

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Asian Television Network International Limited

Opinion

We have audited the accompanying consolidated financial statements of **Asian Television Network International Limited**, (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017, and the consolidated statements of loss, comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **Asian Television Network International Limited** as at December 31, 2018 and December 31, 2017 and its performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audits of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITORS' REPORT (cont'd)

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audits. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audits. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audits resulting in this independent auditors' report is Eugene Aceti.

SF Partnership, LLP

Toronto, Canada
April 30, 2019

LICENSED PUBLIC ACCOUNTANTS

Asian Television Network International Limited

Consolidated Statements of Income

For the years ended December 31, 2018 and December 31, 2017

	Note	2018	2017
Operating revenue	5	\$ 14,829,631	\$ 20,095,583
Operating expenses			
Administrative expenses		2,031,704	2,188,307
Marketing and distribution costs	6 - 7	10,555,623	13,283,666
Employee costs		3,754,793	4,301,666
Depreciation and amortization	6	485,072	505,762
Finance costs		16,163	25,097
Gain on disposal of asset		-	(752)
Loss on foreign exchange differences		18,691	11,514
Total operating expenses		16,862,046	20,315,260
Loss before tax		(2,032,415)	(219,677)
Income tax recovery	8	(530,702)	(55,648)
Net loss for the year		\$ (1,501,713)	\$ (164,029)
Loss per share			
Basic	10	\$ (0.06)	\$ (0.01)
Diluted	10	\$ (0.06)	\$ (0.01)

See accompanying notes.

Asian Television Network International Limited

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2018 and December 31, 2017

	Note	2018	2017
Net loss for the year	\$	(1,501,713)	\$ (164,029)
Other comprehensive income		-	-
Comprehensive loss for the year	\$	(1,501,713)	\$ (164,029)

See accompanying notes.

Asian Television Network International Limited

Consolidated Statements of Financial Position

As at December 31, 2018 and December 31, 2017

	Note	2018	2017
Current assets			
Cash and cash equivalents	16	\$ 3,024,312	\$ 5,316,150
Short-term investments	19	750,000	500,000
Trade and other receivables	20	1,929,354	2,364,263
Income taxes recoverable		515,964	46,225
Prepaid expenses		437,362	42,418
Total current assets		6,656,992	8,269,056
Non-current assets			
Plant and equipment	11	2,037,392	2,502,206
Intangible assets	12	1,535,897	512,278
Deferred tax assets	8	64,467	30,082
Other long-term assets		45,503	55,485
Total non-current assets		3,683,259	3,100,051
TOTAL ASSETS		\$ 10,340,251	\$ 11,369,107
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	14	\$ 4,328,828	\$ 3,428,560
Bank indebtedness	18	230,000	-
Finance lease obligation - current portion	13	46,453	47,329
Total current liabilities		4,605,281	3,475,889
Non-current liabilities			
Finance lease obligation	13	68,165	114,627
TOTAL LIABILITIES		4,673,446	3,590,516
SHAREHOLDERS' EQUITY			
		5,666,805	7,778,591
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 10,340,251	\$ 11,369,107

Commitments and contingencies (Note 17)

See accompanying notes.

On behalf of the Board:

Signed
Dr. Shan Chandrasekar
Director

Signed
Prakash Naidoo
Director

Asian Television Network International Limited

Consolidated Statements of Changes in Shareholders' Equity
For the years ended December 31, 2018 and December 31, 2017

	Note	Common shares amounts	Number of common shares	Retained earnings	Total shareholders' equity
Balances, January 1, 2018		\$ 6,025,852	24,402,914	\$ 1,752,739	\$ 7,778,591
Net loss for the year		-	-	(1,501,713)	(1,501,713)
Dividends paid or payable		-	-	(610,073)	(610,073)
Balances, December 31, 2018	9	\$ 6,025,852	24,402,914	\$ (359,047)	\$ 5,666,805
Balances, January 1, 2017		\$ 6,025,852	24,402,914	\$ 3,380,943	\$ 9,406,795
Net income for the year		-	-	(164,029)	(164,029)
Dividends paid or payable		-	-	(1,464,175)	(1,464,175)
Balances, December 31, 2017	9	\$ 6,025,852	24,402,914	\$ 1,752,739	\$ 7,778,591

See accompanying notes.

