

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2015 and September 30, 2014



The purpose of this Management's Discussion and Analysis ("MD&A"), dated November 20, 2015 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, 2014 and related notes and in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months period ended September 30, 2015. 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. Certain comparative figures have been reclassified to conform with the basis of presentation adopted in Fiscal 2014.

All of our operations are in Canada.

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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 that of 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 54 premium pay specialty television channels, in 9 languages. ATN offers its flagship general interest service "ATN - HD", several Bollywood movie channels with over 800 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 (TSX-V: 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, a portion of which is remitted to the Company by the radio service. 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.

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FINANCIAL HIGHLIGHTS FOR THE QUARTER

- On September 7, 2015 the Company declared a dividend of \$0.02 on each common share outstanding, payable on October 31, 2015, to shareholders of record at the close of business of October 15, 2015.
- Our revenue increased over the previous quarter indicating positive continuous growth.

OPERATIONAL HIGHLIGHTS FOR THE QUARTER

- On July 2, 2015 the Company announced that it had acquired exclusive Broadcast rights for the 2015 ICC World T20 Qualifier for the 2016 ICC World Twenty20. This series was held between July 9 and July 26, 2015 and was hosted by both Ireland and Scotland.
- On July 17, 2015 the Company acquired exclusive Broadcast rights for the second season of Pro - Kabaddi League which was held in India between July 18 and August 23, 2015.
- On September 14, 2015 the Company announced that it will produce a Canadian television series called 'The Achievers'. The series will feature high profile individuals from the field of politics, business, entertainment, medicine, arts/culture, sports and academics. This series will feature exclusive interviews with various individuals who have achieved the highest honors in their respective fields. This 100% Canadian production is based on the interviews and shared moments with the achievers who have made it big in their home countries or abroad as immigrants. The series will be produced at ATN's High Definition Studios and Broadcast Centre. The series will use valuable footage from its vast original Canadian Production Archives, some of which may not be available anywhere else in the world.

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 believes 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, 2015 and September 30, 2014 to EBITDA:

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Net income for the period (earnings)	\$491,695	\$626,795	\$1,324,424	\$1,738,753
Income tax expense	189,926	211,064	499,112	634,147
Finance costs (interest)	12,101	17,644	41,028	56,775
Depreciation and amortization	189,014	141,046	539,667	424,211
EBITDA	\$882,736	\$996,549	\$2,404,231	\$2,853,886

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.

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PERFORMANCE REVIEW

Summarized Consolidated Financial Results

Three and nine months ended September 30, 2015 and September 30, 2014 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		
	2015	2014	%Change	2015	2014	%Change
Operating revenue	\$6,597,606	6,995,882	-6%	\$19,265,606	\$19,612,796	-2%
Administrative expenses	571,880	577,775	-1%	1,620,102	1,592,977	2%
Marketing and distribution costs	4,094,010	4,322,933	-5%	12,102,924	11,813,191	2%
Employee costs	1,049,696	1,099,349	-5%	3,140,708	3,340,130	-6%
Depreciation, amortization and impairment	189,014	141,046	34%	539,667	424,211	27%
Finance costs	12,101	17,644	-31%	41,028	56,775	-28%
(Gain) Loss on exchange differences	(716)	(724)	-1%	(2,359)	12,612	-119%
Total operating expenses	5,915,985	6,158,023	-4%	17,442,070	17,239,896	1%
Income before taxes	681,621	837,859	-19%	1,823,536	2,372,900	-23%
Income tax expense	189,926	211,064	-10%	499,112	634,147	-21%
Net income for the period	\$491,695	\$626,795	-22%	\$1,324,424	\$1,738,753	-24%
Basic and Diluted Earnings per share	\$0.02	\$0.03	-22%	\$0.05	\$0.07	-24%
EBITDA	\$882,736	\$996,549	-11%	\$2,404,231	\$2,853,886	-16%

The Company's subscription revenues are seeing decreases due to a decline in customer demands attributed to customers finding alternative means to conventional cable and satellite TV viewing. Our advertising revenue has been increasing on a month over month basis during the year; however we have not reached the levels we experienced in the prior year. As a result our overall net income for the period has declined.

