GTN Limited
ABN 38 606 841 801
ASX Half-year information
31 December 2018

GTN Limited
Half-year ended 31 December 2018
(Previous corresponding period:
Half-year ended 31 December 2017)

Results for Announcement to the Market

				$ (,000's)
Revenue *from ordinary activities*	*up*	*2.3%*	*To*	94,375
Profit *from ordinary activities after tax attributable to members (continuing operations)*	*down*	*(21.9)%*	*To*	*10,652*
Loss *from discontinued operation*	*down*	*(100.0)%*	*To*	–
Net profit *for the period attributable to members*	*up*	*N/A**	*To*	*10,652*
**Previous period was a loss*				

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – Year ended 30 June 2018	$0.110	70%
Interim FY2019 dividend	$0.024	100%

Ex-dividend date:	12 March 2019
Record date:	13 March 2019
Payment date:	29 March 2019

Net tangible assets / (liabilities) per security

	31 December 2018	**31 December 2017**
Net tangible assets/ (liabilities) per security (cents per share)	$0.38	$0.31
Net tangible assets/ (liabilities) from continuing operations per security (cents per share)	$0.38	$0.38

Directors' Report

The Directors of GTN Limited (the "Company") submit the following report for GTN Limited and its subsidiaries (the "Group") for the half year ended 31 December 2018. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors

The following people were Directors of the Company for the entire half year ended 31 December 2018 and up to the date of this report:

- Robert Loewenthal (Chairman)
- William Yde III (Managing Director)
- David Ryan

Principal Activities

The principal activity of the Group during the course of the financial half year was that of provider of an advertising platform to advertisers in Australia, United Kingdom, Canada and Brazil.

Review and Results of Operations

The Group reported revenue from continuing operations of $94.4 million for the six-month period ended 31 December 2018, an increase of 2.3% from $92.2 million for the same period in the prior year. The Group's former United States operations, which were sold in March 2018 are excluded from the prior year results. The Group's revenue was negatively impacted by a 3.0% revenue decrease in Australia, which is the Group's largest segment. Revenue increased in each of the remaining segments for the period.

Revenue		31 December	31 December	
		2018	2017	
		$'000	$'000	
Australia		48,576	50,100	(3.0)%
United Kingdom		22,454	19,928	+12.7%
Canada		16,418	15,341	+7.0%
Brazil		6,927	6,854	+1.1%
Total		94,375	92,223	+2.3%

Changes in foreign exchange rates had a positive impact on reported revenue from the United Kingdom and Canada while having a significant negative impact on Brazil's reported revenue.

Revenue: Local Currency		31 December	31 December	
		2018	2017	
		$'000	$'000	
Australia	AUD	48,576	50,100	(3.0)%
United Kingdom	GBP	12,555	11,775	+6.6%
Canada	CAD	15,631	15,105	+3.5%
Brazil	BRL	19,430	17,152	+13.3%

EBITDA from continuing operations for the six months ended 31 December 2018 decreased 11.1% to $18.1 million compared to $20.4 million for the six months ended 31 December 2017. Adjusted EBITDA, which is defined as EBITDA adding back the non-cash interest income related to the long-term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, foreign exchange gains or losses and transaction costs decreased 9.4% to $22.3 million for the current period compared to $24.7 million for the prior half year period. EBTDA and Adjusted EBITDA were negatively impacted by a 6.6% increase in network operations and station compensation expenses. However, a significant portion of this increase was due to expenditures that are expected to result in future growth for the Group. Examples include opening additional markets in Brazil (Salvador and Campinas) and entering into the Rogers Toronto station affiliation agreement. These expenses also increased due to renewing an important station group affiliate in Australia for a fixed cost over a multiple year contract (NOVA) as well as additional variable station compensation in the United Kingdom related to the revenue increase. The Australia market now has cost certainty with regard to its three largest station affiliate groups through fiscal 2021.

