GTN Limited
ABN 38 606 841 801
Year ended 30 June 2019
(Previous corresponding period:
Year ended 30 June 2018)

Results for Announcement to the Market

				$'000
Revenue *from ordinary activities*	down	*-%*	*to*	*184,969*
Profit *from ordinary activities after tax attributable to members (continuing operations)*	down	*36.6%*	*to*	*15,732*
Loss *from discontinued operation*	up	*N/A**	*to*	-
Net profit *for the period attributable to members*	up	*N/A***	*to*	*15,732*
*Previous period included a loss from discontinued operations **Net profit after discontinued operations was a loss in FY 2018				

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	$0.032	70%
Interim dividend	$0.024	100%

Record date for determining entitlements to the dividend | 6 September 2019

Additional dividend/distribution information

- Declaration Date – 29 August 2019
- Ex-Dividend Date - 5 September 2019
- Date of Record – 6 September 2019
- Payment Date - 30 September 2019

Dividend/distribution reinvestment plans

N/A

NTA Backing

	2019	2018
Net tangible asset backing per ordinary share	$0.39	$0.42
Net tangible assets consist of net assets less goodwill and intangible assets without any adjustment for deferred tax liabilities related to purchased intangible assets.		

GTN Limited
ABN 38 606 841 801
Annual Report 2019

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present GTN Limited's (**"GTN"** or the **"Company"**) annual report for fiscal year ending 30 June 2019.

GTN reported net revenues for the year from continuing operations of $185.0 million which was flat when compared with last year. Whilst revenue at all of our operating segments outside of Australia exceeded the previous year in both AUD and local currency, revenue dropped 7% compared to the previous year in Australia, our largest operating segment. This decline in Australian revenue combined with an increase in expenses (due mainly to an increase in compensation to our radio and television affiliates) led to a decrease in consolidated Adjusted EBITDA. Adjusted EBITDA was $37.5 million for FY 2019 compared to $48.1 million for FY 2018. While disappointed in the drop in Adjusted EBITDA, there were a number of positive developments that occurred in FY 2019:

● CTN entered into a multiple year agreement with Rogers adding three new radio station affiliates in the Toronto market, which is the largest and most important market in Canada. While not initially accretive to EBITDA due to the increased costs, we believe this agreement led to the acceleration of revenue growth in Canada during 2H FY2019.

● BTN opened the Brasilia and Campinas markets during FY 2019. Although the added costs contributed to the drop in EBITDA for the year, we believe that increasing our national footprint in Brazil will increase revenue in the future.

● Although ATN showed an increase in station compensation due to a multi-year renewal of one of our key affiliate groups, the positive corollary is that station compensation for our three most important affiliate groups is now locked in for multiple years into the future. Therefore a large proportion of any revenue growth across the period should be converted into EBITDA.

The Company's operations continue to generate significant cash flow. During the past year, we returned $30.1 million to our shareholders in the form of dividends (FY 2018 final and FY 2019 interim dividends) and declared an additional $7.2 million via the FY 2019 final dividend which will be paid on 30 September 2019.

In addition to the attractive dividend yield, the Company also launched an on-market share buyback in March 2019. The approved scope of the buyback is the lower of $20 million or ten percent of the shares outstanding. During FY 2019 the Company was able to repurchase almost 721 thousand shares, representing 23% of shares traded during the time the Company was actively purchasing shares. The share buyback was hampered by the low volume of shares available. The Company intends to reinstitute the buyback once the black-out period is lifted post-release of FY 2019 results.

At 30 June 2019, our cash balance was $50.7 million and our net debt (including lease liabilities recognized under AASB 16) was only $12.8 million. Our total gearing ratio of net debt to Adjusted EBITDA was 0.34x as of 30 June 2019. Our low leverage should allow us to continue to return capital to shareholders while being able to take advantage of new opportunities that may arise in the future.

The Company continues to grow revenue in its markets outside Australia (which now constitute almost half of our revenue), has low leverage, produces strong cash flow, and possesses exciting growth opportunities.

We look forward to exciting progress in the coming fiscal year.

William L. Yde III Managing Director and Chief Executive Officer	Robert Loewenthal Chairman

About GTN

Overview of GTN

GTN provides a broad reach advertising platform that enables advertisers to reach large audiences frequently and effectively. GTN is one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom and is progressing towards its goal of achieving this status in Brazil.

GTN is the largest supplier of traffic information reports to radio stations in its operating geographies. In exchange for providing these and other reports and in certain cases cash compensation, GTN receives commercial advertising spots adjacent to traffic, news and information reports from its large network of radio and television stations **("Affiliates")**. The spots are bundled together by GTN and sold to advertisers on a national, regional or specific market basis.

GTN's advertising platform provides advertisers with high impact campaigns because advertisements are ideally placed during peak audience times and are aired frequently across large audiences. GTN's advertisements are short in duration, adjacent to engaging information reports and are often read live on the air by well-known radio and television personalities. This product is designed to create high audience engagement and high recall among listeners, leading to a high return on investment for advertisers.

This has enabled GTN to establish longstanding relationships with large, national advertisers, resulting in strong growth in revenue since GTN's inception.

GTN has successfully established itself within its Affiliates' operations by providing them with quality, timely and important information. In some cases, GTN also provides cash compensation to Affiliates in exchange for advertising spots, which, in many cases, allows Affiliates to convert an important programming segment from a cost centre to a profit centre. This stable income stream can constitute a material portion of the Affiliates' overall profits, further solidifying GTN's position within their operations.

GTN currently operates in Australia, Canada, the United Kingdom and Brazil, four of the 10 largest advertising markets in the world. GTN began operations in Australia in 1997 and has selectively and successfully expanded into other attractive markets.

In FY2019, 97% of GTN's Revenues were generated through the sale of radio advertising spots and 3% were generated through the sale of television advertising spots.

Overview of GTN's divisions

Country			**Australia**	**Canada**	**United Kingdom**	**Brazil**	
Population		(millions)	25.4	37.5	66.9	212.6	
GTN years of operation		(years)	22	14	10	8	
FY 2019 revenue (1)		(millions)	93.9	33.2	45.2	12.6	
% of FY 2019 revenue (1)		(%)	51%	18%	24%	7%	
GTN audience		(#)	11.4m radio (2)	14.7m radio	28.4m radio	21.7m radio	

			4.7m TV	9.4m TV			
Number of affiliates		(#)	148 radio 13 TV	115 radio 6 TV	237 radio	81 radio	
Proportion of metropolitan commercial radio listeners in GTN's existing markets		(%)	100%	88%	100%	76%	
GTN penetration within existing metropolitan commercial radio markets		(%)	87%	81%	80%	48%	
FY 2019 spots inventory		('000's)	1,032	655	19,435(3)	315	
(1) Amounts may not add due to rounding							
(2) Includes 823 thousand listeners in regional markets rated by GfK. Excludes listeners in markets not rated by GfK. The population of the markets not rated by GfK but serviced by ATN is approximately 8 million persons.							
(3) The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.							

Operating model

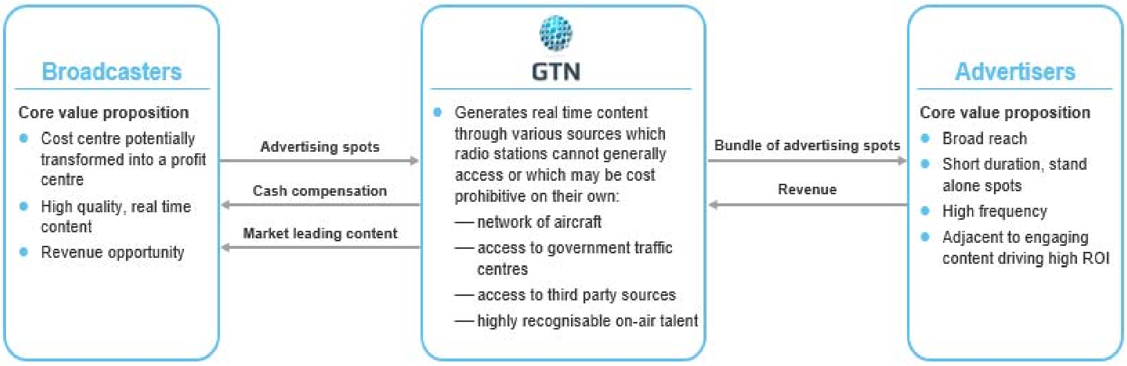
GTN provides an advertising platform designed to enable advertisers, generally large national advertisers, to reach high-value demographics cost effectively. The advertising spots GTN offers are adjacent to information reports that listeners are typically highly engaged with, as this content is "of use" to the consumer, such as traffic and news. The advertising spots are generally 10 seconds long and read live by well-known on-air personalities. GTN is able to obtain radio spots that are primarily aired during peak listenership hours (i.e. during morning and afternoon commutes). The placement and format of GTN's advertising spots are designed to maximise efficacy, enhance recall and minimise switching during advertisements.

Advertisers purchase a schedule of radio spots on a national, regional or specific market basis. The schedule includes spots on all radio Affiliates in the relevant market. Spots sold in advertising packages are allocated on a percentage-based rotation such that each advertiser receives a pro rata share of advertising spots on each Affiliate throughout the relevant markets. GTN does not sell spots on individual radio Affiliates.

In order to provide this advertising platform, GTN must appeal to the radio and television stations that provide the advertising spots GTN sells to advertisers. GTN accomplishes this by providing Affiliates with information reports at no charge, and in some cases, provides cash compensation to the Affiliates in exchange for advertising spots, allowing Affiliates, in many cases, to turn an important programming segment from a cost centre into a profit centre. Affiliate contracts are typically multi-year, generally cover all of an Affiliate's stations across the relevant market and provide a fixed number of spots over the life of the agreement.

By focusing on traffic reports, GTN believes it provides a better product to its Affiliates than the stations could create on their own. GTN collates information for its traffic reports from a range of sources including aircraft, access to government traffic centres, third party providers, radio scanners and station listener lines, to provide up-to-the-minute information to Affiliates.

GTN value proposition



Revenue model

GTN primarily generates revenue by selling schedules of advertising spots to large advertisers. The majority of GTN's advertising revenue is generated through advertising agencies who have been engaged by advertisers. In these situations, GTN attempts to maintain a relationship with the advertisers directly to assist with the sale process. GTN also sells some spots directly to advertisers.

Each of GTN's operating geographies has generally been able to grow its spots inventory each year. Inventory is grown either through expanding the Affiliate network (in existing or new markets) or growing the number of spots under contract with existing Affiliates.

GTN can accommodate orders from advertisers with short lead times, providing advertisers the flexibility to conduct timely and relevant campaigns. Advertisers book a significant portion of orders not more than four weeks in advance. This short forward sales pipeline is typical for the radio business.

Value proposition to advertisers

GTN provides a different value proposition to advertisers in comparison with traditional advertising models as summarised below. This has enabled GTN to build a loyal customer base, comprised primarily of large advertisers.

- **Audience reach:** GTN operates one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom, and GTN's goal is to achieve the same status in each market GTN enters, such as Brazil. This enables advertisers to communicate with a large number and broad demographic of potential consumers.
- **High frequency:** GTN's advertisements are heard frequently throughout the day on every Affiliate in the purchased market or region, enabling advertisers to communicate their

message repeatedly. This format is designed to maximise efficacy, enhance recall and minimise switching during advertisements.

- **High engagement:** GTN's advertising spots are adjacent to information reports that have been found to be useful and engaging for listeners. In 2015, GTN commissioned a research study conducted by Neuro Insight which measured brain activity and demonstrated that traffic update content was the most engaging content for listeners.
- **Ideal placement:** A large proportion of GTN advertising spots are aired during morning and afternoon commute periods, which generally have the largest audience.
- **High recall:** GTN's advertisements are designed to provide high recall rates by being short in duration (10 seconds), adjacent to information reports and standalone to other advertisements.
- **Audience consistency:** Advertisers using GTN's platform are less exposed to ratings swings of individual radio affiliate stations since GTN's customers receive spots on multiple radio affiliate stations.
- **Audience coverage:** GTN sells spots on a national, regional or specific market basis. This allows the product to be relevant for both nationally and regionally-focused advertisers.

Value proposition to broadcasters

GTN provides a strong value proposition to broadcasters as summarised below. This has allowed GTN to develop longstanding relationships with Affiliates and consistently grow its network of Affiliates. GTN seeks to provide Affiliates with:

- **Tailored content:** GTN customises the information reports that it provides to Affiliates by providing pertinent and geographically-relevant information that meets the content and style requirements of each Affiliate. This helps to ensure that the reports appeal to each Affiliate's target audience;
- **Quality product:** GTN commits substantial resources to its information gathering and dissemination capabilities, including considerable training of its reporters and producers. Consequently, Affiliates receive more substantive and higher quality reports than they would likely be able to cost effectively produce themselves;
- **Cost efficiencies:** Affiliates utilise GTN's reports instead of having to procure this information on their own, which could require significant capital outlay in order to acquire aircraft and other information gathering infrastructure. This allows Affiliates to eliminate the non-core operating costs associated with real time content development, which is particularly helpful to Affiliates that are not large enough to cost effectively produce traffic reports on their own;
- **Contractual earnings:** GTN provides station compensation to certain Affiliates in the form of cash payments. These station compensation payments represent stable recurring cash flows for these Affiliates and, in some instances, form a material part of that Affiliate's overall profits; and
- **Revenue opportunity:** Affiliates are permitted to sell sponsorships at the opening of an information report (i.e. "this report is brought to you by"), providing them with a revenue source without a cost base.

By addressing multiple needs of our radio and television station Affiliates and providing our advertising customers with a highly effective advertising vehicle, we are able to meet the needs of both constituencies and continue to grow our business.

Corporate Governance

The Corporate Governance Statement outlining GTN Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition, is available on the GTN Limited website at http://www.gtnetwork.com.au/home/?page=corporate-governance in accordance with ASX listing rule 4.10.3. The Directors approved the 2019 Corporate Governance Statement on 29 August 2019.

Directors' Report

The Directors present their report together with the consolidated financial statements of GTN Limited and its Controlled Entities (**"Group"**), for the year ended 30 June 2019 and the auditor's report thereon.