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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 never extend beyond one year.

Operating revenues are detailed as follows:

Three and nine months ended September 30, 2015 and September 30, 2014 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		
	2015	2014	%Change	2015	2014	%Change
Subscription	\$5,038,430	\$5,377,837	-6%	\$15,287,248	\$15,669,234	-2%
Advertising	1,393,613	1,492,238	-7%	3,492,340	3,541,656	-1%
Programming	148,615	104,592	42%	427,902	339,753	26%
Finance income	16,948	21,215	-20%	58,116	62,153	-6%
Total	\$6,597,606	\$6,995,882	-6%	\$19,265,606	\$19,612,796	-2%

Total revenues reached \$6,597,606 and \$19,265,606 respectively, for the three and nine month periods ended September 30, 2015 compared to \$6,995,882 and \$19,612,796 for the same periods last year, for decreases of \$398,276 and \$347,190 respectively.

The decrease for the quarter is essentially due to a \$339,409 decrease in subscription revenue and a \$98,625 decline in advertising revenues over the same period last year. Subscription revenues are seeing decreases due to a decline in customer demands. Our advertising revenue has decreased 1% on a year over basis, due to decreased advertising spends by both national and local advertising customers, this \$98,625 decline in the quarter on advertising revenue has impacted negatively our year over year advertising revenue by \$49,316.

Administrative expenses

Administrative expenses were \$571,880 and \$1,620,102 for the three and nine month periods ended September 30, 2015 compared to \$577,775 and \$1,592,977, respectively for the same periods last year, for a decrease of \$5,895 and an increase of \$27,125 respectively. The year over year increase is attributed mainly to costs attributed to running the facility.

Marketing and distribution costs

Marketing and distribution costs were \$4,094,010 and \$12,102,924 for the three and nine month periods ended September 30, 2015 compared to \$4,322,933 and \$11,813,191 respectively for the same period last year, for a decrease of \$228,923 and an increase of \$289,733 respectively. The decrease and increase in marketing and distribution costs for the three and nine month periods ended September 30, 2015 compared the previous periods are attributable to costs associated with programming and the marginal returns of additional programming acquired and realized in the periods.

Employee costs

Employee costs were \$1,049,696 and \$3,140,708 for the three and nine month periods ended September 30, 2015 compared to \$1,099,349 and \$3,340,130 respectively for the same period last year, for decreases of \$49,653 and \$199,422 respectively. Employee costs represent a material portion of our expenses. Our employee staffing requirements decreased as a result of employee attrition. As these vacancies were not filled by new employees, the Company managed to reduce its employee costs.

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Depreciation amortization and impairment

Depreciation, amortization and impairment expense was \$189,014 and \$539,667 for the three and nine month periods ended September 30, 2015 compared to \$141,046 and \$424,211 respectively for the same period last year, for increases of \$47,968 and \$115,456 respectively. Depreciation, amortization and impairment expense increases are attributable to the additional \$320,678 in property and equipment acquired during the 2014 year and the \$313,279 in property and equipment acquired during the first nine months of 2015.

Finance costs

Finance costs were \$12,101 and \$41,028 for the three and nine month periods ended September 30, 2015 compared to \$17,644 and \$56,775 respectively for the same period last year, for decreases of \$5,543 and \$15,747 respectively. The decrease is due to the Company's reduction in its long-term debt borrowings.