Asian Television Network International Limited

Consolidated Statements of Cash flows

For the years ended December 31, 2018 and December 31, 2017

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss for the year		\$ (1,501,713)	\$ (164,029)
Adjustments for:			
Finance costs		16,163	25,097
Depreciation and amortization		1,527,220	1,189,866
Gain on disposal of asset		-	(752)
Income tax recovery		(530,702)	(55,648)
Changes in working capital:			
Decrease in trade and other receivables		434,909	1,056,727
(Increase) decrease in prepaid expenses		(394,944)	1,028
Increase (decrease) in accounts payable and accrued liabilities		926,846	(1,479,552)
Payment of finance costs		(16,163)	(25,097)
Payment of income taxes		-	(48,310)
NET CASH FLOWS FROM OPERATING ACTIVITIES		461,616	499,330
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to acquire plant and equipment		(20,258)	(14,734)
Proceeds from disposition of assets		-	796
Payments to acquire intangible assets		(2,065,767)	(375,884)
Proceeds from disposal of other long-term assets		9,982	10,838
(Payments to acquire) proceeds from disposition of short-term investments		(250,000)	37,781
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,326,043)	(341,203)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Advance of finance lease obligation		-	67,007
Repayment of bank indebtedness		230,000	-
Repayment of finance lease obligation		(47,338)	(42,385)
Repayment of long-term debt		-	(679,514)
Payments of dividends		(610,073)	(1,464,175)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(427,411)	(2,119,067)
Net decrease in cash and cash equivalents		(2,291,838)	(1,960,940)
Cash and cash equivalents at beginning of year		5,316,150	7,277,090
Cash and cash equivalents at end of year		\$ 3,024,312	\$ 5,316,150

See accompanying notes.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

1 Nature of Business

Asian Television Network International Limited ("ATN" or the "Company") is incorporated under the laws of the province of Ontario and its shares are traded on the TSX Venture Exchange. The Company's executive offices are located at 330 Cochrane Drive, Markham, Ontario, Canada L3R 8E4. Its activities consist primarily of specialty, pay television broadcasting and television broadcasting advertising primarily aimed at the South Asian community in Canada. ATN is the ultimate parent of the group of companies. These consolidated financial statements were duly approved by the Company's Board of Directors on April 29, 2019.

2 Summary of Significant Accounting Policies

a. Basis of Preparation

These consolidated financial statements have been prepared by the Company in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") issued up to December 31, 2018.

The presentation of the consolidated statements of financial position differentiate between the current and non-current assets and liabilities. The consolidated statements of income are presented using nature classification for expenses.

These consolidated financial statements were prepared using the historical cost convention. The presentation currency and the functional currency of the Company is the Canadian dollar.

b. Basis of Consolidation

The consolidated financial statements include the accounts of Asian Television Network International Limited and its wholly-owned subsidiaries. All inter-company transactions and balances are eliminated on consolidation.

Significant subsidiaries are as follows:

	Percentage Owned	
	2018	2017
Subsidiaries:		
Asian Television Network Inc.	100%	100%
Commonwealth Broadcasting Limited.	100%	100%
JCTV Productions Ltd.	100%	100%
South Asian Television Network LTD.	100%	100%
South Asian Television Canada Limited.	100%	100%

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

c. Critical Accounting Estimates, Judgments and Assumptions

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Estimates and assumptions are generally based on historical experience and other factors management believes to be relevant at the time financial statements are prepared. Although these estimates and assumptions are made with diligence, actual results could differ from the reported amounts disclosed in the Company's consolidated financial statements and future revisions of estimates and assumptions could impact results of future periods.

Critical estimates and assumptions apply primarily to the following items in the Company's consolidated financial statements:

i Allowance for doubtful accounts

A portion of the Company's revenue is earned from selling on credit to individual consumers and business customers. The allowance for doubtful accounts is calculated by specifically identifying individual accounts which management determines to be potentially uncollectible. Factors that are taken into consideration include the Company's historical collections experience with the customer and the status of the customer's account with respect to whether the customer is continuing to receive service.

ii Revenue recognition

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue at the date of the financial statements. Actual results could differ from those estimates.

iii Accrued liabilities

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of accrued liabilities at the date of the consolidated financial statements and the reported amounts expensed during the year. Actual results could differ from those estimates.

iv Provisions

The Company is required to estimate future cash payments related to present obligations resulting from known events. Such estimates include the likelihood that the settlement of the obligation will require cash payments, the amounts that could be paid and the timing of the potential payments. The Company believes that the assumptions used are reasonable based on information currently available, but final payments could differ materially from provisions recognized on the consolidated statement of financial position.

v Income taxes

Income tax liabilities must be estimated for the Company, including an assessment of temporary differences. Any temporary differences will generally result in the recognition of deferred tax assets and liabilities in the financial statements. Management's judgment is required for the calculation of current and deferred taxes.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

c. Critical Accounting Estimates, Judgments and Assumptions - continued

vi Useful lives of plant and equipment

Measurement of Plant and Equipment ("P&E") involves the use of estimates for determining the expected useful lives of depreciable assets. Management's judgment is also required to determine depreciation methods and an asset's residual value, and whether an asset is a qualifying asset for the purposes of capitalizing borrowing costs.

vii Onerous contracts

A provision for onerous contracts is recognized when the unavoidable costs of meeting the obligation under the contract exceed the expected benefits to be derived by the Company. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, we recognize any impairment loss on the assets associated with the contract.

viii Determining the fair values of assets acquired and liabilities assumed

The determination of the fair values of the tangible and intangible assets acquired and the liabilities assumed in an acquisition involves considerable judgment. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future subscribers, and the use of information available in the financial markets. Should actual rates, cash flows, costs and other items differ from our estimates, this may necessitate revisions to the carrying value of the related assets and liabilities acquired, including revisions that may impact net income in future periods.