Directors and Company Secretaries

Robert Loewenthal

Independent Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Member of the Audit and Risk Committee

Robert Loewenthal has over 10 years of experience in the radio industry. He currently operates a private corporate advisory and consulting business, Free Trade Hall, and is the founder of the Whooshkaa Podcasting Platform.

Robert formerly held the role of Managing Director of Macquarie Radio Network, where he had previously acted as Chief Operating Officer and company secretary.

Robert is a Chartered Accountant and holds a Bachelor of Commerce degree from The University of Sydney.

William Yde III ("Bill")

Managing Director and Chief Executive Officer

Bill Yde has 35 years of experience in the radio and media industry.

Bill co-founded The Australia Traffic Network ("ATN") in 1997, later co-founding Global Traffic Network, Inc. and has served as Chief Executive Officer and President since its inception in 2005.

Prior to forming ATN, Bill founded Wisconsin Information Systems, Inc. (trading as the Milwaukee Traffic Network) in 1994, and expanded its operations to create traffic networks in Milwaukee, Oklahoma City, Omaha and Albuquerque before the business was sold to Metro Networks, Inc. (now part of iHeartMedia, Inc.).

Bill holds a Bachelor of Arts degree in Accounting from Indiana University and is a Certified Public Accountant.

David Ryan AO

Independent Non-Executive Director

Chairman of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

David Ryan AO has over 40 years of experience in commercial banking, investment banking and operational business management.

David is also currently Chairman of Visit Sunshine Coast Limited (formerly Sunshine Coast Destination Limited), a director of First American Title Insurance Company of Australia Pty Ltd, a director of First Mortgage Services Pty Ltd, a director of Sunshine Coast Airport Pty Limited and Board member of the Sunshine Coast Events Board.

David has previously held positions as a non-executive director of GetSwift Limited from April 2018 to April 2019, a non-executive director of Lendlease Corporation Limited from December 2004 until his retirement in November 2017, non-executive director of Aston Resources from 2011 until its merger with Whitehaven Coal and as non-executive chairman of Transurban Holdings (appointed director in 2003, chairman in 2007, and retired in 2010).

David holds a Bachelor of Business from the University of Technology, Sydney and is a Fellow of the Australian Institute of Company Directors and of CPA Australia.

Corinna Keller

Independent Non-Executive Director

Member of the Audit and Risk Committee and Nomination and Remuneration Committee

Corinna Keller is Vice President of Advertising Sales for the Americas for CNN International Commercial (a WarnerMedia company), which she joined in 2016. Corinna oversees the pan-regional ad sales business for CNN International, CNN en Español, CNN.com/international and CNNEspañol.com for Latin America and clients based in the U.S. and Canada who want to target international viewers.

From 1999 to 2015, Corinna was with Viacom in various roles, her last as Vice President, International Marketing Partnerships and Pan-regional Ad Sales, running the pan-regional advertising business for Nickelodeon, MTV, Comedy Central, Paramount Channel and VH1, and a diverse digital portfolio. She held a number of senior positions with Viacom in both the U.S. and Mexico and managed client relationships with Fortune 500 companies across the U.S., Latin America, Europe and Asia.

Prior to Viacom, Corinna was in the pay television industry at Turner Broadcasting, where she assisted in distribution for the newly launched CNN en Español.

Corinna holds a BAS from Kalamazoo College and speaks English, Spanish, German and Portuguese.

Anna Sandham

Joint Company Secretary

Anna Sandham is a Chartered Company Secretary employed by Company Matters Pty Limited. Anna is an experienced company secretary and governance professional with over 20 years' experience in various large and small, public and private, listed and unlisted companies.

Anna has previously worked for companies including AMP Financial Services, Westpac Banking Corporation, BT Financial Group and NRMA Limited.

Anna is a fellow of the Governance Institute of Australia, in addition to being a member of their Legislative Review Committee.

Patrick Quinlan

Joint Company Secretary

Patrick Quinlan is the finance manager for the Australian and Canadian entities, as well as being the joint company secretary for GTN Limited.

Patrick holds a Bachelor of Business degree from University of Western Sydney and is a member of CPA Australia. Patrick is currently studying to be a chartered secretary at Governance Institute of Australia.

Senior Executives

The Senior Executives of the Company currently are:

Scott Cody

Chief Operating Officer and
Chief Financial Officer

Scott Cody has over 30 years of experience in the radio media industry.

Prior to joining Global Traffic Network, Scott held various positions with Metro Networks, Inc./ Westwood One, serving as Vice President of Finance from 1997 to 2002 and Senior Vice President of Business Development from 2002 to 2005.

Prior to joining Metro Networks, Inc./ Westwood One, Scott was Vice President of Finance for Tele-Media Broadcasting Company.

Scott graduated with a Bachelor of Arts in Accounting and Finance from Juniata College.

Gary Worobow

Executive Vice President,
Business and Legal
Affairs

Gary Worobow has over 20 years of experience in the radio and media industry.

He was previously a member of the Global Traffic Network Board from 2006 to 2009. Prior to joining Global Traffic Network, Gary held the position of Executive Vice President and General Counsel of Five S Capital Management, Inc. from 2006 to 2009, Executive Vice President, Business Affairs and Business Development for Metro Networks Inc./ Westwood One, Inc. from 2003 to 2006 and as Senior Vice President and General Counsel from 1999 to 2002.

Gary was a founder and the General Counsel of Columbus Capital Partners and held the positions of Senior Vice President, General Counsel and board member for Metro Networks, Inc./ Westwood One from 1995 to 1999.

Gary holds a Bachelor of Arts from the University of Rochester, a Masters of Business Administration from the Simon School, University of Rochester and a Juris Doctor from the Fordham Law School.

Kelly McIlwraith

Commercial Sales, Marketing &
Strategy Director
The Australia Traffic Network
("ATN")

Kelly McIlwraith has over 20 years' experience in the advertising industry in both the UK and Australia working in media agencies and sales organisations in sales, strategy, research and marketing roles.

Kelly joined ATN in 2015 as Marketing Strategy Director.

Prior to joining ATN, Kelly was General Manager of Strategy for oOh! Media and was a member of their senior executive team and held senior positions at media agencies Mediacom and Mediaedge.

Kelly was previously a judge for the POPAI Marketing at Retail Awards and a member of the MOVE Committee (outdoor audience measurement).

Victor Lorusso ("Vic")

Chief Operations Manager
ATN

Vic Lorusso has over 20 years of experience in the media industry, all of those with ATN in various operational and management positions.

Vic is currently the Chief Operations Manager for ATN after joining in 1999.

Vic is also an airborne traffic reporter for the Ten Network and various radio stations. In addition to his role with ATN, Vic is associated with a number of charities throughout the country including the Variety Children's Charity, Redkite, Miracle Babies Foundation, Diabetes Association NSW, Cure Cancer Foundation and the Special Olympics Foundation.

Vic has a Business Licence for Real Estate.

John Quinn

Chief Operating Officer
United Kingdom Traffic Network
("UKTN")

John Quinn has over 30 years of experience in the radio and media industry.

John is currently the Chief Operating Officer of Global Traffic Network's United Kingdom operations after joining Global Traffic Network in 2009 following its acquisition of UBC Media's commercial division.

Prior to the acquisition, John was the Chief Operating Officer and a director of UBC Media (a company listed on AIM, a sub-market of the London Stock Exchange) and has held numerous other sales and management positions within the United Kingdom commercial radio industry.

Meetings of Directors

The number of meetings of the Board of Directors and its committees that were held during the year and the number of meetings attended by each director are summarised in the table below.

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
William Yde III	8	8	-	-	-	-
David Ryan	8	8	5	5	4	4
Robert Loewenthal	8	8	5	5	4	4
Corinna Keller (1)(2)	3	3	-	-	-	-

(1) Appointed to Board of Directors effective 1 March 2019.
(2) Appointed to Audit and Risk Management Committee and Nomination and Remuneration Committee on 12 June 2019.

Principal activities

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

Operating Strategy

The Company's operating strategy is to grow its business through the obtaining of more advertising inventory and selling a higher proportion of and obtaining a higher price per unit of advertising inventory. The Company strategy to obtain more advertising inventory consists of the following:

- Obtain more advertising inventory from existing radio and television stations for existing products. This is primarily accomplished by the payment of higher station compensation.
- Have existing radio stations provide advertising inventory outside traditional traffic reporting, such as the number of stations in Australia where we currently receive advertising inventory adjacent to news reports.
- Expansion into additional operating regions within our current countries, such as the expansion into additional regional markets in Australia and Campinas and Brasilia in Brazil.

This growth strategy is subject to a number of risks, some of which are out of our control. Some of these risks and our strategy for mitigating them are as follows:

Loss of key radio station Affiliates
In FY 2019, 97% of our revenue came from the sale of advertising inventory obtained from our radio station Affiliates. Loss of significant radio station Affiliates would have a material impact on our revenue. We attempt to defend against this risk in the following ways:

- Provide a high-quality product that resonates with stations' listeners and would be difficult for the stations to replicate in a cost-effective manner, if at all.
- For the most important radio stations, pay a significant amount to the stations in the form of station compensation. For our most important Affiliates, this amount has become a significant portion of their EBITDA based on our review of their public filings.

Decline in demand for traffic reports on radio
Individuals have other means of getting traffic information, including the internet, smart phone apps, navigation systems, etc. and we expect that such options will continue to proliferate in the future. It is possible that in the future that such other options will decrease the demand for our traffic reports from radio stations. We attempt to defend against this possibility in two ways:

- First, by paying significant station compensation, we attempt to make it a very difficult decision to reduce or eliminate the number of traffic reports broadcast.
- Second, since we sell our reports as a network of information reports, we are educating clients that the key element is that their spot be adjacent to high demand information content, rather than just traffic. In Australia, approximately 22% of our advertising inventory in the five metro markets is adjacent to news reports.

We believe that combining high levels of compensation to stations to encourage their continued provision of advertising inventory with an advertiser base that understands that while traffic is a very effective area to place spots today, but is not the only attractive placement option, is the best way to protect against a decline in interest in traffic reports broadcast on traditional radio.

Decline in popularity of radio and television in general
Virtually all of our revenue is derived from the sale of advertising spots on radio and television stations. A decline in the popularity of these mediums as either an entertainment option or advertising medium would likely have a material negative impact on our revenues and profitability. While to a certain extent this risk is out of our control, we have employed several strategies to attempt to mitigate this risk:

- Our product is different than traditional radio despite being broadcast on radio stations. We sell a broad reach across all demographics with the spots having the further advantage of sole placement, adjacent to popular information programming elements and generally read live by the announcer. In our opinion, all of these things make our advertising product more effective than traditional radio advertising. We believe this contention is supported by the fact that our revenue growth has consistently surpassed that of the overall radio market in the markets in which we operate, with FY 2019 in Australia being a notable exception.

- We continue to explore other platforms where our content and sales ability would translate to. To date, these explorations have not been successful but we plan to continue to research and pursue additional opportunities outside of radio and television.

Decline in advertising market in general
Our business model is currently almost entirely based on the sale of advertising, which is cyclical in nature. While we cannot control the fluctuations in the advertising market, we attempt to mitigate this risk by providing a compelling advertising product that is both effective for advertisers and not easily replicated by "buying around" our networks. A certain level of advertising is still sold even in down business cycles so we attempt to position ourselves as a key portion of an advertiser's strategy, even if they are reducing their overall expenditures.

Expansion into new markets
Expansion into new markets entails risk as there is an upfront investment of monetary resources to purchase equipment (often helicopters) and to fund the initial operating losses and working capital requirements. There is also the opportunity cost of a diversion of management's time and focus away from the current operations. The Company attempts to mitigate this risk by a thorough due diligence process prior to committing significant resources to a new market. In addition, the Company hires virtually all of its employees in the local market, which gives market insights that would not otherwise be readily available. The Company believes by training local personnel in the Company's business model, the likelihood of success is increased.

Foreign exchange fluctuations can have a negative impact on financial performance
A significant portion of our revenues (49% in FY 2019) are generated outside of Australia and subject to currency exchange fluctuations between AUD and the local currency of those entities. We expect the portion of revenue subject to foreign exchange fluctuations will increase in the future as we anticipate that our Canada and Brazil operations will grow faster than the overall group revenues. We do not hedge for foreign currency fluctuations at this time and currently do not have an intention to do so although we may enter into such hedging arrangements in the future. This risk is mitigated by each country incurring virtually all their expenses in local currency as well. The impact of this is should revenue be reduced by an unfavourable currency movement, expenses will also be reduced, which would be considered a favourable movement. The negative impact to the financial statements is only on the net difference between the revenue and expenses. However, this net amount can still be material based on the magnitude of the currency shifts.

Review and Results of Operations

Operating and Financial Review

Revenue for FY 2019 was flat at $185.0 million. EBITDA and Adjusted EBITDA decreased 26% and 22% respectively due to increased operating expenses across all geographies. Station compensation was the largest component of the expense increase. The non-IFRS measurements used are defined in the table below and further discussed later in this report.

(m)[4]	**FY19**	**FY18**	**% Difference**
Revenue (5)	185.0	185.0	-%
EBITDA (2)(5)	29.2	39.7	(26)%
Adjusted EBITDA (3)(5)	37.5	48.1	(22)%
NPAT (5)	15.7	24.8	(37)%
NPATA (1)(5)	20.3	29.2	(31)%

NPATA per share (cents) (5)	$0.09	$0.13	(31)%

(1) NPATA is defined as net profit after tax (NPAT) from continuing operations adjusted for the tax effected amortization arising from acquisition related intangible assets.
(2) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation, amortization and non-cash impairment charges.
(3) Adjusted EBITDA 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 and losses and transaction costs.
(4) Amounts in tables may not add due to rounding. Percentage changes based on actual amounts prior to rounding.
(5) Results exclude FY18 discontinued operation.

Revenue

Group revenue was flat compared to FY 2018 due to a decline in Australian revenue. All three of the operating segments operating outside of Australia exceeded the previous year's revenue. The Australia market constituted 51% of the Company's revenue for FY 2019. Revenue for the Company's markets outside of Australia grew 8% in FY 2019.