EBITDA is earnings before interest, tax, depreciation, amortisation and intangible impairment charges. Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure and historical tax position of the Group. EBITDA can be useful to help understand the cash generation potential of the business because it does not include the non-cash charges for depreciation and amortisation. However, management believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the Group's results of operations. Adjusted EBITDA is EBITDA adjusted to include the non-cash interest income arising from the long-term prepaid Southern Cross Austereo Affiliate Contract, and excluding transaction costs and foreign exchange gains and losses. The Directors consider that Adjusted EBITDA is an appropriate measure of the Group's underlying EBITDA performance. Otherwise, the EBITDA would reflect significant non-cash station compensation charges without offsetting non-cash interest income arising from the treatment of the Southern Cross Austereo contract as a financing arrangement, one-off costs related to purchasing businesses and raising capital and the non-operating impact of the fluctuation in foreign exchange rates. See Note 9 for a reconciliation of EBITDA and Adjusted EBITDA to profit before taxes.

Foreign exchange rates

A significant portion of the Group's revenue and expenses are in a currency other than Australia dollars ("AUD"). The actual annual exchange rates utilized in preparing the half-year consolidated statement of profit or loss and other comprehensive income are as follows:

	1H FY2019 Actual	1H FY2018 Actual
AUD:USD	0.72	0.78
AUD:CAD	0.95	0.98
AUD:GBP	0.56	0.59
AUD:BRL	2.81	2.50

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the directors' report and annual report. Amounts in the directors' report and annual report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Distributions and Dividends

A final dividend of $0.110 per share was declared for the fiscal year ended 30 June 2018 which was 70% franked. The directors have declared an interim dividend in the current period of $0.024 per share for holders of record on 13 March 2018. The interim dividend will be 100% franked.

Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report and 30 June 2018 is as follows:

Director	25 February 2019	30 June 2018
William Yde III	3,603,408	3,603,408
David Ryan	75,475	75,475
Robert Loewenthal	17,417	17,417
Total	3,696,300	3,696,300

Auditor’s Independence Declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

This report is made in accordance with a resolution of directors.

Robert Loewenthal
Chairman
GTN Limited
Sydney, Australia
25 February 2019

Auditor's Independence Declaration

As lead auditor for the review of GTN Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GTN Limited and the entities it controlled during the period.

Michelle Chiang

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
25 February 2019

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

GTN Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is at Level 42, Northpoint, 100 Miller Street, North Sydney, NSW. Its shares are listed on the Australian Securities Exchange.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2018

	Notes	31 December 2018 $'000	31 December 2017 $'000
Revenue	3	94,375	92,223
Other income	3	109	240
Interest income on long-term prepaid affiliate contract	3	4,179	4,217
Network operations and station compensation expenses		(57,492)	(53,913)
Selling, general and administrative expenses		(18,471)	(17,526)
Equity based compensation expenses		(252)	(338)
Depreciation and amortisation		(5,519)	(4,669)
Finance costs		(1,842)	(2,563)
Foreign currency transaction loss		(29)	(58)
Profit before income tax		15,058	17,613
Income tax expense	5	(4,406)	(3,969)
Profit for the half year from continuing operations		**10,652**	**13,644**
Loss from discontinued operation		**-**	(50,009)
Profit/(loss) for the half year		**10,652**	**(36,365)**
Other comprehensive income for the half year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		1,044	801
Unrealised gain on interest rate hedges		-	3
Total other comprehensive income for the half year		1,044	804
Total comprehensive income/(loss) for the half year		11,696	(35,561)
		Cents	Cents
Earnings/(loss) per share attributable to the ordinary equity holders:			
Basic and diluted earnings per share from continuing operations (cents)		4.7	6.1
Basic and diluted loss per share from discontinued operation (cents)		-	(22.3)
Basic and diluted earnings/(loss) per share (cents)		4.7	(16.2)

Total profit/(loss) for the year and other comprehensive income/(loss) are fully attributable to members of the Group

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2018

	Notes	31 December 2018 $'000	30 June 2018 $'000
Assets			
Current			
Cash and cash equivalents		38,616	52,232
Trade and other receivables		38,555	38,681
Current tax asset		2,048	957
Other current assets		5,166	1,827
Current assets		84,385	93,697
Non-current			
Property, plant and equipment	8	10,089	6,335
Intangible assets	7	55,055	58,009
Goodwill	6	96,098	96,193
Deferred tax assets		3,413	3,916
Other assets		96,685	97,215
Non-current assets		261,340	261,668
Total assets		345,725	355,365
Liabilities			
Current			
Trade and other payables		27,333	28,346
Deferred revenue		370	450
Current tax liabilities		401	338
Financial liabilities		1,082	-
Provisions		1,283	1,341
Current liabilities		30,469	30,475
Non-current			
Trade and other payables		72	69
Financial liabilities		60,748	58,294
Deferred tax liabilities		18,130	17,443
Other liabilities		-	37
Provisions		379	349
Non-current liabilities		79,329	76,192
Total liabilities		109,798	106,667
Net assets		235,927	248,698
Equity			
Share capital		444,981	444,981
Reserves		7,836	6,540
Accumulated losses		(216,890)	(202,823)
Total equity		235,927	248,698