ix Impairment of non-financial assets

The impairment test on cash generating units ("CGU") is carried out by comparing the carrying amount of the CGUs and their recoverable amount. The recoverable amount of a CGU is the higher of its fair value, less costs to sell and its value in use. This complex valuation process used to determine fair value less costs to sell and value in use entails the use of methods such as the discounted cash flow method which uses assumptions to estimate cash flows. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as the expected future cash flows.

d. Earnings per Share

The Company presents basic and diluted earnings per share data. Basic earnings per share is calculated by dividing the income or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. The diluted earnings per share is determined by adjusting the income or loss attributable to common shareholders and the weighted average number of common shares outstanding for the effects of potentially dilutive common shares.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

e. Plant and Equipment

i Costs capitalized

Costs are included in the plant and equipment's carrying value or recognized as a separate asset when it is probable that future economic benefits associated with the item will be realized and the cost of the item can be measured reliably. All other repairs and maintenance are recognized in the consolidated statement of income.

ii Derecognition

Plant and equipment is derecognized and removed from the consolidated statements of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognized in the consolidated income statement.

iii Depreciation

Plant and equipment are recorded at cost and are depreciated on a straight-line basis or declining balance over their estimated useful life which is as follows:

Furniture and fixtures	20% declining balance
IT equipment	4 to 10 years straight line
Broadcast equipment	2 to 10 years straight line

Leasehold improvements are depreciated on a straight-line basis over the remaining term of the related lease.

f. Intangible Assets

i Costs capitalized

Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses.

ii Derecognition

Intangible assets are derecognized and removed from the consolidated statements of financial position on disposal or when no future economic benefits are expected. Gains and losses from derecognition are measured as the difference between the net disposal proceeds, if any, and the carrying amount and are recognized in the consolidated income statement.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

f. Intangible Assets - continued

iii Amortization

The Company amortizes intangible assets with finite useful lives into depreciation and amortization on the consolidated statements of income, except broadcast licenses which are amortized into marketing and distribution costs on the consolidated statements of income, on a straight-line basis over their estimated useful lives. The Company monitors and review the useful lives, residual values, and amortization methods at least once a year and change them if they are different from our previous estimates. The Company recognizes the effects of changes in estimates in the consolidated statements of income prospectively. Other intangible assets are amortized from the date they are available for use. The estimated useful lives for intangibles with finite lives are as follows:

Broadcast licence	estimated life of the contract
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g. Finance Lease Obligation

i Operating leases

Payments made under operating leases (net of any incentives received from the lessor) are recognized in the consolidated statement of income on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

ii Finance leases

Lease payments are allocated between the principal component of the lease liability and the interest expense, so as to achieve a constant rate of interest on the outstanding balance of the liability. Interest charges are charged directly to the consolidated statements of income.

h. Provisions

i Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows using a current pre tax rate that reflects, where appropriate, the risks specific to the liability.

ii Onerous contracts

A provision for onerous contracts is recognized when the cost of the obligation under contract exceeds the economic benefit expected to be received. The provision is calculated as the present value of the lower of the cost to fulfill the contract and the cost to terminate it. Before a provision is established, impairment losses are recognized on assets associated with the contract.

i. Trade and Other Receivables

Allowance for doubtful accounts is calculated based on the aging of the Company's accounts receivable, historical experience, current and future short term business conditions and management judgment. The Company writes off accounts receivable against the allowance when the Company determines a balance is uncollectible and no longer actively pursues collection of the receivable.

j. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities are stated at cost, which approximates fair value due to the short term nature of these liabilities.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

k. Comprehensive Income

Comprehensive income represents the change in net equity for the period that arises from unrealized gains and losses on available-for-sale financial instruments. Amounts included in other comprehensive income are shown net of tax.

The Company does not have any comprehensive income items other than net income.

l. Cash and Cash Equivalents

Cash, which are deposits held in financial institutions, and cash equivalents, which are short term investments with an original maturity of three months or less, are stated at their fair value.

m. Income Taxes

Income tax expense is comprised of current and deferred taxes. Current tax and deferred tax are recognized in the consolidated statements of income except to the extent that they relate to a business combination, or items recognized directly in equity or other comprehensive income.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities where the Company operates and generates income. The calculation of current tax is based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities where these entities intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Any such reduction will be reversed to the extent that it becomes probable that sufficient taxable income will be available.

n. Employee Benefits

i. Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are recognized as a liability and expense as employees render service.

ii. Termination benefits

Termination benefits are recognized as a liability and an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a detailed formal plan to either terminate employment of an employee before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Where termination benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

o. Marketing and Distribution Costs

Management considers program, broadcast costs, satellite fibre and advertising costs to be marketing and distribution costs. Program and broadcast costs represent contractual rights acquired from third parties to broadcast television programs and multi-year sports programming arrangements paid on a monthly basis. These program rights are expensed as incurred. Satellite and fibre costs represent the cost to receive and deliver the broadcast signals from third party suppliers and to broadcast distributions units. Advertising represents the cost to market and promote the various television programs and multi-year sports programming arrangements.

p. Impairment of Long-lived Assets

Assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying value may not be fully recoverable.