(Gain) loss on exchange differences

Loss (gain) on exchange differences were \$(716) and \$(2,359) for the three and nine month periods ended September 30, 2015 compared to \$(724) and \$12,612 respectively for the same period last year, for a loss of \$8 and a gain of \$14,971 respectively. The loss (gain) is due to the Company's risk associated with transacting in foreign currency, mainly the United States Dollar. Also see section "Interest Rate and Foreign Exchange Management"

Income tax expense

Income tax expense was \$189,926 and \$499,112 for the three and nine month periods ended September 30, 2015 compared to \$211,064 and \$634,147 respectively for the same period last year, for a decrease of \$21,138 and \$135,035 respectively. Our effective income tax rate for the three and nine months ended September 30, 2015 and 2014 was 27.9% and 27.4% compared to 25.2% and 26.7% respectively. Due to non-deductible amounts for Federal tax purposes, income tax expense varies from the amounts that would be computed by applying the statutory income tax rate of 26.5% to income before tax.

Net income for the period and Earnings per share ("EPS") Basic and Diluted

Net income was \$491,695 (EPS - \$0.02) and \$1,324,424 (EPS - \$0.05) for the three and nine month periods ended September 30, 2015 compared to \$626,795 (EPS - \$0.03) and \$1,738,753 (EPS - \$0.07) respectively. Since revenue year over year has declined, the Company experienced a decline in net income. Higher marketing and distribution costs on a year over year basis also contributed to the decline.

Quarterly Performance

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

	2013	2014	2014	2014	2014	2015	2015	2015
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Revenue	\$6,798,916	\$6,328,959	\$6,287,955	\$6,995,882	\$6,812,820	\$6,226,883	\$6,441,117	\$6,597,606
EBITDA (1)	1,150,273	627,661	1,229,678	996,549	667,306	685,224	836,271	882,736
Net income	711,482	341,764	770,194	626,795	366,245	\$361,446	\$471,283	\$491,695
Basic EPS	\$0.03	\$0.01	\$0.03	\$0.03	\$0.02	\$0.01	\$0.02	\$0.02
Diluted EPS	\$0.03	\$0.01	\$0.03	\$0.03	\$0.02	\$0.01	\$0.02	\$0.02

The Company's revenue and operations results vary, depending on the quarter. The first quarter is generally a period of lower retail spending and as a result, revenues are generally lower. The fourth quarter tends to be a period of higher retail spending resulting in generally in higher revenues.

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

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 terms deposits held by the financial institution.

During 2012, the Company established a \$4,000,000 non-revolving credit term facility (the "Facility") with a Canadian financial institution. The interest rate applicable to the Facility available from the Canadian financial institution is the chartered bank's prime rate. The Company made an initial draw on the Facility in the amount of \$3,397,608. The proceeds were used to purchase certain Property and Equipment. The outstanding undrawn portion of this Facility of \$602,392 was cancelled at December 31, 2013. This Facility is subject to certain covenants, repayable in equal monthly installments of principal plus interest, amortized over 5 years. The collateral for this Facility is a security agreement on the Plant and Equipment that was acquired by the funds of this Facility.

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 statement of financial position reduces its liquidity risk as it can be used 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, 2015, the Company's working capital balance was approximately \$7.6 million. 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.

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 sufficient funds to meet its cash requirements. The Company's future cash requirements are summarized in a table under the heading "Contractual Obligations".

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Operating, Financing and Investing Activities

	Three months ended September 30		Nine months ended September 30	
	2015	2014	2015	2014
Net cash flows from (used in) operating activities	\$(116,700)	\$1,663,229	\$649,630	\$2,501,372
Net cash flows used in investing activities	(35,109)	(25,993)	(244,700)	(174,774)
Net Cash flows used in financing activities	(659,944)	(672,138)	(1,979,719)	(2,015,992)
Net cash decrease in cash and cash equivalents	(811,753)	965,098	(1,574,789)	310,606
Cash and cash equivalents at beginning of period	7,108,996	6,090,837	7,872,032	6,745,329
Cash and cash equivalents at end of period	\$6,297,243	\$7,055,935	\$6,297,243	\$7,055,935

Cash provided by operating activities

The Company's cash balances decreased from \$7,872,032 as at December 31, 2014 to \$6,297,243 as at September 30, 2015. Net cash flows from operating activities were \$(116,700) and \$649,630 for the three and nine month periods ended September 30, 2015 compared to \$1,663,229 and \$2,501,372 respectively for the same period last year. The decrease and increase was attributed to the timing of collecting our accounts receivable, the payment of our accounts payable and net income exceeding other operating cash flow needs.