FY19 Revenue by Geographic Segment

(m)(4)	FY19	FY18	% Difference
Australia (ATN)	93.9	100.8	(6.8)%
Canada (CTN)	33.2	29.8	11.2%
United Kingdom (UKTN)	45.2	42.2	7.2%
Brazil (BTN)	12.6	12.2	3.7%
Total	**185.0**	**185.0**	**-%**

Revenue in local currency increased in all the operating segments outside of Australia as well. Fluctuations in exchange rates benefitted the Canada and United Kingdom segments while acting as a headwind in Brazil.

FY19 Revenue by Geographic Segment – Local Currency

(m)(4)	FY19	FY18	% Difference
Australia (ATN) (AUD)	93.9	100.8	(6.8)%
Canada (CTN) (CAD)	31.4	29.4	6.9%
United Kingdom (UKTN) (GBP)	25.0	24.3	3.0%
Brazil (BTN) (BRL)	34.9	31.2	11.9%

EBITDA and Adjusted EBITDA

Adjusted EBITDA for FY 2019 was $37.5 million, a decrease of 22% from FY 2018 due to higher operating expenses. The largest component of the increase was additional station compensation associated with the renewal of a key affiliate group in Australia, the Rogers Toronto affiliation in Canada, an increase in variable compensation in the United Kingdom due to the higher revenue as well as market consolidation and additional compensation in Brazil related to both opening new markets and expanding existing markets. The increase in sales, general and administrative expenses related primarily to increased employee costs outside of Australia, including commissions and bonuses related to increased revenue in those markets, contractual increases to executive management and severance payments. Operating expenses outside of

Australia also increased due to the weakening of the Australia dollar compared to the Canadian dollar and British pound.

(m)[4]	FY19	FY18	% Difference
Revenue	**185.0**	**185.0**	-%
Network operations and station compensation expenses	(117.1)	(109.8)	7%
Selling, general and administrative expenses	(38.1)	(34.8)	9%
Equity based compensation expense	(0.6)	(0.7)	(13)%
Net F/X losses	-	(0.1)	(48)%
Operating expenses	**(155.8)**	**(145.4)**	7%
EBITDA	29.2	39.7	(26)%
Interest income on Southern Cross Austereo Affiliate Contract	8.3	8.4	(1)%
Net F/X losses	-	0.1	(48)%
Adjusted EBITDA	**37.5**	**48.1**	(22)%

NPATA

The Group reported NPATA from continuing operations of $20.3 million which is a decrease of 31% from FY 2018. The decrease in NPATA was primarily due to the reduced Adjusted EBITDA for the period which is discussed above. In addition, NPATA was negatively impacted by approximately $1.3 million of additional depreciation expense due to the Company adoption of AASB 16 (Leases).

FY19 Cash Flow

The Group reported strong cash flow from continuing operations.

(m)[4]	FY19	FY18
Adjusted EBITDA	**37.5**	**48.1**
Non-cash items in Adjusted EBITDA	0.6	0.7
Change in working capital	4.8	(2.8)
Impact of Southern Cross Austereo Affiliate Contract	2.0	2.0
Operating free cash flow before capital expenditure	**44.9**	**48.0**
Capital expenditure (excludes assets acquired under leases)	(3.9)	(3.3)
Net free cash flow before financing, tax and dividends	**41.0**	**44.6**

Due to the favourable change in working capital (which is expected to be a temporary timing difference), positive cash impact of the Southern Cross Austereo prepayment and low cash capital expenditures, more than 100% of Adjusted EBITDA was converted into net free cash flow before financing, tax and dividends. As a result of GTN's strong cash generation and large cash balance, the Group was able to pay $30.1 million in dividends during the year ended 30 June 2019, consisting of a final dividend for FY 2018 and an interim dividend for FY 2019. In addition, the directors have declared a final dividend for FY 2019 of $7.2 million. The Group's cash balance was $50.7 million at 30 June 2019 compared to $52.2 million at 30 June 2018. The Group also has a $15 million bank facility which is undrawn as of 30 June 2019.

The Group has outstanding bank debt principal at 30 June 2019 of $60 million, $3.6 million of finance leases (related to the adoption of AASB 16) and net debt (debt principal less cash balances) of $12.8 million. The ratio of net debt to Adjusted EBITDA is 0.34x at 30 June 2019. The Group's debt is only secured by the Groups' Australia and United Kingdom operations. Based on the applicable covenants for the Group's debt facility, the leverage was 0.80x at 30 June 2019. The EBITDA used for the calculation of the leverage under the debt facility differs from that of Adjusted EBITDA used in this report.

Segment Adjusted EBITDA

Adjusted EBITDA by segment decreased in Australia, Brazil and Canada while increasing in the United Kingdom. Australia, the Group's largest segment, decreased as a result of a decrease in revenue and a slight (1%) increase in operating expenses, primarily station compensation. Adjusted EBITDA decreased in both Brazil and Canada despite revenue increases due to higher costs. The primary driver of the expense increase in Canada was the Rogers affiliation agreement for the Toronto market, while Brazil expenses were impacted by opening several new markets as well as additional costs to build and maintain the affiliation base. United Kingdom Adjusted EBITDA increased due primarily to a 7% increase in revenue for the period.

(m)[4]	FY19[7]	FY18[7]	% Difference
Australia (ATN)	32.7	40.6	(19)%
Canada (CTN)	6.2	7.7	(20)%
United Kingdom (UKTN)	4.4	3.7	+19%
Brazil (BTN)	1.1	1.8	(38)%
Other[6]	(6.8)	(5.6)	(21)%
Total	**37.5**	**48.1**	**(22)%**

(6) Primarily corporate overhead
(7) Excludes intercompany management fees charged to certain subsidiaries

Key operating metrics

Key operating metrics by jurisdiction (local currency)

	Notes	FY19	FY18
Australia			
Radio spots inventory ('000s)	1	1,032	958
Radio sell-out rate (%)	2	64%	73%
Average radio spot rate (AUD)	3	137	138
Canada			
Radio spots inventory ('000s)	1	655	630
Radio sell-out rate (%)	2	66%	63%
Average radio spot rate (CAD)	3	69	69
United Kingdom			
Total radio impacts available ('000)	4	19,435	19,307

Radio sell-out rate (%)	5	99%	97%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	315	216
Radio sell-out rate (%)	2	50%	60%
Average radio spot rate (BRL)	3, 7	258	275

1. Available radio advertising spots (primarily adjacent to traffic, news and information reports).
2. The number of radio spots sold as a percentage of the number of radio spots available.
3. Average price per radio spot sold net of agency commission.
4. The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.
5. The number of impressions sold as a percentage of the number of impressions available.
6. Average price per radio impact sold net of agency commission.
7. Not adjusted for taxes or advertising agency incentives that are deducted from net revenue.

Foreign exchange rates

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

	FY2019 Actual	FY2018 Actual
AUD:USD	0.72	0.78
AUD:CAD	0.95	0.98
AUD:GBP	0.55	0.58
AUD:BRL	2.76	2.56

Discontinued Operation

On 13 March 2018, the Company sold its United States Traffic Network, LLC ("USTN") subsidiary for $1 USD. The Company exited the U.S. market because it believed that it would not be able to sufficiently increase revenue in the short or intermediate term sufficiently to justify the costs (primarily station compensation) of operating in the United States. The Company recognized a gain of $24,865 thousand on the disposal of USTN. The net loss associated with the USTN segment was $39,932 thousand for the period from 1 July 2017 to 13 March 2018 ("FY 2018") and $21,967 thousand for the period 1 December 2016 to 30 June 2017 ("FY 2017") and is reflected as loss from discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

Dividends

An interim dividend $0.024 per share (100% franked) was paid 29 March 2019.

A final dividend of $0.0320 per share (70% franked) was declared 29 August 2019 and will be paid to holders of record as of 6 September 2019.

Non-IFRS measurements

- **EBITDA** is earnings before interest, tax, depreciation, amortisation and non-cash impairment charges which exclude the results of discontinued operations.

  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 Company.

  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 Company'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 excludes foreign exchange gains or losses and transaction costs.

  Management considers that Adjusted EBITDA is an appropriate measure of GTN'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 contract as a financing arrangement.

- **NPATA** is net profit (loss) after tax from continuing operations adjusted to add-back the tax effected impact of amortization of intangible assets related to the purchase accounting arising from GTCR's acquisition of Global Traffic Network, Inc. in September 2011.

  Management considers it appropriate to disclose NPATA because the amortization of the intangibles related to purchase accounting is both a non-cash charge and there will be no future cash outlays to "replace" these assets once fully amortized.

Non-IFRS information has not been audited.

Likely developments and expected results

The Company's prospects and strategic direction are discussed in the Operating Strategy section of the Directors' Report.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in the report because disclosure of the information would be likely to result in prejudice to the Company.

Significant changes in the state of affairs

Except as outlined elsewhere in this Directors' Report, there were no significant changes in the affairs of the Group during the fiscal year.

Events since the end of financial year

Except as outlined in the Financial Statements and elsewhere in this Directors' Report, no matter or circumstance has arisen since 30 June 2019 that has significantly affected the Group's operations, results or state of affairs or may do so in future years.

Environmental regulation

The operations of the Group are not subject to any particular or significant environmental regulation or law.

Insurance of officers and Directors

Pursuant to its constitution, GTN may indemnify Directors and officers, past and present, against liabilities that arise from their position as a Director or officer as allowed under law. Under the deeds of access, indemnity and insurance, GTN indemnifies each Director against liabilities to another person that may arise from their position as a director of GTN to the maximum extent permitted by law. The deeds of access, indemnity and insurance stipulate that GTN will reimburse and compensate each Director for any such liabilities, including reasonable legal costs and expenses, except where a Director's act is fraudulent, criminal, dishonest or wilfully deceitful.

Pursuant to its constitution, GTN may arrange and maintain directors' and officers' insurance for its Directors to the maximum extent permitted by law. Under the deeds of access, indemnity and insurance, GTN must use reasonable endeavours to obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven-year period can be extended where certain proceedings or investigations commence before the seven-year period expires.

GTN has obtained insurance in respect to directors' and officers' liability for the year ended 30 June 2019 and thereafter. These insurance policies insure against certain liabilities (subject to exclusions) of persons that have been directors or officers of GTN or its direct or indirect subsidiaries to the extent allowed by the *Corporations Act 2001*. The expense related to this insurance was $234 thousand for FY 2019.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of GTN, or to intervene in any proceedings to which GTN is a party, for the purposes of taking responsibility on behalf of GTN for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of GTN with leave of the Court under section 237 of the *Corporations Act 2001.*

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.
Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers Australia and its related companies) for audit and non-audit services provided during the year are included in Note 10 of the Consolidated Financial Report.

The Board has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The Directors are satisfied that the provision of non-audit services by the auditor, as set forth below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

During the year the following fees were paid or payable for non-audit services provided by the auditor of GTN and its related practices:

	2019 $	2018 $
Taxation services*		
Tax compliance	370,000	524,000
Remuneration for taxation services	370,000	524,000
Total remuneration for non-audit services	**370,000**	**524,000**

*Included in the above fees are amounts paid to network firms of PricewaterhouseCoopers Australia.

Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the *Corporations Act 2001* is set forth on page 29.

Rounding of amounts

GTN 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. Amounts in the Directors’ Report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Directors’ interests in shares and options of GTN

The relevant interests of each Director in the equity of GTN as of the date of this Directors’ Report are disclosed in the Remuneration Report.

This report was made in accordance with a resolution of the Directors.

Robert Loewenthal
Chairman
29 August 2019

Remuneration Report (audited)

The directors present the GTN 2019 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

The report is structured as follows:

a) Key management personnel (KMP) covered in this report
b) Remuneration policy and link to performance
c) Elements of remuneration
d) Link between remuneration and performance
e) Remuneration expenses for executive KMP
f) Contractual arrangements with executive KMP
g) Non-executive director arrangements
h) Additional statutory information

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 7 to 8 - for details about each director)
William Yde III
David Ryan AO
Robert Loewenthal
Corinna Keller

Other key management personnel

Name	Position
Scott Cody	Chief Operating Officer and Chief Financial Officer
Gary Worobow	Executive Vice President, Business and Legal Affairs

Key management personnel are those executive management members that have responsibility and authority for planning, controlling and directing resources for the entire group. Other senior executives, such as jurisdictional management, are not considered to be key management personnel for the purposes of the remuneration report as their duties are related to their geographic area of operation only and do not extend to strategic direction and control of resources of the Group.

Changes since the end of the reporting period
None

(b) Remuneration policy and link to performance

Our Nomination and Remuneration committee is made up of non-executive directors (all of whom are independent). The committee reviews and makes recommendations to the Board about our remuneration policy and structure annually to align it to business needs and meet our business principles. From time to time, the committee may also engage external remuneration consultants to assist with this review (see *section (h)(v) Reliance on external remuneration consultants*). In particular, the policies and practices are designed to:

● enable the Company to attract, retain and motivate directors, executives and employees who will create value for shareholders within an appropriate risk management framework by providing remuneration packages that are equitable and externally competitive;

● be fair and appropriate having regard to the performance of the Company and the relevant director, executive or employee;

●foster exceptional human talent and motivate and support employees to pursue the growth and success of the Company in alignment with the Company's values; and

● equitably and responsibly reward employees, having regard to the performance of the Company, individual performance and statutory and regulatory requirements.

Remuneration Framework

Element	**Purpose**	**Performance metrics**	**Potential Value**	**Changes for FY20**
Fixed Remuneration (FR)	Provide competitive market salary	N/A	Varies	Contractual increases of 5% effective 1 October 2019
Short-term incentive (STI)	Reward for in year performance	Adjusted EBITDA	Varies	Targets adjusted on an annual basis.
Long-term incentive (LTI)	Alignment to long-term shareholder value	Vesting based on continued service only	Varies	Contractually obligated options expected to be granted in FY20.

Balancing short-term and long-term performance
Annual incentives are set at levels designed to maximize performance. Long-term incentives consist of share options that vest one third after two years and two thirds after three years and are designed to align management's interests with those of the shareholders and encourage retention.

Assessing performance
The Board has overall responsibility for executive remuneration and receives recommendations from the Nomination and Remuneration Committee. To assist with its assessment of executive compensation the committee receives reports on performance from management which are based on independently verifiable data such as financial measures and independent market data. There are no "claw-back" provisions in any of the performance-based remuneration plans.