The Company monitors the recoverability of assets, based on factors such as current market value, future asset utilization, business climate and future undiscounted cash flows expected to result from the use of the related assets. The Company's policy is to record an impairment loss in the period when it is determined that the carrying amount of the asset may not be recoverable. The impairment loss is calculated as the amount by which the carrying amount of the asset exceeds the undiscounted estimate of future cash flows from the asset. To December 31, 2018, \$ nil (2017 - \$ nil) impairment losses have been recorded in these consolidated financial statements.

q. Dividends

Dividends are not recognized in the consolidated financial statements until they have been approved and declared by the board of directors.

r. Foreign Currency Translation

i Monetary assets and liabilities at current rates

Foreign currency transactions are translated at the rates of exchange in effect at the dates of the transaction. Resulting foreign currency denominated monetary assets and liabilities are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognized in the consolidated statement of income.

ii Non-monetary assets and liabilities

Non-monetary assets and liabilities that are measured on a historical cost basis and are translated at the rates of exchange in effect at the date of the transaction. Non-monetary assets and liabilities that are measured at fair value are translated at the rates of exchange in effect at the statement of financial position date. Gains and losses on foreign exchange are recognized in the consolidated statement of income.

s. Borrowing Costs

The Company expenses borrowing costs in the period the costs are incurred.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

t. Recent Accounting Pronouncements

i. New Standards Implemented

The Company has adopted the following new accounting standards and amendments, effective January 1, 2018. The adoption of these standards and amendments did not have an impact on the Company's results of operations, financial position and disclosures.

IFRS 9

The standard was issued and has replaced IAS 39 – Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. Retrospective application is required, but comparative information is not compulsory.

Classification & Measurement

IFRS 9 replaces the classification and measurement models in IAS 39 with a single model under which financial assets are classified based on the business model in which they are held and the characteristics of their contractual cash flows. Financial assets are measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL). IFRS 9 eliminates the IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale. The adoption of IFRS 9 did not, however, change the measurement bases of our financial assets. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For both assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. The Company reclassifies financial assets only when its business model for managing those assets changes. Financial liabilities are not reclassified.

The Company has implemented the following classifications:

- Cash and cash equivalents and short-term investments are classified as assets at fair value through profit and loss and any period change in fair value is recorded through Interest income in the consolidated statement of operations, as applicable.
- Accounts receivable and other deposits are classified as assets at amortized cost and are measured using the effective interest rate method. Interest income is recorded in the consolidated statement of operations, as applicable.
- Accounts payable, credit facilities, and long-term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in the consolidated statement of operations, as applicable.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

Effective January 1, 2018, the Company has adopted IFRS 9, which did not have a material impact on the Company's consolidated financial statements and thus prior period financial statements were not adjusted.

IFRS 15

IFRS 15 supersedes previous accounting standards for revenue, including IAS 18, Revenue (IAS 18) and IFRIC 13, Customer loyalty programmes (IFRIC 13).

IFRS 15 Revenue from Contracts with Customers - IFRS 15 was issued in May 2014 and supersedes previous accounting standards for revenue, including IAS 18, Revenue (IAS 18) and IFRIC 13, Customer loyalty programmes (IFRIC 13). It establishes a new five-step model that applies to revenue arising from contracts with customers.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRSs. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

t. Recent Accounting Pronouncements - continued

i. New Standards Implemented - continued

IFRS 15 - continued

This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company earns revenue from several sources and it is measured at the fair value of the consideration received or receivable. Revenue recognition policies are as follows:

- i. Finance income - is recognized on an accrual basis, based on the principal outstanding and at the effective interest rate applicable.
- ii. Advertising - is recognized in the period the advertising airs on the Company's television channels.
- iii. Monthly subscription revenue – is received from cable and satellite providers and is recognized in the month in which the services are provided.

The principles in IFRS 15 provide a more structured approach to measuring and recording revenue. Effective January 1, 2018, the Company has adopted IFRS 15, which did not impact the Company's financial results.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

2 Summary of Significant Accounting Policies - continued

t. Recent Accounting Pronouncements - continued

ii Future accounting standards

IFRS 16

Effective January 1, 2019, the Company will adopt IFRS 16. Our first quarter 2019 interim financial statements will be our first financial statements issued in accordance with IFRS 16. IFRS 16 supersedes the current 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 expects to recognize a significant increase in assets and liabilities as our operating leases will be brought onto the consolidated statements of financial position. The Company expects an increase in depreciation and interest expenses and also an increase in cash flow from operating activities as cash payments for the principal portion of the lease will be recorded as financing outflows in the consolidated statements of cash flows. The Company intends to adopt the new standard on the required effective date.

We will adopt 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 will apply 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 will be 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.

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.