Cash used in investing activities

Cash used in investing activities was \$35,109 and \$244,700 for the three and nine month periods ended September 30, 2015 compared to \$25,993 and \$174,774 respectively for the same period last year. Cash used in investing activities is primarily as a result of additions to property and equipment. The Company's investment in plant and equipment has declined as a result of lower demand for capacity.

Cash used in financing activities

Cash used in financing activities was \$659,944 and \$1,979,719 for the three and nine month periods ended September 30, 2015 compared to \$672,138 and \$2,015,992 respectively for the same period last year. Cash used in financing activities is primarily as a result of repayments of long-term debt and payments of dividends for the three and nine months ended September 30, 2015 and September 30, 2014. The changes for the three and nine month periods ended September 30, 2015 compared to three and nine month periods ended September 30, 2014 are not significant.

Long-term debt and finance lease obligations

Our long-term debt and finance lease obligations are described in details in Notes 14 and 15 of our Annual Audited Consolidated Financial Statements and Notes 13 and 14 of our Third Quarter 2015 Unaudited Interim Condensed Consolidated Financial Statements.

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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 currency risk.

Outstanding Common Share data

Set out below is our outstanding common share data as at September 30, 2015 and at September 30, 2014.

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	

We declared and paid dividends on each of our outstanding Common shares during the past 8 quarters, as follows:

Declaration date	Record date	Payment date	Dividend per share	Dividends paid
December 18, 2013	January 15, 2014	January 31, 2014	\$.02	\$ 488,058
March 24, 2014	April 15, 2014	April 30, 2014	\$.02	\$ 488,058
June 20, 2014	July 15, 2014	July 30, 2014	\$.02	\$ 488,058
September 03, 2014	October 15, 2014	October 31, 2014	\$.02	\$ 488,058
December 02, 2014	January 15, 2015	January 31, 2015	\$.02	\$ 488,058
March 10, 2015	April 15, 2015	April 30, 2015	\$.02	\$ 488,058
June 12, 2015	July 15, 2015	July 31, 2015	\$.02	\$ 488,058
September 7, 2015	October 15, 2015	October 31, 2015	\$.02	\$ 488,058

CONTRACTUAL OBLIGATIONS

See our 2014 Annual MD&A for a summary of our material obligations under Contractual Obligations. These are also discussed in Note 19 of our 2014 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 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.

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 as was the case in 2013. 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

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.

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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 the 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 2014 Annual Audited Consolidated Financial Statements and Notes thereto, as well as in our 2014 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 three and nine months ended September 30, 2015, there were no changes to the critical accounting policies and estimates from those found in our 2014 Annual MD&A.

FUTURE ACCOUNTING CHANGES

IFRS 9

Financial Instruments ("IFRS 9") was issued and will replace IAS 39 – Financial Instruments: Recognition and Measurement. This standard introduces new requirements for classifying and measuring financial assets and liabilities. IFRS 9, which will be applied retrospectively, is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard is effective for fiscal years ending on or after December 31, 2018 and is available for early adoption.

Asian Television Network International Limited
Management's Discussion and Analysis
For the three and nine months ended September 30, 2015 and September 30, 2014

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 November 20, 2015. Based on this evaluation, management has concluded that, as of September 30, 2015, our ICFR reporting is effective. There have been no changes in our ICFR during the three and nine months ended September 30, 2015 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, 2015, 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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