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives may receive their fixed remuneration as cash or cash with non-monetary benefits such as health insurance and similar benefits. FR is reviewed annually or upon promotion or change in circumstance. Superannuation is included for Australia based employees and directors only.

(ii) Short-term incentives (STI)

Feature	**Description**			
Maximum bonus	CEO – $443,722, other executive management $147,604 to $228,358			
	100% of the maximum bonus is paid for achieving 100% of the performance metrics. Board may award discretionary bonus for performance that is less than 100% of the performance metrics.			
Performance Metrics	Aligns executive compensation with market expectations.			
	Metric	**Target**	**Weighting**	**Reason**
	Adjusted EBITDA	FY20 Board approved	100%	Adjusted EBITDA is

		Adjusted EBITDA target		primary criteria by which investors judge performance
Delivery of STI	100% paid upon conclusion of fiscal year after completion of audit of financial statements			
Board discretion	The Board has discretion to adjust remuneration outcomes up or down in certain situations to prevent any inappropriate reward outcomes.			
Note: Amounts are paid in USD and amounts to be paid are based on estimated USD/AUD exchange rate of 1.4243:1.				

(iii) *Long-term incentives ("LTIP")*

Executive key management personnel participate in the LTIP comprising of annual grants of options which vest one third after two years and two thirds after three years and are subject to performance conditions summarized below.

Feature	**Description**
Allocation	CEO 70% FR, Other executive management 50% of FR. Target allocation is based on fair value of the grant, which vests over three years.
Current Performance Metrics	Vesting is subject to continued employment only.
Exercise Price	Exercise price equal to share price on date of grant.
Forfeiture and termination	Options will lapse if performance conditions are not met. Any unvested options granted will be forfeited where the participant resigns or is dismissed during the performance period. However, if the participant is considered a good leaver their unvested options will vest or remain on foot.

(d) *Link between remuneration and performance*

The Company's Adjusted EBITDA performance for fiscal 2019 reached 82% of the target set by the board (5% decrease over fiscal 2018 (excluding the discontinued United States segment)). As a result, the board awarded executive management 0% of their bonus potential for the period.

The Company reached its Prospectus Forecast Adjusted EBITDA target for both FY2016 and FY2017 and executive management received 100% of their short-term incentive potential. The Company reached 95% its target Adjusted EBITDA from continuing operations for FY2018 and executive management received 50% of their short-term incentive potential for the year. The Company reached 82% its target Adjusted EBITDA from continuing operations for FY2019 and executive management received 0% of their short-term incentive potential for the year.

Performance against key measures and impact on variable remuneration

(m)					
		FY 2016(1)	**FY2017(2)**	**FY2018(2)**	**FY 2019**
Adjusted EBITDA		34,646	48,856	48,140	37,549
Increase/(decrease)		+21%	+41%	(1)%	(22)%

STI paid (% of potential)		100%	100%	50%	0%
(1) Pro forma. See previous filings for detail of pro forma adjustments.					
(2) Adjusted to reflect disposal of United States Traffic Network LLC					

Statutory key performance indicators of the Company over the past five years

	FY 2019	FY 2018(1)	FY2017(1)	FY2016	FY 2015(2)
Profit (loss) from continuing operations attributable to owners ($'000's)	15,732	24,831	28,172	(17,234)	N/A
Basic earnings (loss) per share	$0.07	$0.11	$0.13	$(0.11)	N/A
Dividends paid ($'000's)	12,561	24,719	23,216	-	N/A
Dividend pay-out ratio (%)	80%	100%	82%	N/A	N/A
Increase/(decrease) in share price (%)	(58)%	(9)%	+19%	N/A	N/A
(1) Adjusted to reflect disposal of United States Traffic Network LLC					
(2) Not applicable as Company went public during FY2016					

(e) Remuneration expenses for executive KMP

		Fixed remuneration				Variable Remuneration		
Name	**Year**	**Cash Salary**	**Non-monetary benefits**	**Post-employment benefits**	**Other**	**Cash bonus**	**Equity based comp**	**Total**
		(1)(2)(6)	(2)		(4)(6)	(6)	(3)(7)	(5)
Executive Management								
William Yde III	2019	1,038,547	-	-	33,557	-	322,388	1,394,492
(6)(4)	2018	880,311	-	-	30,948	183,733	390,458	1,485,450
Scott Cody	2019	669,524	-	-	33,557	-	147,288	850,369
(6)(4)	2018	566,691	-	-	30,948	93,896	176,636	868,171
Gary Worobow	2019	554,932	-	-	33,557	-	98,963	687,452
(6)(4)	2018	467,891	-	-	30,948	61,185	83,669	643,693
(1) Includes superannuation where applicable.								
(2) Payments for annual leave are considered a component of cash salaries.								
(3) Amounts based on expense recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.								
(4) United States based executive management receives cash stipend in lieu of the provision of health insurance and similar employee benefits. The amount of the stipend is USD 2,000 per month.								
(5) All amounts translated into AUD at the average exchange rate for the year.								

(6) Paid in United States dollars (USD) except for equity based compensation.								
(7) Includes amounts expensed for financial statement purposes related to forfeited stock options.								

(f) Contractual arrangements with executive KMP

Component	**CEO Description**	**Other executive management description**
Fixed remuneration (1)	$1,019,687 from 1 October 2018 to 1 October 2019, minimum 5% increase per annum thereafter.	Range between $544,854 and $657,365 from 1 October 2018 to 1 October 2019, minimum 5% increase per annum thereafter.
Contractual term	Ongoing contract	Ongoing contract
Notice by the individual/Company	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.
	Entitled to pro-rata STI for the year	
Termination of employment (without cause)	By the Company without Cause upon twelve (12) months written notice to Employee.	By the Company without Cause upon twelve (12) months written notice to Employee.
	Entitled to pro-rata STI for the year	
Termination of employment (with cause) or by the individual	Immediately	Immediately
	No STI entitlement.	
(1) Based on USD/AUD exchange rate of 1.4243:1.		

(g) Non-executive director arrangements

Non-executive directors receive a fixed monthly fee for participating on the board. They do not receive performance-based fees or retirement allowances. The directors' fees are inclusive of superannuation where applicable.

The current base fees were reviewed in November 2018. At that time the chair fee was increased to $200,000 per annum (from $128,000) and the independent non-executive director base fee was increased to $100,000 per annum (from $90,000). Fees will be reviewed annually by the board taking into account comparable roles at comparable sized companies and other available market data. The board may engage an independent remuneration advisor at its discretion.

Directors are contractually required to purchase Company shares equal to one year's salary within three years of joining the board. In June 2019, the directors modified this requirement to allow for up to five years to purchase the requisite shares. Prior to the modification, Robert Loewenthal was not in compliance with this provision of his contract.

The maximum annual aggregate directors' fee pool limit is $1,000,000 and was approved by the shareholders on 8 November 2017.

Base fees		
Chair (2)	$200,000	
Other independent non-executive directors (1)	$100,000	
Additional fees		
Audit and risk committee – Chair	$40,000	
Audit and risk committee – member	-	
Nomination and remuneration committee – Chair	-	
Nomination and remuneration committee – member	-	
(1) Corinna Keller is paid $72,000 USD per annum which approximated $100,000 AUD at the time of her appointment. (2) The chairperson does not receive additional fees for participating in or chairing committees, rather this is taken into account as part of their overall director fee.		

All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Non-executive director remuneration					
Name	**Year**	**Base fee**	**Audit and Risk Committee**	**Remuneration and Nomination Committee**	**Total**
M Anderson (2)	2019	-	-	-	-
	2018	-	-	-	-
R Loewenthal (4)	2019	176,000	-	-	176,000
	2018	128,000	-	-	128,000
D Ryan	2019	96,667	40,000	-	136,667
	2018	90,000	40,000	-	130,000
C Keller (1)(3)	2019	34,183	-	-	34,183
	2018	-	-	-	-
Total non-executive director remuneration	2019	306,850	40,000	-	346,850
	2018	218,000	40,000	-	258,000
(1) Paid in United States dollars (USD). Amount translated into AUD based on same exchange rates as annual financial statements.					
(2) Resigned effective 26 March 2018.					
(3) Appointed effective 1 March 2019					
(4) Named Acting Chairman effective 1 March 2017. Named Chairman effective 8 November 2017.					

Whooska Podcasting Platform, a company controlled by Robert Loewenthal, provides podcasting hosting services to the Company at no charge. The fair-market value of the service provided is de minimus.

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense above:

Relative proportions of fixed vs variable remuneration expense			
	Fixed remuneration	**At Risk – STI**	**At Risk – LTI***
Name	**2019**	**2019**	**2019**
Executive directors			
W Yde	77%	-%	23%
Other key management personnel of the group			
S Cody	83%	-%	17%
G Worobow	86%	-%	14%
* Where applicable, the expenses include negative amounts for expenses reversed during the year			

(ii) Performance based remuneration granted and forfeited during the year

The following table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options that were granted, exercised and forfeited during FY 2019.

	Total STI bonus (cash)		LTI Options		
	Total Opportunity	Awarded	Value granted	Value exercised	Forfeited
	$	%	$	%	%
	2019	2019	2019	2019	2019 (4)
Name					
W Yde (1)	435,594	0%	688,547	-	65
S Cody (2)	224,175	0%	317,063	-	64
G Worobow (3)	144,901	0%	262,796	-	64
(1) USD 311,537. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(2) USD 160,330. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(3) USD 103,633. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(4) Represents percentage of unvested LTI Options outstanding at 1 July 2018 that were forfeited.					

(iii) *Terms and conditions of equity-based payment arrangements.*

FY2019 Name	Balance at the start of the year	Granted: 9 November 2018	Vested		Exercised	Forfeited		Balance at the end of the year	
	Unvested		#	%		#	%	Vested	Unvested
W Yde									
	645,938	1,064,594	229,307	35	-	416,631	65	390,791	1,064,594
S Cody									
	292,209	490,225	103,735	36	-	188,474	64	176,788	490,225
G Worobow									
	138,415	406,321	49,138	36	-	89,277	64	83,742	406,321

Ordinary Shares FY2019 Name	Balance at the start of year	Received during the year on exercise of stock options	Shares Purchased	Shares Sold	Balance at the end of the year
W Yde	3,603,408	-	-	-	3,603,408
D Ryan (2)	75,475	-	-	-	75,475
R Loewenthal (2)	17,417	-	-	-	17,417
C Keller	-	-	10,500	-	10,500
S Cody	-	-	-	-	-
G Worobow (1)	10	-	-	-	10
(1) Initial shares upon forming GTN Limited.					
(2) Shares held indirectly through superannuation fund.					

(iv) *Other transactions with key management*

Mr. Yde’s daughter is employed by the Company as an accountant. Her cash salary (translated from USD to AUD at the same exchange rates as the Company’s financial statements) was:

- FY2019 $178,340
- FY2018 $162,422

The Board considers the compensation received by Mr. Yde’s daughter to be consistent with the compensation that would be paid to unrelated third parties for a similar position and thus has not included any of these payments in Mr. Yde’s remuneration disclosures.

(v) *Reliance on external remuneration consultants*

No external remuneration consultants were engaged during FY 2019.

(vi) *Voting of shareholders at last year's annual general meeting*

During the last annual general meeting, the shareholders voted 100.00% in favour of adoption of the remuneration report for the year ended 30 June 2018.

Auditor's Independence Declaration

As lead auditor for the audit of GTN Limited for the year ended 30 June 2019, 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 audit; and

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

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

Michelle Chiang

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
29 August 2019

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GTN Limited

ACN 606 841 801

Consolidated Financial Report
For the year ended 30 June 2019

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Revenue	7	184,969	185,013
Other income	7	259	403
Interest income on long-term prepaid affiliate contract	7	8,325	8,401
Network operations and station compensation expenses		(117,083)	(109,816)
Selling, general and administrative expenses		(38,093)	(34,807)
Equity based compensation expenses	25	(569)	(651)
Depreciation and amortisation	8	(11,208)	(9,476)
Finance costs	8	(3,642)	(4,784)
Foreign currency transaction loss	8	(41)	(79)
Profit before income tax		22,917	34,204
Income tax expense	9	(7,185)	(9,373)
Profit for the year from continuing operations		15,732	24,831
Loss from discontinued operation	32	-	(39,932)
Profit (loss) for the year		15,732	(15,101)
Other comprehensive income (loss) for the year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		2,309	1,591
Unrealised gain (loss) on interest rate swaps		-	3
Total other comprehensive income (loss) for the year		2,309	1,594
Total comprehensive income (loss) for the year		18,041	(13,507)
Earnings per share attributable to the ordinary equity holders:			
Basic and diluted earnings per share from continuing operations	23	$0.07	$0.11
Basic and diluted loss per share from discontinued operation		$ -	$(0.18)
Basic and diluted earnings/(loss) per share	23	$0.07	$(0.07)

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

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Notes	2019 $'000	2018 $'000
Assets			
Current			
Cash and cash equivalents	11	50,728	52,232
Trade and other receivables	12	38,091	38,681
Current tax asset	17	2,479	957
Other current assets	13	3,481	1,827
Current assets		94,779	93,697
Non-current			
Property, plant and equipment	16	10,459	6,335
Intangible assets	15	52,172	58,009
Goodwill	14	96,179	96,193
Deferred tax assets	17	2,975	3,916
Other assets	13	96,139	97,215
Non-current assets		257,924	261,668
Total assets		352,703	355,365
Liabilities			
Current			
Trade and other payables	18	32,596	28,346
Deferred revenue	20	534	450
Current tax liabilities	17	306	338
Financial liabilities	21	1,155	-
Provisions	19	939	1,341
Current liabilities		35,530	30,475
Non-current			
Trade and other payables	18	73	69
Financial liabilities	21	61,393	58,294
Deferred tax liabilities	17	18,997	17,443
Other liabilities	22	-	37
Provisions	19	454	349
Non-current liabilities		80,917	76,192
Total liabilities		116,447	106,667
Net assets		236,256	248,698
Equity			
Share capital	24	444,041	444,981
Reserves		9,418	6,540
Accumulated losses		(217,203)	(202,823)
Total equity		236,256	248,698