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

	Effect of IFRS 16 transition
Assets	
Right of use assets - building	\$ 1,229,470
Right of use assets - other	37,963
Total Assets	\$ 1,267,433
Liabilities	
Current portion of lease liabilities	\$ 467,602
Non-current portion of lease liabilities	1,192,748
	1,660,350
Shareholders' equity	(392,917)
Total Liabilities & Shareholders' Equity	\$ 1,267,433

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Notes to Consolidated Financial Statements
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3 Capital Risk Management

The Company defines capital as the aggregate of shareholders' equity (excluding accumulated other comprehensive income) and long-term liabilities less cash and cash equivalents. The Company targets a net debt to equity ratio of 1 to 1 which is unchanged from previous periods. As at December 31, 2018, and throughout the year, the Company was in compliance with the above Regulations and covenants, and the Company's capital management objectives have not changed since December 31, 2017.

The components of the Company's capital structure are as follows:

	2018	2017
Long-term debt	\$ -	\$ -
Finance lease obligation	114,618	161,956
Less: Cash and cash equivalents	3,024,312	5,316,150
Net debt	(2,909,694)	(5,154,194)
Shareholders' equity	5,666,805	7,778,591
Total capital	\$ 2,757,111	\$ 2,624,397
Gearing ratio	(0.513)	(0.663)

The Company's overall capital management objectives are to create shareholder value through organic growth of its operations and through acquisitions, and to maintain the most optimal capital structure in order to minimize its cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In order to ensure compliance with Federal Government directions, the Broadcasting Act and regulations governing specialty and pay television services (the "Regulations"), the Company has imposed restrictions on the issuance, transfer and, if applicable, voting of the Company's shares.

4 Segment Information

Management has determined the Company has one operating segment.

5 Operating Revenue

	2018	2017
Subscription	\$ 9,901,782	\$ 14,798,993
Advertising	4,564,702	4,696,019
Programming	299,174	546,612
Finance income	63,973	53,959
Total	\$ 14,829,631	\$ 20,095,583

Asian Television Network International Limited

Notes to Consolidated Financial Statements

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6 Depreciation and amortization

Depreciation and amortization for the year is recognized in the consolidated income statements as follows:

	2018	2017
Depreciation - broadcast equipment	\$ 421,430	\$ 436,161
Depreciation - IT equipment	18,301	20,706
Depreciation - furniture and fixtures	14,219	17,773
Depreciation - leasehold improvements	31,122	31,122
Depreciation and amortization	485,072	505,762
Amortization - broadcast licenses included in marketing and distribution costs	1,042,148	684,104
Total depreciation and amortization	\$ 1,527,220	\$ 1,189,866

7 Marketing and Distribution Costs

	2018	2017
Programming and broadcast costs	\$ 8,498,966	\$ 11,117,161
Satellite and fibre costs	1,569,132	1,604,480
Advertising	141,895	198,840
Marketing and other distribution costs	345,630	363,185
Total	\$ 10,555,623	\$ 13,283,666

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

8 Income Tax Recovery

The total income tax recovery varies from the amounts that would be computed by applying the weighted average statutory tax rate to net income before income taxes of the Company and its wholly-owned subsidiaries for the following reasons:

	2018	2017
Statutory tax rate	26.50%	26.50%
Loss before tax	\$ (2,032,415)	\$ (219,677)
Income tax recovery at the statutory tax rates applied to income before income taxes	(538,590)	(58,214)
- Expenses not deductible for tax	11,092	6,613
- Other items	(3,204)	(4,046)
	\$ (530,702)	\$ (55,648)

Major components of the income recovery recorded on the consolidated income statements are as follows:

	2018	2017
Current	\$ (496,317)	\$ 2,085
Deferred	(34,385)	(57,733)
Income tax recovery	\$ (530,702)	\$ (55,648)

Significant deferred tax assets and liabilities arising from the effect of temporary differences are as follows:

	2018	2017
Plant and equipment	\$ 146,163	\$ 141,620
Other items	28,907	25,702
Deferred tax assets	\$ 175,070	\$ 167,322

	2018	2017
Plant and equipment	\$ 110,603	\$ 137,240
Deferred tax liabilities	\$ 110,603	\$ 137,240
	\$ 64,467	\$ 30,082

Asian Television Network International Limited

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9 Share Capital

Issued capital

The Company has authorized an unlimited number of Class "A" preference shares with a \$0.12 cumulative dividend, payable on the third anniversary date from issuance, are non-voting, redeemable at the amount paid thereon, retractable at the amount paid thereon after the third anniversary date from issuance, convertible at the rate of \$225,000 of preference shares in exchange for 1% issued and outstanding common shares of which there are none outstanding.

The Company has authorized an unlimited number of Class "B" preference shares which have non-cumulative dividends, are non-voting, and are redeemable and retractable at the amount paid thereon, of which none are outstanding.