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2018

	Notes	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Hedging Reserve $'000	Equity Based Payments Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2017		**444,981**	**(24,655)**	**26,690**	**(3)**	**2,263**	**(176,935)**	**272,341**
Total comprehensive income:								
Net loss		-	-	-	-	-	(36,365)	(36,365)
Dividends		-	-	-	-	-	(10,787)	(10,787)
Other comprehensive income		-	-	801	3	-	-	804
		-	-	801	3	-	(47,152)	(46,348)
Transactions with owners in their capacity as owners:								
Equity based compensation		-	-	-	-	338	-	338
		-	-	-	-	338	-	338
Balance at 31 December 2017		**444,981**	**(24,655)**	**27,491**	**-**	**2,601**	**(224,087)**	**226,331**
Balance at 1 July 2018		**444,981**	**(24,655)**	**28,281**	**-**	**2,914**	**(202,823)**	**248,698**
Total comprehensive income:								
Net profit		-	-	-	-	-	10,652	10,652
Dividends		-	-	-	-	-	(24,719)	(24,719)
Other comprehensive income		-	-	1,044	-	-	-	1,044
		-	-	1,044	-	-	(14,067)	(13,023)
Transactions with owners in their capacity as owners:								
Equity based compensation		-	-	-	-	252	-	252
		-	-	-	-	252	-	252
Balance at 31 December 2018		**444,981**	**(24,655)**	**29,325**	**-**	**3,166**	**(216,890)**	**235,927**

This statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2018

	Notes	31 December 2018 $'000	31 December 2017 $'000
Operating activities			
Receipts from customers		106,522	131,643
Payments to suppliers and employees		(87,640)	(132,361)
Interest received		109	240
Finance costs		(1,495)	(2,200)
Income tax paid		(4,115)	(4,882)
Net cash from (used in) operating activities		**13,381**	**(7,560)**
Investing activities			
Purchase of property, plant and equipment		(2,295)	(1,558)
Net cash used in investing activities		**(2,295)**	**(1,558)**
Financing activities			
Principal element of lease payments		(544)	-
Dividends		(24,719)	(10,787)
Net cash from (used in) financing activities		**(25,263)**	**(10,787)**
Net change in cash and cash equivalents		(14,177)	(19,905)
Cash and cash equivalents, beginning of year		52,232	100,727
Exchange differences on cash and cash equivalents		561	496
Cash and cash equivalents, end of half year		**38,616**	**81,318**
Property acquired under leases		**3,704**	**-**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

1 Basis of preparation of half year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the adoption of new and amended standards as set out below:

2 Changes in accounting policies

2.1 New and revised standards that are effective for these financial statements

Standards adopted early during the period

AASB 16 Leases

AASB 16 removes the balance sheet distinction between operating and finance leases for lessees. Changes under AASB 16 will affect lessees with almost all leases going on the balance sheet. The asset (the right to use the leased item) and a financial liability to pay rentals are recognized under the new standard with the only exemption being short-term and low-value leases. The new standard will be effective from 1 January 2019 but is available for early adoption. The Group adopted AASB 16 effective 1 July 2018.

The Group recognized the adoption of AASB 16 retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application (1 July 2018). In doing so the Group recognized right of use assets and lease obligations equal to the discounted payments. The lease obligation was adjusted to reflect any deferred rent or prepayments at the time of the adoption. The Group has applied the practical expedient to account for short-term (less than one year) and low value leases as operating leases.