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	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 30 June 2017		**444,981**	**(24,655)**	**26,690**	**(3)**	**2,263**	**(176,935)**	**272,341**
Total comprehensive income:								
Net loss		-	-	-	-	-	(15,101)	(15,101)
Other comprehensive income		-	-	1,591	3	-	-	1,594
		-	-	1,591	3	-	(15,101)	(13,507)
Transactions with owners in their capacity as owners:								
Dividends			-	-	-	-	(10,787)	(10,787)
Equity based compensation		-	-	-	-	651	-	651
		-	-	1,591	3	651	(25,888)	(23,643)
Balance at 30 June 2018		**444,981**	**(24,655)**	**28,281**	**-**	**2,914**	**(202,823)**	**248,698**
Total comprehensive income:								
Net income		-	-	-	-	-	15,732	15,732
Other comprehensive income (loss)		-	-	2,309	-	-	-	2,309
		-	-	2,309	-	-	15,732	18,041
Transactions with owners in their capacity as owners								
Dividends			-	-	-	-	(30,112)	(30,112)
Shares repurchase and retired		(940)	-	-	-	-	-	(940)
Equity based compensation		-	-	-	-	569	-	569
		(940)	-	2,309	-	569	(14,380)	(12,442)
Balance at 30 June 2019	24	**444,041**	**(24,655)**	**30,590**	**-**	**3,483**	**(217,203)**	**236,256**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
Operating activities			
Receipts from customers		209,285	253,445
Payments to suppliers and employees		(167,151)	(230,508)
Interest received		259	403
Finance costs		(2,959)	(4,064)
Income tax paid		(5,993)	(9,289)
Net cash from operating activities	27	**33,441**	**9,987**
Investing activities			
Purchase of property, plant and equipment		(3,929)	(3,470)
Cash outflow from sale of subsidiary		-	(5,730)
Net cash used in investing activities		**(3,929)**	**(9,200)**
Financing activities			
Shares repurchased		(940)	-
Dividends paid		(30,112)	(10,787)
Repayment of borrowings		-	(40,000)
Principal elements of lease payments		(1,291)	**-**
Net cash from financing activities		**(32,343)**	**(50,787)**
Net change in cash and cash equivalents		(2,831)	(50,000)
Cash and cash equivalents, beginning of year		52,232	100,727
Exchange differences on cash and cash equivalents		1,327	1,505
Cash and cash equivalents, end of year	11	**50,728**	**52,232**
Property acquired under leases		**4,737**	**-**
Cash flows of discontinued operation	32		

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

Notes to the Consolidated Financial Statements

1 Corporate information

Nature of operations
GTN Limited and its subsidiaries (the "Company"") derives a substantial majority of its revenues from the sale of commercial advertising commercials adjacent to traffic and news information reports that are broadcast on radio and/or television stations in Australia and international markets, including Canada, the United Kingdom and Brazil. The Company obtains these advertising commercials from radio and television stations.

General information
GTN Limited is a company limited by shares, incorporated and domiciled in Australia. The address of GTN Limited's registered office and its principal place of business is Level 42, Northpoint, 100 Miller Street North Sydney, NSW Australia 2060.

The consolidated financial statements for the year ended 30 June 2019 (including comparatives) were approved and authorised for issuance on 29 August 2019. The directors have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the periods presented unless otherwise stated. The financial statements are for the group consisting of GTN Limited and its subsidiaries.

2.1 Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. GTN Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of GTN Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), unless otherwise stated.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- financial assets and liabilities (including derivative instruments) – measured at fair value in profit or loss or fair value in other comprehensive income, and
- assets held for sale – measured at fair value less cost of disposal.

Certain amounts reported in prior years have been reclassified to conform to the current year presentation.

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2.2 Basis of consolidation

The Company's financial statements consolidate those of GTN Limited and all of its subsidiaries (the "Company" or "Group") as of 30 June 2019. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between the Group are eliminated on consolidation, including unrealised gains and losses on transactions between the Company and its subsidiaries. Where unrealised losses on "intra-group" asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

2.3 Business combinations

The Company applies the acquisition method in accounting for business combinations.

The consideration transferred by the Company to obtain control of a subsidiary is calculated as the sum of the acquisition date fair values of assets transferred, liabilities incurred and the equity interests issued by the Company, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Company recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred; (b) the recognised amount of any non-controlling interest in the acquiree; and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

2.4 Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars (AUD). ATN, Aus Hold Co and GTN Limited's functional currency is Australian dollars (AUD); CTN's functional currency is Canadian dollars (CAD); UK Hold Co, UKTN and UK Commercial's functional currency is British pounds (GBP); and BTN's functional currency is Brazilian real (BRL). The remaining subsidiaries functional currency is United States dollars (USD).

The presentation currency for these financial statements is AUD which is the functional currency of the largest portion of the Company's operations.

Foreign currency transactions and balances

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Loans between Group entities are eliminated upon consolidation. Where the loan is between Group entities that have different functional currencies, the foreign exchange gain or loss is not eliminated and is recognized in the consolidated statement of profit and loss unless the loan is not expected to be settled in the foreseeable future and thus forms part of the net investment in the foreign operation. In such a case, the foreign exchange gain or loss is recognized in other comprehensive income.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Company's financial statements, all assets, liabilities and transactions of entities with a functional currency other than AUD are translated into AUD upon consolidation. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. The functional currency of the entities in the Company has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into AUD at the closing rate at the reporting date. Income and expenses have been translated into AUD at the average rate over the reporting period. Exchange differences are charged/credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss on disposal.

2.5 Revenue recognition

The Company derives a substantial majority of its revenues from the sale of advertising commercials adjacent to traffic and news information reports that are broadcast on radio and/or television stations. The stations are suppliers of the advertising spots to the Company.

The Company provides advertising commercials to advertisers and their agencies. In situations where the advertisers engage advertising agencies in executing transactions with the Company, the Company records revenue based on the amount it expects to receive from the agency and follows the agency's directions in placing the advertisements. Cash considerations are received net of agency commissions provided and are typically due after the commercials are broadcast.

Advertising revenue is earned and recognised when the performance obligation is satisfied, which is when the commercial advertisements are broadcast.

Payments received in advance are deferred until the advertisements are broadcast and as such the amounts are included as a component of deferred revenue in the accompanying consolidated statement of financial position. Sales taxes, goods and service taxes, value added taxes and similar charges collected by the Company on behalf of government authorities are not included as a component of revenue. There is no variable consideration or financing components associated with revenue. The Company's revenue is disaggregated by the geography based on where the advertisements are broadcast in (see Note 31).

2.6 Interest and dividend revenue recognition

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividend income, other than those from investments in associates, is recognised at the time the right to receive payment is established.

2.7 Network operations and station compensation expenses

The cost of producing and distributing the radio and television traffic and news reports and services and the obtaining of advertising inventory are considered network operations and station compensation expenses. These consist mainly of personnel, aviation costs, facility costs, third party content providers and station compensation. Network operations and station compensation expenses are recognised when incurred.

The Company generally enters into multiyear contracts with radio and television stations. Station compensation is a component of network operations and station compensation expenses on the accompanying consolidated statement of profit or loss and other comprehensive income and is recognised over the terms of the contracts, which is not materially different than when the services are performed.

2.8 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. The loss allowance is based on expected lifetime credit losses. To measure the expected credit losses, trade receivables have been grouped based on the shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of five years before 30 June 2019 or 1 July 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The amount of the loss allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of any impairment loss is recognised in profit or loss within selling, general and administrative expenses. When a trade receivable for which a loss allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the loss allowance account. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses in profit or loss.

2.9 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

2.10 Intangible assets

Intangible assets are stated at cost (or fair value if acquired in a business combination) and subsequently carried at cost less accumulated amortisation and impairment losses. Intangible assets with definite lives are amortised over their expected useful lives on a straight-line basis, as follows:

- station contracts: 14 years
- advertising contracts: 4.5 years

Amortisation expense is not reflected for intangible assets with indefinite lives such as trade names and the Company annually tests these assets for impairment. There is no residual value recognised with regard to intangible assets subject to amortisation.

2.11 Property, plant and equipment

IT equipment, motor vehicles, aircraft and other equipment

IT equipment, motor vehicles, aircraft and other equipment (comprising furniture and fittings) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Company's management.

IT equipment, motor vehicles, aircraft and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of computer equipment, motor vehicles, aircraft and other equipment. The following useful lives are applied:

- computer equipment: 3-5 years
- motor vehicles: 7 years
- helicopters and fixed wing aircraft: 6-8 years
- helicopters engine rebuilds: 2-3 years
- furniture, equipment and other: 5 years
- recording, broadcasting and studio equipment: 5 years.
- right of use assets: shorter of useful life or lease

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

2.12 Leased assets

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.

Prior to the current financial year, leases of property and equipment were classified as either finance leases or operating leases. Where the Company was a lessee under an operating lease, payments on operating lease agreements were recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, were expensed as incurred.

From 1 July 2018 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.

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.

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.

2.13 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Company at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Company's management as equivalent to its operating segments) and trade names are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

2.14 Financial instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

General and specific borrowing costs that are directly attributable to the acquisition of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

Classification and subsequent measurement of financial assets

Financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or loss or through profit and loss), and
- those to be measured at amortised cost. Currently the Company only has one category of financial instruments which is financial assets measured at amortised cost which includes cash and cash equivalents, trade and other receivables (which was classified as loans and receivables until 30 June 2018). The measurement (other than impairment) did not change on adoption of AASB 9. See Note 2.8.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within selling, general and administrative expenses.

Loans and receivables – until 30 June 2018

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any loss allowance. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

The Company's policies for determining loss allowances with regards to receivables is set forth in Note 2.8.

Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

All interest-related charges that are reported in profit or loss are included within finance costs.

Deferred loan costs relate to the costs related to the debt financing and are amortised using the effective interest method over the five-year life of the loan. Expense recognised related to the effective interest method is recognised as a component of finance costs in the Company's consolidated statement of profit or loss and other comprehensive income. Any deferred loan costs outstanding upon repayment or refinancing of debt balances are immediately expensed as a component of finance costs.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges). There were no derivatives outstanding at 30 June 2019 and 2018.

At the inception of the hedge relationship, the Company documents the economic relationship between the hedging instrument and the hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of the hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the hedging reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, within other gains (losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as property, plant and equipment), both the deferred hedging gains and losses and the deferred time value of the option contracts of deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in profit or loss as the hedged item affects profit or loss (for example through depreciation expense).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in the hedging reserve at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and included in other gains (losses).

2.15 Income taxes

Income tax expense for the period is the tax payable on the current period's taxable income based on the applicable tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of the asset and liabilities and their carrying amount in the financial statements.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of income tax benefit or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

Tax consolidation legislation
GTN Limited and its wholly-owned Australian controlled subsidiaries have implemented the tax consolidation legislation.

The head entity, GTN Limited, and the controlled subsidiaries in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, GTN Limited also recognizes the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled subsidiaries in the tax consolidated group.

The subsidiaries also entered into a tax funding arrangement under which the wholly-owned entities fully compensate GTN Limited for any current tax payable assumed and are compensated by GTN Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GTN Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognized in the wholly-owned subsidiaries' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with tax consolidated subsidiaries are recognized as current amounts receivable or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognized as a contribution to (or distribution from) wholly-owned tax consolidated subsidiaries.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.17 Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits, annual leave and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The Company's liabilities for long service leave is included in other long-term benefits when they are not expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds or government bonds for currencies for which there is no deep market in such high quality corporate bonds, that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur. The obligations are presented as current liabilities on the statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period regardless of when the actual settlement is expected to occur.

2.18 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

2.19 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the amounts used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.20 Equity and reserves

Issued capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from issued capital.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Company's foreign entities into AUD.
- Hedging reserve – comprises changes in the fair value of interest rate hedges that are deemed effective.
- Equity based payments reserve – comprises the cumulative charge to the statement of profit or loss and other comprehensive income for employee equity-settled equity-based remuneration.

- Common control reserve – represents difference between the fair value of the shares issued under the initial public offering net of transaction costs, plus carried forward reserves and accumulated losses and the book value of the total equity of the predecessor company.

Retained earnings include all current and prior period retained profits including those related to GTCR Gridlock Holdings (Cayman), L.P, the predecessor company to GTN Limited.

2.21 Equity based remuneration

The Company operates equity-settled equity-based remuneration plans for certain of its employees.

All goods and services received in exchange for the grant of any equity-based payment are measured at their fair values. Where employees are rewarded using equity-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All equity-settled equity-based remuneration is ultimately recognised as an expense in profit or loss with a corresponding credit to equity-based payments reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of equity instruments expected to vest.

Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if equity instruments ultimately exercised are different to that estimated on vesting.

Upon exercise of equity instruments, the proceeds received net of any directly attributable transaction costs are allocated to issued capital.

2.22 Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring has been developed and implemented, and management has at least announced the plan's main features to those affected by it. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

2.23 Goods and services taxes (GST)

Revenues, expenses and assets are recognized net of any amount of associated GST, value added taxes (VAT), Quebec sales tax (QST), harmonized sales tax (HST) and similar taxes.

Receivables and payables are stated inclusive of the amount of GST and related taxes receivable or payable. The net amount of these taxes recoverable from, or payable to, the taxation authority is included in trade and other payables in the balance sheet.

Cash flows are presented on a gross basis. The components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

2.24 Long-term prepaid affiliate contract

Long term prepayments of station compensation are accounted for as a financing arrangement whereby non-cash interest income over the term of the contractual agreement is recognized based on an estimate of the radio stations' incremental borrowing rate with similar terms which will reduce over time as the prepayment is amortised. Station compensation expense is also recognized over the contract period equal to the prepayment amount plus the total non-cash interest income on a straight-line basis over the expected term of the contract including renewal periods, if it is more likely than not the contract will be extended. Additional station compensation expense over the contract period is recognized equal to any cash payments, including an estimate of inflationary adjustments expected to be paid on a straight-line basis over the contract term.

2.25 Rounding of amounts

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

2.26 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management estimates and judgements

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Recognition of deferred tax balances

The extent to which deferred tax balances are recognised is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilised or liabilities assessed. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions. See Note 17.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. See Note 14.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain property, plant and equipment. See Note 16.