The Company has authorized an unlimited number of common shares with no par value. The following details the changes in issued and outstanding common shares for the years ended December 31, 2018 and 2017:

Common shares	Number	Dollar amount
Balance, December 31, 2016	24,402,914	\$ 6,025,852
Issued, repurchased and cancelled shares	-	-
Balance, December 31, 2017	24,402,914	6,025,852
Issued, repurchased and cancelled shares	-	-
Balance, December 31, 2018	24,402,914	\$ 6,025,852

10 Loss per Share

The following table sets forth the computation of basic and diluted loss per share for the comparable periods:

	2018	2017
Numerator for basic and diluted loss per share available to common shareholders		
Net loss attributable to common shareholders	\$ (1,501,713)	\$ (164,029)
Denominator for basic loss per share - weighed average number of shares outstanding	24,402,914	24,402,914
Effect of dilutive securities		
Potential dilutive common shares	-	-
Denominator for dilutive loss per share - adjusted weighted average shares	24,402,914	24,402,914
Basic and dilutive loss per share	\$ (0.06)	\$ (0.01)

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For the years ended December 31, 2018 and December 31, 2017

11 Plant and equipment

	December 31, 2018			December 31, 2017		
	Cost	Accumulated depreciation	Net book value	Cost	Accumulated depreciation	Net book value
Furniture and fixtures	\$ 236,834	\$ 175,249	\$ 61,585	\$ 236,834	\$ 161,030	\$ 75,804
IT equipment	498,699	409,797	88,902	489,199	391,496	97,703
Broadcast equipment	5,975,080	4,369,975	1,605,105	5,964,322	3,948,545	2,015,777
Leasehold improvements	463,275	181,475	281,800	463,275	150,353	312,922
	\$ 7,173,888	\$ 5,136,496	\$ 2,037,392	\$ 7,153,630	\$ 4,651,424	\$ 2,502,206

Changes in the net carrying amounts of plant and equipment can be summarized as follows:

	January 1, 2018				December 31, 2018	
	Net book value	Additions	Disposals	Depreciation	Disposals / Other	Net book value
Furniture and fixtures	\$ 75,804	\$ -	\$ -	\$ (14,219)	\$ -	\$ 61,585
IT equipment	97,703	9,500	-	(18,301)	-	88,902
Broadcast equipment	2,015,777	10,758	-	(421,430)	-	1,605,105
Leasehold improvements	312,922	-	-	(31,122)	-	281,800
	\$ 2,502,206	\$ 20,258	\$ -	\$ (485,072)	\$ -	\$ 2,037,392

Changes in the net carrying amounts of plant and equipment can be summarized as follows:

	January 1, 2017				December 31, 2017	
	Net book value	Additions	Disposals	Depreciation	Disposals / Other	Net book value
Furniture and fixtures	\$ 91,741	\$ 1,710	\$ -	\$ (17,773)	\$ 126	\$ 75,804
IT equipment	118,409	-	-	(20,706)	-	97,703
Broadcast equipment	2,439,084	13,024	(325,008)	(436,161)	324,838	2,015,777
Leasehold improvements	344,044	-	-	(31,122)	-	312,922
	\$ 2,993,278	\$ 14,734	\$ (325,008)	\$ (505,762)	\$ 324,964	\$ 2,502,206

Included in leasehold improvements is equipment acquired during the year under finance lease obligation having a cost of \$94,125 a net carrying amount of \$76,169 and of that amount \$52,235 was financed through finance lease obligation. Depreciation for the year amounted to \$6,512 (2017 - \$6,512).

Included in Plant and equipment is equipment acquired under finance lease obligation having a cost of \$271,544, a net carrying amount of \$198,750 and of that amount \$182,421 was financed through finance lease obligation. Depreciation for the period amounted to \$27,967 (2017 - \$17,956)

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12 Intangible assets

	December 31, 2018			December 31, 2017		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated depreciation	Net book value
Broadcast licenses	\$ 3,913,130	\$ 2,377,233	\$ 1,535,897	\$ 1,847,363	\$ 1,335,085	\$ 512,278
	\$ 3,913,130	\$ 2,377,233	\$ 1,535,897	\$ 1,847,363	\$ 1,335,085	\$ 512,278

Changes in the net carrying amounts of intangible assets can be summarized as follows:

	January 1, 2018				December 31, 2018	
	Net book value	Additions	Disposals	Amortization	Disposals / Other	Net book value
Broadcast licenses	\$ 512,278	\$ 2,065,767	\$ -	\$ (1,042,148)	\$ -	\$ 1,535,897
	\$ 512,278	\$ 2,065,767	\$ -	\$ (1,042,148)	\$ -	\$ 1,535,897

Changes in the net carrying amounts of intangible assets can be summarized as follows:

	January 1, 2017				December 31, 2017	
	Net book value	Additions	Disposals	Amortization	Disposals / Other	Net book value
Broadcast license	\$ 820,498	\$ 375,884	\$ -	\$ (684,104)	\$ -	\$ 512,278
	\$ 820,498	\$ 375,884	\$ -	\$ (684,104)	\$ -	\$ 512,278

Asian Television Network International Limited

Notes to Consolidated Financial Statements

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13 Finance Lease Obligations

Finance lease obligations are secured by the specific equipment being financed, bears interest from 4.20% to 7.87% per annum and has monthly payments of \$4,341 and matures on May 1, 2021.