The impact on the consolidated financials for the period are as follows:

	31 December 2018 $'000
Additional debt from adoption of AASB 16 on 1 July 2018	3,277
Borrowings during period	427
Repayments during period	(544)
Foreign exchange differences	29
Lease balance at 31 December 2018	3,189
Short-term lease balance	1,082
Long-term lease balance	2,107

Decrease in network operations, selling, general and administrative expenses	(536)
Increase in depreciation expense	522
Increase in finance costs	72

Reconciliation of operating lease commitments to leases

Operating lease commitments 30 June 2018	4,073
Additional debt from adoption of AASB 16 on 1 July 2018	3,277
Difference	796
Differences consist of:	
Future interest payments under leases	319
Short term and low value leases at 1 July 2018	477

The discount rate utilized on the initial adoption of AASB 16 is 4.445% which was the interest rate on the Group's outstanding bank facility at 1 July 2018. This discount rate is appropriate because the Group had an available $15 million unused credit line at this interest rate. Given the credit line is significantly larger than the lease liability, theoretically the Group could have borrowed under the credit line and extinguished the lease obligations. Leases entered into during the period were discounted at the then prevailing interest rate of the Group's outstanding debt which was not materially different than the initial discount rate.

None of the leases have a variable payment component. Renewal periods are included in the initial recognition of the lease if it is reasonably certain that the lease will be renewed.

Other standards adopted during the period

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group. As such, no significant changes are required to the Group's current accounting policies from those disclosed in the financial report for the year ended 30 June 2018.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments
'AASB 9 Financial Instruments' has been adopted in the current period. AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.
Upon adoption of AASB 9, the Group now applies the simplified approach to providing for expected credit losses, which requires the use of the lifetime expected loss provision for all trade receivables. The Group's primary non-cash financial asset is trade receivables and impairments losses related to trade receivables have historically been immaterial. The Group has assessed the financial impact of adopting the new impairment model on transition to be immaterial. In addition, the Group currently has no hedging arrangements in place on its debt.

AASB 15 Revenue from Contracts with Customers
The Group has adopted AASB 15 Revenue from Contracts with Customers from 1 July 2018. AASB 15 applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards.

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligation to a customer.

The principles in AASB 15 must be applied using the following 5 step model:

(a) Identify the contract(s) with a customer
(b) Identity the performance obligation in the contract
(c) Determine the transaction price
(d) Allocate the transaction price to the performance obligation in the contract
(e) Recognise revenue when or as the entity satisfied its performance obligation.

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to their contracts with customers. On adoption of the new revenue standard the Group has reviewed potential performance obligations which may arise under its revenue contracts. Based on management assessment there are no areas of revenue recognition that are materially affected.

Revenue is derived primarily through the sale of commercial advertising spots adjacent to traffic, news and information reports broadcast by radio and television stations. The Group recognizes revenue when the performance obligation is satisfied, which is when the commercial advertisements are aired consistent with AASB 15.

There is no variable consideration or financing components associated with revenue. Consistent with the previous policy, any payments received or amounts invoiced in advance are deferred until the commercial advertisements are aired.

Adoption of AASB 15 has no material impact on the financial statements in the period or at the date of initial application.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Accounting Standards issued but not yet effective and have not been adopted early by the Group

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group. Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. None of these new standards and interpretations are expected to have a material impact on the Group's financial statements.

2.3 New accounting policies adopted during the period

Leases

The Group leases various properties and equipment. Rental contracts are typically made for fixed periods of one to five years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of IT-equipment and small items of office furniture and equipment.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

3 Revenue

	31 December 2018 $'000	31 December 2017 $'000
From continuing operations		
Sales revenue		
Sale of advertising commercials – net of agency commissions	94,375	92,223
	94,375	**92,223**
Other income		
Interest	109	240
	109	**240**
Interest income on long-term prepaid affiliate contract	**4,179**	**4,217**

4 Expenses

	31 December 2018 $'000	31 December 2017 $'000
Profit/(loss) before income tax includes the following specific expenses:		

Defined contribution superannuation expenses	485	483
Amortisation and depreciation	5,519	4,669
Finance costs of bank loan and leases	1,842	2,563
Rental expenses relating to operating leases	532	959
Foreign exchange losses	29	58

5 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the statutory tax rate at 30% (2017: 30%) and the reported tax expense in profit or loss are as follows:

	31 December 2018 $'000	31 December 2017 $'000
Profit (loss) before tax	15,058	17,613
Tax at statutory tax rate	4,517	5,284
Taxes on foreign earnings	764	5,525
Tax effect of permanent differences	(214)	204
Foreign tax credits	(1,052)	(5,158)
Repatriation of foreign earnings/toll charge	803	-
Unrecognized tax losses	(106)	(960)
Tax rate changes	-	(1,347)
Foreign jurisdiction tax, net of federal tax benefit	28	-
Other	(334)	421
Income tax expense	**4,406**	**3,969**

	31 December 2018 $'000	31 December 2017 $'000
Expense		
Current	3,216	4,514
Deferred	1,190	(545)
Income tax expense (benefit)	**4,406**	**3,969**
Other comprehensive income		
Current	-	-
Deferred	-	(2)
	-	**(2)**

The recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Group has an unrecognised net deferred tax asset of $20,018 thousand (30 June 2018: $19,233 thousand) in relation to the tax losses as management does not anticipate the Group will make sufficient taxable profits in the foreseeable future to utilise this asset in those jurisdictions.

6 Goodwill

The movements in the net carrying amount of goodwill and trade names (Note 7) are as follows:

	Trade names $'000	Goodwill $'000
Gross carrying amount		
Balance 1 July 2018	12,445	96,193
Half-year ended 31 December 2018		
Opening carrying amount	12,445	96,193
Net exchange difference	44	(95)
Carrying amount at 31 December 2018	12,489	96,098

Due to the long term and indefinite nature of goodwill and trade names, amortisation expense is not reflected and the Group annually reviews goodwill and trade names for impairment or more frequently should there be indicators of possible impairment.

Management is not currently aware of any other reasonably possible changes in key assumptions that would result in an impairment.

7 Intangible assets

Detail of the Group's intangible assets and their carrying amounts are as follows:

	Station contracts $'000	Advertising contracts $'000	Trade names $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2018	87,984	65,249	12,445	165,678
Net exchange differences	301	223	44	568
Balance at 31 December 2018	**88,285**	**65,472**	**12,489**	**166,246**
Amortisation				
Balance at 1 July 2018	(42,420)	(65,249)	-	(107,669)
Amortisation	(3,152)	-	-	(3,152)
Net exchange differences	(147)	(223)	-	(370)
Balance at 31 December 2018	(45,719)	(65,472)	-	(111,191)
Carrying amount 31 December 2018	**42,566**	**-**	**12,489**	**55,055**

The Group expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the half-years ended 31 December 2018 and 31 December 2017 was $3,152 thousand and $3,120 thousand, respectively. Indefinite life intangible assets (trade names) are also subject to impairment testing as disclosed in the annual financial statements.

8 Property, plant and equipment

Details of the Group's property, plant and equipment and their carrying amount are as follows:

	Helicopters and fixed wing aircraft	Recording, broadcasting and studio equipment	Furniture, equipment and other	Right of use assets	Total

	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance 1 July 2018	21,203	843	1,827	-	23,873
Opening adjustments for adoption of AASB 16	-	-	-	3,277	3,277
Additions during period	1,619	76	600	427	2,722
Disposals	-	-	(55)	-	(55)
Net exchange differences	432	9	(49)	61	453
Balance 31 December 2018	23,254	928	2,323	3,765	30,270
Depreciation and impairment					
Balance 1 July 2018	(15,291)	(663)	(1,584)	-	(17,538)
Disposals	-	-	55	-	55
Net exchange differences	(298)	(7)	(17)	(9)	(331)
Depreciation	(1,665)	(40)	(140)	(522)	(2,367)
Balance 31 December 2018	(17,254)	(710)	(1,686)	(531)	(20,181)
Carrying amount 31 December 2018	**6,000**	**218**	**637**	**3,234**	**10,089**

Right of use assets consist of leases of premises.

9 Segment information

The Group's management analyses the Group's performance by geographic area and has identified four reportable segments: Australia, Brazil, Canada and United Kingdom.

The segments' revenues are as follows:

	31 December 2018	31 December 2017
	$'000	$'000
Australia	48,576	50,100
United Kingdom	22,454	19,928
Canada	16,418	15,341
Brazil	6,927	6,854
	94,375	**92,223**

Management tracks performance primarily by Adjusted EBITDA which is defined as EBITDA adjusted for any foreign exchange profit or loss, interest income on the long-term prepaid affiliate agreement, transaction costs and other unusual non-recurring items.