Recoverability of long-term prepaid station compensation

Management reviews the recoverable amount of long-term prepaid station compensation at each reporting period, analysing such factors as number of advertising spots received, market conditions for the advertising spots, ratings of the stations, counter party risk (i.e. the financial viability of the provider of the advertising spots and its ability to continue to meet its obligations) and other relevant factors to determine the recoverability of long-term prepaid station compensation over its anticipated contractual term including renewal periods, if it is more likely than not the contract will be extended. See Note 13.

2.27 Parent Entity financial information

The financial information for the Parent Entity, GTN Limited disclosed in Note 29 has been prepared on the same basis as the consolidated financial statements except as set out below.

Investment in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of GTN Limited. Dividends received are recognized when the right to receive the dividend is established.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

2.29 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Changes in accounting policies

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

A number of new and revised standards and an interpretation became effective for the first time for annual periods beginning on or after 1 July 2018. Information on these new standards is presented below.

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 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 is recognized under the new standard with the only exemption being short-term and low-value leases. The new standard is effective from 1 January 2019 but is available for early adoption. The Group has elected to apply AASB 16 retrospectively from 1 July 2018, but has not restated comparatives for the 2018 reporting period, as permitted under specific transition provisions of the standard. The new accounting policy is described in Note 2.12.

On adoption of AASB 16, 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 an expense on a straight-line basis over the lease term.

Reconciliation of operating lease commitments to leases

Operating lease commitments as of 30 June 2018	4,073
Current portion of lease liability from adoption of AASB 16 on 1 July 2018	824
Non-current portion of lease liability from adoption of AASB 16 on 1 July 2018	2,453
Lease liability from adoption of AASB 16 on 1 July 2018	3,277
Difference between operating lease commitments as of 30 June 2018 and lease liability from adoption of AASB 16 on 1 July 2018 Differences consist of:	796
Future interest payments under leases	319
Short term and low value leases at 1 July 2018	477

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

	30 June 2019 $'000
Lease liabilities from adoption of AASB 16 on 1 July 2018	3,277
Additional lease liabilities during period	1,460
Repayments during period	(1,291)
Foreign exchange differences	125
Lease balance at 30 June 2019	**3,571**
Current portion of lease liability	1,155
Non-current portion of lease liability	2,416
Depreciation expense on right of use assets	1,321
Interest expense on leases (included in finance costs)	162

Expense relating to short-term and low-value leases (included in network operations and sales, general and administrative expenses)	963
Total cash outlay – leases	2,416

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.

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.
The adoption of AASB 9 from 1 July 2018 resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements. Refer to Note 2.14. 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 impairment 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 adoption of AASB 15 from 1 July 2018 resulted in changes to accounting policies but no adjustments to the amounts recognised in the financial statements. Refer to Note 2.5 and Note 2.8. 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.

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

3.2 Accounting Standards issued but not yet effective and not adopted early by the Company

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 Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Interpretation 23 *Uncertainty over Income Tax Treatments* ("IFRIC 23")

IFRIC 23 explains how to recognize and measure deferred tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it covers:

- how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts resolution of the uncertainty
- that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, i.e. that detection risk should be ignored
- that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment
- that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and
- the judgments and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgments.

The interpretation is effective for annual periods beginning on or after 1 January 2019. Management has largely completed its assessment of the impact of IFRIC 23 and the interpretation is not expected to have a material impact on income tax expenses, tax assets and liabilities and deferred tax balances when it is first adopted for the year ending 30 June 2020. The Company's preliminary assessment is that there would be no adjustment to reported results for the years ended 30 June 2019 and 2018 had the Company adopted IFRIC 23 for those periods as the clarifications are consistent with the Company's current policies.

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.

4 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Company. The Company has used derivative financial instruments to manage interest rate risk exposures on borrowings.

Risk management is carried out by the senior management team with oversight from the Audit and Risk Committee and the Board. The senior management team identifies, evaluates, reports and manages financial risks in close co-operation with the Company's operating units in accordance with the Board policy.

The Company holds the following financial instruments:

	2019 $'000	2018 $'000
Financial assets		
Cash and cash equivalents	50,728	52,232
Trade and other receivables	38,091	38,681
	88,819	**90,913**
Financial liabilities		
Trade and other payables	32,669	28,415
Interest bearing liabilities	62,548	58,294
Other liabilities	-	37
	95,217	**86,746**

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial asset or financial liability will fluctuate because of changes in market prices. Market risk comprises interest rate risk and foreign exchange risk.

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long term borrowings, cash, receivables and derivatives (until 9 February 2018). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company has previously utilized fixed rate interest rate swaps and interest rate collars to manage interest rate risk. Currently all the Company's outstanding debt is floating based on one-month BBSY and none of the debt is subject to derivatives.

As at the end of the reporting period, the Company had the following variable rate cash and borrowings outstanding:

	2019		2018	
	Weighted average interest rate %	**Balance $'000**	Weighted average interest rate %	Balance $'000
Cash and cash equivalents	0.57%	50,728	0.53%	52,232
Borrowings – unhedged portion (1)	5.75%	(60,000)	5.27%	(60,000)
Net exposure to cash flow interest rate risk		**(9,272)**		**(7,768)**

(1) A portion of the hedged debt of $50 million was subject to cash flow risk because the hedging mechanism is an interest collar which allows the interest rate to float between the interest rate floor and ceiling. The collar expired 9 February 2018 at which time all outstanding debt became floating debt.

An official increase/decrease in interest rates of 100 (2018: 100) basis points would have favourable/adverse effect on profit before tax of $93 thousand (2018: favourable/adverse $78 thousand) per annum.

(ii) Foreign currency risk

Exposures to currency exchange rates arise from the sales and purchases by its subsidiaries that are denominated in currencies other than the subsidiaries' functional currency.

The Company does not enter into forward exchange contracts to mitigate the exposure to foreign currency risk.

Foreign currency denominated financial assets and liabilities which expose the Company to currency risk are disclosed below. The amounts shown are those reported to key management translated into AUD at the closing rate:

	Short Term Exposure					Long Term Exposure			
	USD	GBP	CAD	BRL	Other	USD	GBP	CAD	BRL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2019									
Financial assets	3,797	23,559	21,958	2,205	18	-	-	-	-
Financial liabilities	(514)	(7,100)	(5,303)	(2,622)	(75)	-	(1)	(828)	(372)
Total exposure	**3,283**	**16,459**	**16,655**	**(417)**	**(57)**	**-**	(1)	(828)	(372)
30 June 2018									
Financial assets	4,808	20,176	15,203	2,883	51	-	-	-	-
Financial liabilities	(550)	(6,520)	(2,648)	(1,507)	(69)	-	(3)	(11)	(15)
Total exposure	**4,258**	**13,656**	**12,555**	**1,376**	**(18)**	**-**	**(3)**	**(11)**	**(15)**

There are no material transactions of subsidiary entities made in currencies other than the functional currency of the subsidiary. Therefore, no sensitivity analysis on foreign currencies affecting profit or loss has been prepared.

(b) Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause a financial loss. The Company has exposures to credit risk on cash and cash equivalents and receivables. Our maximum exposure to credit risk is based on the total value of our financial assets net of any loss allowance.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, a loss allowance is raised. The Group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables (see Note 2.8). Debtor write-offs have historically been immaterial.

The Company's policy is to engage major financial institutions to provide financial facilities to the Company, thereby minimising credit risk on cash deposits. The Company does not have any cash balances or derivative financial instruments with any financial institution rated below "A".

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities, and the ability to refinance borrowings.

(i) *Financing arrangement*

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	2019 $'000	2018 $'000
Total facilities		
Bank loan facility	75,000	75,000
Used at balance date		
Bank loan facility	60,000	60,000
Unused at balance date		
Bank loan facility	15,000	15,000

(ii) *Maturities of financial liabilities*

Contractual maturities of financial liabilities

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2019						
Non-derivatives						
Non-interest bearing						
Trade and other payables	32,596	-	73	-	32,669	32,669
Interest bearing						
Bank loans (1)(2)	2,351	61,417	-	-	63,768	58,977
Leases (1)	1,333	923	1,665	-	3,921	3,571
Total	**36,280**	**62,340**	**1,738**	**-**	**100,358**	**95,217**

(1) Cash flows include an estimate of future contractual payments of interest
(2) Carrying amounts are net of capitalized transaction costs

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2018						
Non-derivatives						
Non-interest bearing						
Trade and other payables	28,346	-	69	-	28,415	28,415
Other liabilities	-	-	37	-	37	37
Interest bearing						

Bank loans (1)(2)	2,667	2,667	61,608	-	66,942	58,294
Total	**31,013**	**2,667**	**61,714**	**-**	**95,394**	**86,746**

(1) Cash flows include an estimate of future contractual payments of interest
(2) Carrying amounts are net of capitalized transaction costs

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

(i) Valuation techniques used to determine fair values
Specific valuation techniques used to value financial instruments include:

- use of quoted market prices or dealer quotes for similar instruments
- for interest rate swaps the present value of the estimated future cash flows based on observable yield curves
- for foreign currency forwards the present value of future cash flows based on the forward exchange rates at the balance sheet date
- for foreign currency options option pricing models such as Black-Scholes, and
- for other financial instruments a discounted cash flow analysis

All of the resulting fair value estimates are included in level 2.

5 Capital Management

Risk management
The Company's objectives when managing capital are to
(i) safeguard its ability to continue as a going concern so it can continue to provide returns to the shareholders and
(ii) maintain an optimal capital structure to reduce the cost of capital.

In order to accomplish these goals, the Company has entered into a secured bank loan with regard to its Australian and United Kingdom operations. Under the terms of the loan, the borrowers are required to comply with the following financial covenants:

(a) Total gearing ratio (TGR) (not greater than 2.50x at 30 June 2019) (actual 0.80x)
(b) Interest coverage ratio (at least 3.50x at 30 June 2019) (actual 13.49x)
(c) Debt service ratio (at least 1.10x at 30 June 2019) (actual 9.41x)

The borrowers were in compliance with these and all other requirements of the loan for all periods presented. The Group's consolidated TGR at 30 June 2019 was 0.34x. The Company targets to have a maximum total gearing ratio of less than 2.0x but does not target a minimum TGR.

6 Interests in subsidiaries

Set out below details of the subsidiaries held directly and indirectly by the Company:

Name of the Subsidiary	Country of Incorporation & Principal Place of Business	Proportion of Ownership Interests Held by the Company	
		30-June-2019	30-June-2018
GTN Holdings Pty Limited (“LuxCo 1”)	Australia (NSW)	100%	100%
GTN US Holdco, Inc. (‘US Hold Co”)	United States (Delaware) (1)	100%	100%
Global Traffic Network, Inc. (“GTN”)	United States (Nevada) (1)	100%	100%
Gridlock Holdings (Australia) Pty Limited (“Aus Hold Co”)	Australia (NSW)	100%	100%
The Australia Traffic Network Pty Limited (“ATN”)	Australia (NSW)	100%	100%
GTN Management, Inc. (“US Management Co”)	United States (Delaware)	100%	100%
GTCR Gridlock International (Luxembourg) S.a r.l. (“LuxCo 2”)	Luxembourg	100%	100%
Canadian Traffic Network ULC (“CTN”)	Canada (Alberta)	100%	100%
GTN Holdings (UK) Limited (“UK Hold Co”)	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Commercial Limited (“UK Commercial”)	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Limited (“UKTN”)	United Kingdom (England & Wales)	100%	100%
GTCR Gridlock Holdings (Brazil) S.a r.l. (“LuxCo 3”)	Luxembourg	100%	100%
BTN Informacao do Transito E Servicos Aereos Especializados Ltda (“BTN”) (2)	Brazil	100%	100%
Global Story Network LLC (3)	United States (Delaware)	100%	N/A

(1) Resident of Australia for tax purposes but still subject to U.S. taxes. Principal place of business Australia.

(2) Name changed from BTN Servicos de Informacao do Transito Ltda effective 27 March 2019.

(3) Formed 4 January 2019

7 Revenue and other income

	2019 $’000	2018 $’000
From continuing operations		
Revenue from contracts with customers		
Sale of advertising commercials – net of agency commissions and taxes	184,969	185,013
	184,969	**185,013**
Other income		
Interest on bank deposits	259	403
	259	403
Interest income on long-term prepaid affiliate contract	8,325	8,401

8 Expenses

	2019 $’000	2018 $’000
Profit/(Loss) before income tax includes the following specific expenses:		
Employee benefits expense	42,097	38,804

Defined contribution superannuation expenses	1,026	942
Amortisation and depreciation	11,208	9,476
Finance costs of bank loan, line of credit and leases	3,642	4,784
Rental expenses relating to short-term and low value leases	963	1,933
Foreign exchange (gain) loss on intercompany loans within the group	41	79

9 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% (2018: 30%) and the reported tax expense in profit or loss are as follows:

	2019 $'000	2018 $'000
Profit before income tax	22,917	34,204
Tax rate: 30% (2018: 30%)	6,875	10,261
Taxes on foreign earnings	(341)	266
Tax effect of permanent differences	417	564
(Recognition of previously unrecognised tax losses)/ unrecognized tax losses	617	(4,219)
State taxes	29	1,154
Over-provision for income tax in prior year	(188)	(495)
Effect of tax rate changes	-	1,250
Other	(224)	592
Income tax expense	**7,185**	**9,373**

	2019 $'000	2018 $'000
Expense		
Current	4,690	7,965
Deferred	2,495	1,408
Income tax expense	**7,185**	**9,373**
Other comprehensive income		
Current	-	-
Deferred	-	2
	-	**2**

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Company has an unrecognised deferred tax asset of $22,994 thousand (2018: $21,525 thousand) in relation to the tax losses and deductible temporary differences as management does not anticipate the Company will make sufficient taxable profits in the foreseeable future to utilise this asset. The net operating losses that have not been recognized do not expire.