	2018		2017
Finance lease obligations	\$ 114,618	\$	161,956
Less: current portion of Finance lease obligations	(46,453)		(47,329)
	\$ 68,165	\$	114,627

Minimum lease payments required in the next five years under capital lease are as follows:

2019	\$ 52,092
2020	40,980
2021	25,475
2022	3,600
	<u>122,147</u>
Interest included in minimum payments	7,529
	<u>\$ 114,618</u>

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Notes to Consolidated Financial Statements
For the years ended December 31, 2018 and December 31, 2017

14 Accounts Payable and Accrued Liabilities

	2018	2017
Accounts and other payable	\$ 3,368,811	\$ 3,152,261
Accrued expense	960,017	276,299
Total	\$ 4,328,828	\$ 3,428,560

15 Related Party Transactions

Transactions with key management personnel

Key management personnel include the directors and the most senior corporation officers of the Company that are primarily responsible for planning, directing and controlling the Company's business activities. The compensation expense associated with the key management for employee services was included in employee costs as \$994,176 (2017 - \$992,478).

16 Cash and Cash Equivalents

	2018	2017
Cash on hand	\$ 500	\$ 500
Bank balances	23,791	815,650
Short-term deposits	3,000,021	4,500,000
Total	\$ 3,024,312	\$ 5,316,150

17 Commitments and Contingencies

a. Commitments

The lease agreements to which the Company is party have different maturity dates which are scheduled up to Fiscal 2022 and some of these also have renewal options and fee escalation clauses. The minimum amounts payable under long-term operating lease contracts are as follows :

2019	\$ 581,235
2020	559,814
2021	512,735
2022	213,640
	\$ 1,867,424

Asian Television Network International Limited

Notes to Consolidated Financial Statements
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17 Commitments and Contingencies - continued

a. Commitments - continued

In the normal course of its operations, the Company has signed agreements, with terms ranging from one to seven years, for the acquisition of program rights to be aired on its television services. The acquisition of the rights and related obligations is contingent on the actual delivery of programming and on other contractual terms. In addition to the above commitments of program rights commitments that are measurable, as at December 31, 2018, is estimated at \$2,187,582.

2019	\$ 1,793,328
2020	353,328
2021	40,926
	<u>\$ 2,187,582</u>

b. Contingencies

The Company is currently involved in a disagreement with one of its broadcasting distribution undertaking ("BDU") partners. The matter relates to differences in interpretation and intent between the Company and the BDU in connection with an agreement signed during the year between the two parties. It also includes a discrepancy pertaining to the rates being paid by the BDU to the Company on certain channels. Management, in consultation with its legal counsel, has accrued an amount that represents the most likely outcome of the settlement. Management is unable to disclose the financial effect of this matter as discussions are still ongoing with the BDU.

18 Bank indebtedness

The Company has an authorized line of credit (the "Line") of a maximum of \$500,000 at a Canadian financial institution. The interest rate applicable to the Line available from the Canadian financial institution is the chartered bank's prime rate plus 0.5%, per annum. \$230,000 of the \$500,000 line of credit is utilized as of December 31, 2018 (2017 - \$nil). The Line includes standard terms and conditions and is secured by a \$500,000 Guaranteed Investment Certificate held in major Canadian financial institutions with an original maturity of more than 3 months.

19 Short-term investments

Short-term investments are Guaranteed Investment Certificates held in major Canadian financial institutions with an original maturity of more than 3 months.

20 Financial Instruments

a. Risks Arising from Financial Instruments

In the normal course of business, the Company has exposure, consisting primarily of interest rate risk, credit risk, foreign exchange risk and liquidity risk, arising from its financial instruments. The Company manages these risk exposures on an ongoing basis.

i Interest rate risk

Borrowings under the Company's Facilities and Line are subject to interest rate fluctuations. The Company is not materially exposed to interest rate risk.

Furthermore, interest rate fluctuations could have an impact on the Company's interest income that it earns on its cash balance. The Company has an investment policy designed to safeguard its capital and generate a reasonable return. The policy sets out the types of permissible investment instruments, their concentration and acceptable credit ratings.

Asian Television Network International Limited

Notes to Consolidated Financial Statements
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20 Financial Instruments - continued

a. Risks Arising from Financial Instruments - continued

i Interest rate risk - continued

Interest rate fluctuations also have an impact on the Company's consolidated net income and comprehensive income. With all other variables held constant, a 1% interest rate change would have had the following impact for the years ended December 31, 2018 and 2017:

	2018	2017
Impact on consolidated net income of interest rate changes	\$ 929	\$ 1,403
Impact on consolidated comprehensive income of interest rate changes	\$ 929	\$ 1,403

ii Foreign currency risk

The Company realizes a portion of its revenue and expenses in foreign currencies. Consequently, some assets and liabilities are exposed to foreign exchange fluctuations.