	31 December 2018	31 December 2017
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	17,153	19,196
United Kingdom	1,824	1,424
Canada	3,692	3,912
Brazil	1,521	1,734
Other	(1,851)	(1,603)
Adjusted EBITDA	**22,339**	**24,663**
Foreign exchange loss	(29)	(58)
Less: Interest income on long-term prepaid affiliate contract	(4,179)	(4,217)
EBITDA	18,131	20,388
Depreciation and amortization	(5,519)	(4,669)

Interest income on long-term prepaid affiliate contract	4,179	4,217
Financing costs net of interest income	(1,733)	(2,323)
Profit before taxes	15,058	17,613
Income tax expense	(4,406)	(3,969)
Profit from continuing operations	10,652	13,644
Discontinued operation	-	(50,009)
Profit/(loss)	10,652	(36,365)

Segment assets and liabilities are classified by their physical location.

	31 December 2018 $'000	31 December 2017 $'000
Segment assets		
Total Assets:		
Australia	257,799	282,491
UK	35,816	33,029
Canada	31,177	26,224
Brazil	7,174	6,276
Total segment assets	**331,966**	**348,020**
Unallocated:		
Deferred tax assets	3,413	4,816
Intercompany eliminations	-	(711)
Other*	10,346	61,585
Total assets	**345,725**	**413,710**
Segment liabilities		
Total liabilities:		
Australia	79,509	60,918
UK	6,665	6,993
Canada	3,013	3,769
Brazil	2,287	1,771
Total segment liabilities	**91,474**	**73,451**
Unallocated:		
Deferred tax liabilities	18,130	16,655
Borrowings	61,830	97,937
Intercompany eliminations	(69,899)	(102,538)
Others*	8,263	101,874
Total liabilities	**109,798**	**187,379**

***** Others for the half-year ended 31 December 2017 includes the assets of the former United States segment, which was sold in March 2018 and is included in discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

10 Discontinued operation

On March 13, 2018 the Group sold its United States Traffic LLC ("USTN") subsidiary for $1 USD to an entity owned by the president of USTN and is reported in the previous period as discontinued operation. Financial information related to the discontinued operation for the period to the date of disposal is set forth below.

	2018 $'000	2017 $'000

Revenue	-	36,756
Network operations and station compensation expenses	-	(52,876)
Selling, general and administrative expenses	-	(10,568)
Depreciation and amortisation	-	(1,558)
Loss before impairment charge	-	(28,246)
Impairment charge	-	(21,744)
Loss before income tax	-	(49,990)
Income tax expense	-	(19)
Loss from discontinued operation	-	(50,009)

	2018 $'000	2017 $'000
Net cash used in operating activities	**-**	**(21,467)**
Net cash used in investing activities	**-**	**(111)**
Net cash from financing activities*	**-**	**22,695**
Exchange differences on cash and cash equivalents	-	(37)
Net increase in cash generated by discontinued operation	-	1,080

*Net cash from financing activities consisted on advances from the Company to United States Traffic Network, LLC and eliminate in consolidation

11 Events subsequent to the reporting period

Subsequent to the end of the half-year, on 25 February 2019, the Directors have declared the payment of an interim 2019 dividend of $0.024 per share (100% franked). The amount of the interim dividend is $5,393 thousand. This dividend will be paid to holders on record as of 13 March 2019.

Subsequent to the end of the half-year, on 25 February 2019, the Group filed an Appendix 3C announcing that it has initiated an on-market share buy-back of up to 10% of its outstanding shares (up to $20 million) for a period of up to twelve months. No target share price or minimum repurchase amount has been set.

Other than the matters referred to above, no matters or circumstances have arisen since the end of the financial half year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Directors' declaration

In the directors' opinion:

1. The financial statements and notes set out on pages 9 to 21 are in accordance with the *Corporations Act* 2001, including:

   (a) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (b) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date and

2. There are reasonable grounds to believe that GTN Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Robert Loewenthal
Chairman

Dated 25th day of February 2019

Independent auditor's review report to the members of GTN Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GTN Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration for GTN Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group’s financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GTN Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GTN Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

MW Chiang
Partner

Sydney
25 February 2019