10 Auditor's remuneration

Auditor remuneration details are as follows:

	2019 $	2018 $
PricewaterhouseCoopers Australia		
Audit and other assurance services		
Auditors of the Company:		
Audit and review of financial statements	663,000	692,000
Remuneration from audit and other assurance services	**663,000**	**692,000**
Taxation services		
Auditors of the Company:		
Tax compliance	104,000	149,000
Remuneration for taxation services	**104,000**	**149,000**
Total remuneration of PricewaterhouseCoopers Australia	**767,000**	**841,000**
Network firms of PricewaterhouseCoopers Australia		
Audit and other assurance services		
Auditors of the Company:		
Audit and review of financial statements	125,000	118,000
Remuneration from audit and other assurance services	**125,000**	**118,000**
Taxation services		
Auditors of the Company:		
Tax compliance	266,000	375,000
Remuneration for taxation services	**266,000**	**375,000**
Total remuneration of network firms of PricewaterhouseCoopers	**391,000**	**493,000**
Total auditor's remuneration	**1,158,000**	**1,334,000**

11 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2019 $'000	2018 $'000
Cash at bank and in hand:		
Cash at bank and in hand	41,679	48,649
Short term deposits	9,049	3,583
Cash and cash equivalents	**50,728**	**52,232**

12 Trade and other receivables

Trade and other receivables consist of the following:

	2019 $'000	2018 $'000
Trade receivables	38,809	39,347
Loss allowance	(718)	(666)
Trade receivables	**38,091**	**38,681**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. A loss allowance of $124 thousand (2018: $79 thousand) has been recorded within selling, general and administrative expenses.

The movement in the loss allowance can be reconciled as follows:

	2019 $'000	2018 $'000
Balance 1 July	(666)	(685)
Amounts written off (uncollectable)	72	34
Impairment reversal (loss)	(124)	(79)
Discontinued operations	-	64
Balance 30 June	**(718)**	**(666)**

	Current	Not more than 3 months past due	More than 3 months past due	Total
	$'000	$'000	$'000	$'000
At 30 June 2019				
Expected loss rate	-%*	-%*	17%	2%
Gross carrying amount – trade receivables	31,172	3,386	4,251	38,809
Loss allowance	-	-	718	718

*Less than 1%

	Current	Not more than 3 months past due	More than 3 months past due	Total
	$'000	$'000	$'000	$'000
At 1 July 2018				
Expected loss rate	-%*	-%*	26%	2%
Gross carrying amount – trade receivables	34,386	2,378	2,583	39,347
Loss allowance	-	-	666	666

*Less than 1%

13 Other assets

Other assets reflected on the consolidated statement of financial position consist of the following:

	2019 $'000	2018 $'000
Current		
Prepaid station affiliate contracts(i)	1,860	1,216
Prepaids and other current assets	1,621	611
	3,481	**1,827**
Non-Current		
Prepaid station affiliate contract(i)	95,881	96,945
Other assets	258	270
	96,139	**97,215**

(i) ATN made a $100 million prepayment of station compensation to a radio station group in February 2016. This is being accounted for as a financing arrangement whereby ATN will record non-cash interest income over the term of the contractual agreement, based on an estimate of radio station group's incremental borrowing rate with similar terms (estimated to be 8.5% per annum), which will reduce over time as the prepayment is amortised. ATN will also record station compensation expense over the contract period equal to the $100 million prepayment plus the total non-cash interest income, which will be recognised on a straight-line basis over the 30-year contract term. ATN will make annual recurring cash payments commencing on 1 February 2017 of $2.75 million payable on a monthly basis that will be indexed by the lower of CPI and 2.5%. ATN will record an additional station compensation expense over the contract period equal to the total recurring indexed cash payments, which will be recognised straight line over the 30-year contract term.

14 Goodwill

The movements in the net carrying amount of goodwill and trade names (Note 15) are as follows:

	Trade names		Goodwill	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Gross carrying amount				
Balance 1 July	12,445	12,341	96,193	97,997
Discontinued operation	-	-	-	(2,030)
Net exchange difference	108	104	(14)	226
Carrying amount at 30 June	12,553	12,445	96,179	96,193

Due to the long term and indefinite nature of goodwill and trade names, amortisation expense is not reflected and the Company annually reviews goodwill and trade names for impairment.

Impairment testing

For the purpose of annual impairment testing, goodwill and trade names are allocated to the following cash-generating units, which are the units expected to benefit from the synergies of the business combinations in which the goodwill and trade names pertain.

	2019 $'000	2018 $'000
Australia	95,801	96,051
Canada	4,094	3,869

United Kingdom	8,837	8,718
Goodwill and trade names allocation at 30 June	**108,732**	**108,638**

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

Growth rates and discount rates used in calculations:

	Discount Rates	
	2019 Pre-Tax	**2018 Pre-Tax**
Australia	12.1%	12.2%
Canada	15.8%	15.8%
United Kingdom	15.8%	15.8%

	Average Growth Rates			
	Revenue		**EBITDA**	
	2019	**2018**	**2019**	**2018**
Australia	3%	3%	8%	3%
Canada	6%	6%	16%	12%
United Kingdom	1%	(1)%	(7)%	(7)%

Growth rates

The growth rates reflect lower than the historic revenue growth rate of respective cash-generating units in the local currency of the respective units. Expenses are then estimated based on a projected growth rate if fixed in nature or in relation to revenue if variable. The base year for each calculation is the Company's approved internal budget for the coming fiscal year. The long-term growth rate utilized was 1%.

Discount rates

The discount rates reflect appropriate adjustments relating to market risk and specific risk factors of each unit.

Cash flow assumptions

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period assume a 1% long term growth rate which does not exceed the long-term average growth rates for the industry in which each CGU operates.

Significant estimate: Impact of possible changes in key assumptions

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

15 Intangible assets

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

	Station contracts $'000	Advertising contracts $'000	Software $'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	760	559	-	108	1,427
Balance at 30 June 2019	**88,744**	**65,808**	**-**	**12,553**	**167,105**
Amortisation					
Balance at 1 July 2018	**(42,420)**	**(65,249)**	**-**	**-**	**(107,669)**
Amortisation	(6,314)	-	-	-	(6,314)
Net exchange differences	(391)	(559)	-	-	(950)
Balance at 30 June 2019	**(49,125)**	**(65,808)**	**-**	**-**	**(114,933)**
Carrying amount 30 June 2019	**39,619**	**-**	**-**	**12,553**	**52,172**
Gross carrying amount					
Balance at 1 July 2017	**100,600**	**73,543**	**1,014**	**12,341**	**187,498**
Discontinued operation	(13,160)	(8,708)	(999)	-	(22,867)
Net exchange differences	544	414	(15)	104	1,047
Balance at 30 June 2018	**87,984**	**65,249**	**-**	**12,445**	**165,678**
Amortisation					
Balance at 1 July 2017	**(36,349)**	**(65,730)**	**(198)**	**-**	**(102,277)**
Amortisation	(6,254)	-	-	-	(6,254)
Discontinued operation	73	1,445	193	-	1,711
Net exchange differences	110	(964)	5	-	(849)
Balance at 30 June 2018	**(42,420)**	**(65,249)**	**-**	**-**	**(107,669)**
Carrying amount 30 June 2018	**45,564**	**-**	**-**	**12,445**	**58,009**

The Company expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the years ended 30 June 2019 and 30 June 2018 was $6,314 thousand and $6,254 thousand respectively. Indefinite life intangible assets (trade names) are also subject to impairment testing as disclosed in Note 14.

16 Property, plant and equipment

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

	Helicopters and fixed wing aircraft $'000	Recording, broadcasting and studio equipment $'000	Furniture, equipment and other $'000	Right of use assets – real property leases $'000	Total $'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	3,122	150	657	1,460	5,389
Disposals	-	-	(112)	-	(112)
Net exchange differences	954	23	62	69	1,108
Balance 30 June 2019	**25,279**	**1,016**	**2,434**	**4,806**	**33,535**
Depreciation and impairment					
Balance 1 July 2018	**(15,291)**	**(663)**	**(1,584)**	**-**	**(17,538)**
Disposals	-	-	112	-	112

Net exchange differences	(769)	(15)	44	(16)	(756)
Depreciation	(3,184)	(88)	(301)	(1,321)	(4,894)
Balance 30 June 2019	**(19,244)**	**(766)**	**(1,729)**	**(1,337)**	**(23,076)**
Carrying amount 30 June 2019	**6,035**	**250**	**705**	**3,469**	**10,459**

	Helicopters and fixed wing aircraft	Recording, broadcasting and studio equipment	Furniture, equipment and other	Right of use assets – real property leases	Total
	$'000	$'000	$'000	$'000	$'000
Gross carrying amount					
Balance 1 July 2017	**18,618**	**741**	**1,960**	**-**	**21,319**
Additions	2,975	112	383	-	3,470
Discontinued operation	-	-	(508)	-	(508)
Disposals	(6)	-	-	-	(6)
Net exchange differences	(384)	(10)	(8)	-	(402)
Balance 30 June 2018	**21,203**	**843**	**1,827**	**-**	**23,873**
Depreciation and impairment					
Balance 1 July 2017	**(12,530)**	**(599)**	**(1,422)**	**-**	**(14,551)**
Disposals	6	-	-	-	6
Net exchange differences	176	-	169	-	345
Depreciation	(2,943)	(64)	(215)	-	(3,222)
Discontinued operation	-	-	(116)	-	(116)
Balance 30 June 2018	**(15,291)**	**(663)**	**(1,584)**	**-**	**(17,538)**
Carrying amount 30 June 2018	**5,912**	**180**	**243**	**-**	**6,335**

17 Current and deferred tax assets and liabilities

Current taxes can be summarised as follows:

	2019	2018
	$'000	$'000
Current tax assets	2,479	957
Current tax liabilities	(306)	(338)
Net current tax assets/(liabilities)	2,173	619

Deferred taxes arising from temporary differences can be summarised as follows:

Deferred Tax Assets	1 July 2018	Recognised in Profit and Loss	30 June 2019
	$'000	$'000	$'000
Annual leave accrual	258	(1)	257
Long service leave provision	465	(89)	376
Audit accrual	122	(37)	85
Superannuation accrued	27	2	29
Deferred rent	16	(16)	-
Allowance for doubtful debts	148	(21)	127
Leases	-	5	5
Deferred transaction costs	1,171	(585)	586

Fixed asset depreciation	720	569	1,289
Net tax losses	5,024	(1,581)	3,443
	7,951	**(1,754)**	**6,197**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(4,035)**		**(3,222)**
Net deferred tax assets	**3,916**		**2,975**

Deferred Tax Liabilities	**1 July 2018**	**Recognised in Profit and Loss**	**30 June 2019**
	$'000	**$'000**	**$'000**
Intangibles	16,451	(1,672)	14,779
Prepaid expenses	5,026	2,408	7,434
Other	1	5	6
	21,478	**741**	**22,219**
Set-off of deferred tax assets pursuant to set-off provisions	**(4,035)**		**(3,222)**
Net deferred tax liabilities	**17,443**		**18,997**

	2019	**2018**
	$'000	**$'000**
Deferred tax assets consist of:		
Current	792	667
Non-current	5,405	7,284
	6,197	7,951
Deferred tax liabilities consist of:		
Current	-	-
Non-current	22,219	21,478
	22,219	21,478

At 30 June 2019, the Company had a franking balance of $67 thousand.

18 Trade and other payables

Trade and other payables recognised consist of the following:

	2019	**2018**
	$'000	**$'000**
Current		
Trade payables	24,775	21,554
Accrued payroll expenses	5,641	4,735
Accrued expenses and other liabilities	2,180	2,057
	32,596	**28,346**
Non-current		
Other	73	69
	73	**69**

All current amounts are short-term. The carrying values of trade payables and other payables are considered to be a reasonable approximation of fair value.

Goods and services, sales and value added taxes, which are charged by vendors to operating subsidiaries in Australia, Canada and United Kingdom are included in trade payables until paid. The net amount of goods and services, sales and value added tax payable (after deduction of amounts paid to vendors of the Company) is included as a component of trade and other payables on the consolidated statement of financial position.

19 Provisions

	2019 $'000	2018 $'000
Current		
Long service leave provision	939	1,341
	939	1,341
Non-Current		
Long service leave provision	314	211
Lease restoration	140	138
	454	349
	1,393	**1,690**

The current portion of the long service leave provision includes all amounts that are either unconditional or scheduled to become unconditional within 12 months. The entire amount of the unconditional and scheduled to become unconditional long service leave are presented as current since the Company does not have the unconditional right to defer settlement. However, based on past experience the Company does not expect all employees to take the full amount of their long service leave or require payment within the next 12 months.

The Company has an obligation to restore certain of its leased premises back to their original condition at the end of their respective leases. As of 30 June 2019 and 30 June 2018, the Company had a liability of $140 thousand and $138 thousand, respectively, accrued which it anticipates to be the amount required to restore the premises at the end of the leases.

20 Deferred revenue

	2019 $'000	2018 $'000
Deferred revenue	534	450
	534	**450**

Payments received or amounts invoiced in advance are deferred until earned and such amounts are included as a component of deferred revenue.

21 Financial liabilities

	2019 $'000	2018 $'000
Current		
Current portion of long-term debt	-	-
Current portion of leases	1,155	-
	1,155	**-**
Non-current		
Long-term debt, less current portion	58,977	58,294

Leases, less current portion	2,416	-
	61,393	**58,294**

In February 2016, the Company amended its existing bank loan facilities to increase the total borrowing capacity to $155 million primarily to finance the $100 million long term prepayment of a radio station affiliation agreement. Facility A consisted of a $15 million revolving line of credit, Facility B a $40 million term loan and Facility C a $100 million bullet loan. Deferred financing costs of $3,735 thousand were incurred and are being recognized in finance costs via the effective interest method over the term of the facilities. Part of the proceeds from the IPO were used to repay Facility A and Facility B. Facility B was automatically terminated as part of the repayment. During the year ended 30 June 2018, $40 million of Facility C was repaid and the commitment reduced to $60 million. At 30 June 2019, Facility C is outstanding and Facility A is available but undrawn. A commitment fee of 45% of the applicable margin (currently 2.50%) is incurred on unutilized portion of Facility A. The outstanding loans bear interest at BBSY plus the applicable margin.

Assets pledged as security

Bank loan facilities are secured by a first ranking charge over all ATN, Aus Hold Co, UK Hold Co, UKTN and UK Commercial assets.