Period-to-period changes in the average foreign exchange rates may cause translation effects that have a significant impact on operating costs and consolidated net income. The following table details Asian Television's sensitivity to a 10% strengthening in the Canadian dollar against the US dollar which are not hedged for the year ended December 31, 2018. A 10% weakening of the Canadian dollar would have an equal but opposite effect. This sensitivity analysis was prepared by using the average monthly foreign exchange rates over the period adjusted for a 10% variation and applied to those transactions during the period in the relevant foreign currency.

	2018	2017
Revenue	\$ 13,434	\$ 25,434
Expenses	\$ 59,229	\$ 86,359
Impact on consolidated income	\$ 72,426	\$ 111,793
Sensitivity	\$ 18,679	\$ 43,812

Asian Television Network International Limited

Notes to Consolidated Financial Statements
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20 Financial Instruments - continued

a. Risks Arising from Financial Instruments - continued

iii Credit risk

Credit exposure on financial instruments arises from the possibility that a counterparty to an instrument in which the Company is entitled to receive payment fails to perform. Trade and other receivables arise mainly from monthly wholesale fees charged to distributors in connection with specialty and pay television subscriptions and from the sales of advertising aired or posted on the Company's Television properties.

Customers distributing the Company's television services are generally large companies with stable financial conditions, thereby mitigating the Company's credit risks related to accounts receivable from such customers. The Company's credit exposure emanating from advertising transactions with advertising agencies and direct clients is influenced by the global economic environment. The Company performs ongoing customer credit evaluations. Allowances, which are estimated on the basis of historical loss rates adjusted for current events, are monitored by management on an ongoing basis. Accounts receivable are written off against the allowance for doubtful accounts only when the Company believes that an outstanding amount will not be recovered. For the year ended December 31, 2018, the Company recorded allowances for doubtful accounts of \$168,000 (\$48,600 for the year ended December 31, 2017) in operating expenses on the consolidated income statements. Historically, the Company has not suffered any material losses related to credit risk. The Company manages its accounts receivable on an ongoing basis and every month management reviews the accounts receivable aging. Furthermore, all major advertising clients are reviewed in order to make sure that consolidated amounts owed are not over their authorized limit.

The maximum credit risk to which the Company is exposed equals its accounts receivable.

Based on their respective payment terms, accounts and other receivable are aged as follows as at December 31, 2018

	2018	2017
Current	\$ 874,526	\$ 1,439,412
31-60 days past due	821,137	634,865
61-90 days past due	37,240	36,084
Over 90 days past due	382,126	280,225
	2,115,029	2,390,586
Less: allowance for doubtful accounts	(185,675)	(26,323)
Total	\$ 1,929,354	\$ 2,364,263

Given the limited number of clients distributing its television services, the Company is facing a high degree of revenue concentration. Therefore, there is always a risk that the loss of an important relationship would have a significant impact on any particular television service. To mitigate this risk, the Company enters into long-term contracts with its customers. Furthermore, the Company has developed a broad selection of popular pay and specialty services that deliver quality programming. ATN's services have thus become key and highly demanded components of the offerings of those distributors in the markets they serve. For the year ended December 31, 2018 approximately 60 percent (2017 - 65%) of the Company's revenue was derived from three broadcast distributors 10%, 21% and 29% (2017 - 10%, 25% and 30%).

Credit risk from investing activities is minimized by establishing investment policies in liquid securities with high credit ratings and maintaining accounts in reputable financial institutions with high quality credit ratings.

Asian Television Network International Limited

Notes to Consolidated Financial Statements

For the years ended December 31, 2018 and December 31, 2017

20 Financial Instruments - continued

a. Risks Arising from Financial Instruments - continued

iv Foreign currency risk

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 is not materially exposed to currency risk.

v Liquidity risk

Liquidity risk is the risk that the Company would not be able to meet its financial obligations as they come to maturity or can only do so at excessive costs. Based on the Company's ability to generate cash flows through its ongoing operations, management believes that cash flows are sufficient to cover its known operating and capital requirements, as well as its debt service and its current and longer term commitments. Therefore, management evaluates that the Company's liquidity risk is low. The liquidity risk is also considered to be low due to the fact that the Company has access to the unused portion of its credit facilities which amounted to \$270,000 as at December 31, 2018. Finally, the Company manages its liquidity risk by monitoring its cash resources through ongoing financial and cash flow forecasts.

The maturity dates of financial liabilities as at December 31, 2018 are as follows:

	Maturing in next 12 months	Maturing in more than 13 to 36 months	Maturing in more than 37 to 60 months	Maturing in more than 60 months	Total
Accounts payable and accrued liabilities	\$ 4,328,828	\$ -	\$ -	\$ -	\$ 4,328,828
Bank indebtedness	230,000	-	-	-	230,000
Finance lease obligation	46,453	68,165	-	-	114,618
	\$ 4,605,281	\$ 68,165	\$ -	\$ -	\$ 4,673,446

b. Fair Values

The carrying values of cash, trade and other receivable and accounts payable and accrued liabilities approximates their fair values because of the short term nature of these financial instruments. The fair value of the Company's long-term debt and finance lease obligation is not significantly different from its carrying amount, due to the market rate of interest charged on the balance.