant to the Broadcasting Act. Under the Broadcasting Act, the CRTC is responsible for regulating and supervising all aspects of the Canadian broadcasting system with a view to implementing certain broadcasting policy objectives enunciated in that Act.

The Company actively monitors the regulatory environment to ensure it is aware of all risks and opportunities. The licensing process creates a significant barrier to entry which provides a degree of protection for the Company in its existing markets. This also makes it difficult to enter new markets because a company either needs to be awarded a new licence (through the public process) or pay significant funds for existing stations in a market. However, ATN competes with a number of broadcasters who either have existing channels or have resources to acquire new distribution outlets.

ACCOUNTING

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In our 2018 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2018 Annual MD&A, we have identified the accounting policies and estimates that are critical to the understanding of our business operations and our results of operations. For the nine months ended September 30, 2019, there were no changes to the critical accounting policies. There was only one change in an estimate during the year pertaining to an issue with a BDU which was eventually settled on Aug 6, 2019. The Company has revised its estimate from that at year-end by accruing a further \$552,000 to reflect the settlement made with the BDU on the matter which will be paid over next 10-18 month period.

ADOPTION OF NEW ACCOUNTING STANDARDS

IFRS 16

Effective January 1, 2019, the Company adopted IFRS 16. Our first quarter 2019 interim financial statements are our first financial statements issued in accordance with IFRS 16. IFRS 16 supersedes the previous accounting standards for leases, including IAS 17, Leases (IAS 17) and IFRIC 4, Determining whether an arrangement contains a lease (IFRIC 4).

This standard introduces a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As a result of adopting IFRS 16, the Company has recognized a significant increase in assets and liabilities as our operating have been brought onto the consolidated statements of financial position. The Company also recorded an increase in depreciation and interest expenses along with an increase in cash flow from operating activities as cash payments for the principal portion of the lease were recorded as financing outflows in the consolidated statements of cash flows.

We adopted IFRS 16 with the cumulative effect of initial application recognized as an adjustment to retained earnings within shareholders' equity on January 1, 2019. We will not restate comparatives for 2018 under the modified retrospective approach. At transition, we applied the practical expedient available to us as lessee that allows us to apply this standard to contracts that were previously identified as leases under IAS 17 and IFRIC 4. The new IFRS 16 standard was applied to any contracts entered into and modified subsequent to Jan 1, 2019.

When applying IFRS 16 to leases previously classified as operating leases, the Company has chosen to apply a practical expedient that permits the exclusion of any initial direct costs from measuring the right-of-use asset as at January 1, 2019.

For leases that were classified as operating leases under IAS 17, lease liabilities at transition will be measured at the present value of remaining lease payments, discounted at the incremental borrowing rate as at January 1, 2019 which ranged from 4.2% to 6%.

Generally, right-of-use assets at transition will be measured at an amount equal to the corresponding lease liabilities, adjusted for any prepaid or accrued rent outstanding. For certain leases where we have readily available information, we will elect to measure the right-of-use assets at their carrying amounts as if IFRS 16 had been applied since the lease commencement date using the related incremental borrowing rate for the remaining lease period as at January 1, 2019. The asset will generally be depreciated over the remaining lease term, unless we expect to obtain ownership of the leased asset at the end of the lease.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2019 and September 30, 2018

Below represents the effect of the transition to IFRS 16 on our condensed interim consolidated statement of financial position as at January 1, 2019:

	As reported as at: Dec 31, 2018	Effect of IFRS 16 transition	As reported as at: Jan 1, 2019
Assets			
Right of use assets - building	\$ -	1,229,470	\$ 1,229,470
Right of use assets - other	\$ -	106,906	\$ 106,906
Total Assets	\$ 10,340,251	1,336,376	\$ 11,676,627
Liabilities			
Accounts payable and accrued liabilities	\$ 4,328,828	(99,161)	\$ 4,229,667
Current portion of lease liabilities	\$ 46,453	488,828	\$ 535,281
Non-current portion of lease liabilities	\$ 68,165	1,198,468	\$ 1,266,633
Total Liabilities	\$ 4,673,446	1,588,135	\$ 6,261,581
Shareholders' equity	\$ 5,666,805	(251,759)	\$ 5,415,046
Total Liabilities & Shareholders' Equity	\$ 10,340,251	1,336,376	\$ 11,676,627

Reconciliation of IAS 17 to IFRS 16 as of Jan 1, 2019

Operating lease commitments disclosed as of December 31, 2018 under IAS 17	\$ 1,867,424
IFRS 16 impact:	
Recognition exemptions (short-term leases)	(5,913)
Write-off of provision on building lease for IFRS 16 adoption	(99,161)
Effect from discounting at the incremental borrowing rate as of January 1, 2019	(174,215)
Liabilities recognized on initial application of IFRS 16 as of Jan 1, 2019	\$ 1,588,135

CONTROLS AND PROCEDURES

The management of our company is responsible for establishing and maintaining adequate internal controls over financial reporting. Our internal control system was designed to provide reasonable assurance to our management and Board of Directors regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management maintains a system of controls intended to ensure that transactions are executed in accordance with management's authorization, assets are safeguarded, and financial records are reliable. Management also takes steps to see that information and communication flows are effective and to monitor performance, including performance of internal control procedures.

The Chief Executive Officer and Chief Financial Officer of the Company, the "Certifying Officers", evaluated the effectiveness of our internal control over financial reporting ("ICFR") as of August 24, 2019. Based on this evaluation, management has concluded that, as of September 30, 2019, our ICFR reporting is effective. There have been no changes in our ICFR during the three and nine months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our ICFR.

The Company is not required to certify the design and evaluation of its disclosure control and procedures (DC&P) or ICFR and although the Certifying Officers have evaluated the effectiveness of the Company's ICFR as at September 30, 2019, the Certifying Officers have not evaluated or caused to be evaluated the effectiveness of the Company's DC&P. The inherent limitations on the ability of the Certifying Officers to design and implement on a cost effective basis DC&P and ICFR for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

FOR MORE INFORMATION:

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