22 Other liabilities

	2019 $'000	2018 $'000
Other	-	37
	-	**37**

23 Earnings per share

	2019 $'000	2018 $'000
Profit attributable to shareholders from continuing operations	15,732	24,831
Weighted average number of ordinary shares used in calculating basic earnings per share	224,591	224,721
Weighted average number of ordinary shares and potential ordinary share used in calculating diluted earnings per share	224,591	224,721
Basic earnings per share from continuing operations (cents per share)	$0.07	$0.11
Diluted earnings per share from continuing operations (cents per share)	$0.07	$0.11
Basic earnings/(loss) per share (cents per share)	$0.07	$(0.07)
Diluted earnings/(loss) per share (cents per share)	$0.07	$(0.07)

At 30 June 2019, the Company had common stock equivalents of 2,612,461 outstanding in the form of outstanding stock options. However, these common stock equivalents are excluded from the calculation of diluted earnings per share since they are anti-dilutive due to the exercise price of the options exceeding the Company's share price on 30 June 2019.

24 Shareholders' equity

	2019 '000's Ordinary shares	2019 $'000 Issued capital	2018 '000's Ordinary shares	2018 $'000 Issued capital
At beginning of reporting period	224,721	444,981	224,721	444,981
Shares repurchased and retired	(721)	(940)	-	-
At the end of the reporting period	224,000	444,041	224,721	444,981

On 25 February 2019, the Company filed an Appendix 3C announcing that it has initiated an on-market share buyback 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.

During the year ended 30 June 2019, the Company repurchased 720,631 shares at an average price per share of $1.30 for total consideration of $940 thousand.

25 Equity based compensation

As of 30 June 2019 and 2018 there were 2,612,461 and 1,345,703 stock option grants to purchase shares of GTN Limited outstanding, respectively under the Company's Long-term Incentive Plan ("the Plan"). Options granted under the Plan vest (subject to performance conditions) on an annual basis over three years (one third after two years and the remaining grant after three years) and expire after five years from the date of the grant. The Plan allows for cashless exercise under which employees surrender shares in lieu of paying the cash exercise price and remitting the required amounts to satisfy tax withholding obligations. The Company does not anticipate incurring cash costs under the Plan (other than de minimus payroll tax withholdings) since it does not currently repurchase shares issued with regards to the Plan.

Stock Options

Under AASB 2, share-based compensation benefits are provided to employees via the Plan. The maximum term of the options granted under the Plan is five years. The fair value of rights granted under the Plan is recognised as equity based compensation expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employee becomes unconditionally entitled to the rights.

7 April 2017 Grant

The fair value at grant date was independently determined using a number of methods including the Monte-Carlo option pricing model and the Binomial option pricing model which take into account the exercise price, the term of the right, the vesting and performance criteria, the volume weighted average share price at grant date, the expected price volatility of the underlying shares, the expected dividend yield and the risk-free interest rate for the term of the right.

The fair value of the rights granted is adjusted to reflect the market vesting condition but excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of rights that are expected to become exercisable. At each reporting date, the Company revises its estimate of the number of rights that are expected to become exercisable.

The equity based compensation expense recognised each period takes into account the most recent estimate. The impact of the revision to the original estimates is recognised in profit or loss with a corresponding adjustment to equity. Shares related to the exercise of vested options under the Plan are issuable upon payment of the strike price to the Company.

The performance criteria for vesting criteria are as follows:

Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period			
	TSR ranking		**Percentage to vest**	
	Up to and including the 50th percentile		0%	
	Between the 51st and 75th percentile (inclusive)		Pro rata straight line between 50% and 100%	
	At and above 75th percentile		100%	
	50% subject to performance condition based on Company's earnings per share (EPS) growth (adjusted for one-off items associated with the IPO and amortisation of intangibles and excluding United States Traffic Network, LLC operations, as determined by the Board) over the performance period			
	EPS Compound annual growth rate		**Percentage to vest**	
	Less than threshold		0%	
	Between threshold and stretch target (inclusive)		Pro rata straight line between 50% and 100%	
	Above stretch target		100%	

The inputs used in the measurement of the fair values at grant date were as follows:

	30 June 2019
Grant date	5 April 2017
Expiration date	31 December 2021
Share price at grant date	$2.74
5-day VWAP at grant date	$2.72
Fair value at grant date	$0.695
Exercise price	$2.74
Expected volatility (based on historic and expected volatility of Company's shares)	45.00 %
Expected life	4.75 years
Expected dividends	4.00 %
Risk-free interest rate (based on government bonds)	2.14 %

9 November 2018 Grant
The Company has moved to a service time-based vesting criterion. Under this plan, options vest if the grantee is employed by the Company at the vesting date without further performance hurdles. The fair value of these options was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

	30 June 2019
Grant date	9 November 2018
Expiration date	9 November 2023
Share price at grant date	$2.15
Fair value at grant date	$0.647
Exercise price	$2.15

Expected volatility (based on historic and expected volatility of Company's shares)	49.69 %
Expected life	3.83 years
Expected dividends	4.09 %
Risk-free interest rate (based on government bonds)	2.30 %

The Company's outstanding stock options as of 30 June 2019 were as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Fair Value ,000's
Balance, 30 June 2018	1,345,703	$ 2.74	3.50 years	$ 935
Exercisable, 30 June 2018	269,141	$ 2.74	3.50 years	$ 187
Grants	1,961,140	$ 2.15	4.64 years	$ 1,268
Exercised	-	$ -	—	$ -
Forfeitures/expirations	694,382	$ 2.74	—	$ (483)
Balance, 30 June 2019	2,612,461	$ 2.30	4.11 years	$ 1,720
Exercisable, 30 June 2019	651,321	$ 2.74	2.50 years	$ 452

Based on the following assumptions, the fair value with regards to all options issued and outstanding as of 30 June 2019 is $1,720 thousand. As of 30 June 2019, there was $940 thousand of unrecognized compensation cost related to non-vested share-based compensation under the Plan. The cost of the unrecognized compensation is expected to be recognized over a weighted average period of 2.3 years on a pro rata basis over the vesting period. This expense is based on an assumption that there will be no non-market forfeitures; this assumption is based on the positions of the grantees of the stock options and the low number of forfeitures under previous long-term incentive plans of members of the Company's group. The expense with regards to stock options for the years ended 30 June 2019 and 2018 is $569 thousand and $651 thousand, respectively and is included in equity-based compensation expenses. The Company recognized $0 of income tax benefit related to share-based compensation for the years ended 30 June 2019 and 2018.

26 Operating agreements

The Company's UK Commercial subsidiary outsources the majority of its radio traffic and entertainment news operations pursuant to contracts with unrelated third parties. These expenses are a component of network operations and station compensation expense on the accompanying consolidated statement of profit or loss and other comprehensive income and are recognised over the term of the applicable contracts, which is not materially different than when the services are provided. The minimum future payments under these contracts are as follows:

	Minimum Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 2019	3,434	4,158	-	7,592
30 June 2018	3,761	1,736	-	5,497

The Company generally enters into multiyear contracts with radio and television stations. These contracts call for the provision of various levels of service (including, but not limited to providing professional broadcasters, gathering of information, communications costs and aviation services) and, in some cases, cash compensation or reimbursement of expenses. Station compensation is a component of network operations and station compensation expenses on the accompanying consolidated statement of profit or loss and other comprehensive income and is recognised over the terms of the contracts, which is not materially different than when the services are performed. Contractual station commitments consist of the following:

	Minimum Payments Due			
	Within 1 year	**1 to 5 years**	**After 5 years**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
30 June 2019	58,167	74,350	31,854	164,371
30 June 2018	39,833	88,879	34,604	163,316

The Company had no contingent liabilities at 30 June 2019.

27 Cash flow information

(a) Details of the reconciliation of cash flows from operating activities are listed in the following table:

	2019	**2018**
	$'000	**$'000**
Cash flows from operating activities		
Profit (loss) for the period	15,732	(15,101)
Adjustments for:		
Allowance for doubtful accounts	53	(19)
Equity based compensation expenses	569	651
Amortisation of deferred borrowing costs	46	49
Fair value movement on derivatives	-	(5)
Depreciation and amortisation	11,208	11,078
Foreign currency loss	41	79
Non-cash impairment charges	-	21,744
Non-cash gain from sale of subsidiary	-	(24,865)
Non-cash station compensation from long-term prepaid affiliate contract	13,142	13,142
Interest income on long-term prepaid affiliate contract	(8,325)	(8,401)
Interest expense from amortisation of original issue discount	637	676
Net changes in working capital:		
Change in trade and other receivables	537	(2,492)
Change in other assets	(578)	2,228
Change in deferred tax assets	(1,538)	763
Change in trade and other payables	(312)	12,836
Change in deferred revenue	84	(1,795)
Change in current tax liabilities	925	(1,302)
Change in provisions	(297)	114
Change in deferred tax liabilities	1,554	647
Change in other liabilities	(37)	(40)
Net cash from operating activities	**33,441**	**9,987**

(b) Net debt reconciliation

	2019	**2018**
	$'000	**$'000**
Cash and cash equivalents	50,728	52,232

Borrowings	(63,571)	(60,000)
Net (debt)/cash	(12,843)	(7,768)
Borrowings consist of:		
Financial liabilities	(58,977)	(58,294)
Deferred loan costs and original issue discount	(1,023)	(1,706)
Leases	(3,571)	-
	(63,571)	(60,000)

	Cash and cash equivalent $'000	Borrowings $'000	Leases $'000	Net (debt)/cash $'000
Net (debt)/cash as at 1 July 2017	100,727	(100,000)	-	727
Cash flows	(50,000)	-	-	(50,000)
Prepayment of debt	-	40,000	-	40,000
Net exchange differences	1,505	-	-	1,505
Net (debt)/cash as at 30 June 2018	52,232	(60,000)	-	(7,768)
Adoption of AASB 16 1 July 2018	-	-	(3,277)	(3,277)
Cash flows	(2,831)	-	-	(2,831)
Borrowings	-	-	(1,460)	(1,460)
Repayments	-	-	1,291	1,291
Net exchange differences	1,327	-	(125)	1,202
Net (debt)/cash as at 30 June 2019	50,728	(60,000)	(3,571)	(12,843)

28 Transactions with Key Management Personnel

Key Management Personnel remuneration includes the following expenses:

	2019 $	2018 $
Total short-term employee benefits	2,363,674	2,346,551
Total equity-based compensation	568,639	650,763
Total remuneration	**2,932,313**	**2,997,314**

The Key Management Personnel are all paid in USD so a portion of the change in compensation from the year ended 30 June 2018 to the year ended 30 June 2019 was due to changes in foreign exchange rates between AUD and USD.

Whooska Podcasting Platform, a company controlled by Robert Loewenthal (a Company director), provides podcasting hosting services to the Company at no charge. The fair-market value of the service provided is de minimus.

William Yde's (chief executive officer and director) daughter is employed by the Company as an accountant. Her cash salary (translated from USD to AUD at the same exchange rates as the Company's financial statements) was:

- FY2019 $178 thousand
- FY2018 $162 thousand

29 Parent Entity information

The below information relates to GTN Limited (the "Parent Entity") which was incorporated on 2 July 2015.

	2019 $'000	2018 $'000
Statement of financial position		
Current assets	6,244	2,495
Total assets	363,421	363,665
Current liabilities	327	458
Total liabilities	635	755
Net assets	362,786	362,910
Share capital	444,041	444,981
Accumulated losses	(82,071)	(82,071)
Accumulated profit – Dividend Profit Reserve	816	-
Total equity	362,786	362,910
Statement of profit or loss and other comprehensive income		
Profit (loss) for the year	30,929	(61,335)
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	30,929	(61,335)

Loss for the year ended 30 June 2018 includes a $72,346 thousand charge for impairment of GTN Limited's investment in its subsidiary related to the Company's exit from the United States market.

GTN Limited's US Hold Co subsidiary paid a dividend of $7,000 thousand to GTN Limited in August 2019. This dividend will be recorded in GTN Limited's Dividend Profit Reserve.

Dividends
As set out in Note 33, subsequent to the end of the financial year and receipt of the dividend income from its subsidiaries in August 2019 that was recorded in the Dividend Profit Reserve as described above, the Directors have declared the payment of a final 2019 dividend of $0.032 per share (70% franked), totalling $7,168 thousand from the Dividend Profit Reserve. This dividend will be paid to holders on record as of 6 September 2019.

Guarantees entered into by the parent entity
In addition, there are cross guarantees given by GTN Limited (as holding entity), GTN Holdings Pty Limited ("LuxCo 1"), GTCR Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTCR Gridlock Holdings, Inc. ('US Hold Co") and Global Traffic Network, Inc. ("GTN") as described in Note 30.

No liability was recognised by the parent entity or the group in relation to the above guarantees, as the fair value of the guarantees is immaterial.

Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018. For information about guarantees given by the parent entity, please see above.

30 Deed of cross guarantee

GTN Limited (as holding entity), GTN Holdings Pty Limited ("LuxCo 1"), Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTN US Holdco, Inc.

('US Hold Co") and Global Traffic Network, Inc. ("GTN") are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by GTN Limited, they also represent the 'extended closed group'.

Consolidated statement of profit or loss and other comprehensive income, summary of movements in consolidated retained earnings and consolidated statement of financial position

Set out below is a consolidated statement of profit or loss and other comprehensive income for the years ended 30 June 2019 and 2018 of the closed group consisting of the above companies.

Consolidated statement of profit or loss and other comprehensive income

	2019 $'000	**2018 $'000**
Revenue	93,896	100,769
Other income	139	375
Interest income on long-term prepaid affiliate contract	8,325	8,401
Network operations and station compensation expenses	(54,086)	(52,672)
Selling, general and administrative expenses	(19,674)	(20,202)
Finance costs	(3,563)	(4,784)
Depreciation and amortisation	(6,044)	(5,460)
Foreign currency transaction loss	(27)	(50)
Impairment charge	-	(72,346)
Profit (loss) before income tax	18,966	(45,969)
Income tax expense	(6,039)	(7,631)
Profit (loss)for the year	12,927	(53,600)
Other comprehensive income for the year, net of income tax		
Unrealised gain (loss) on interest rate swaps	-	3
Total other comprehensive income for the year	-	3
Total comprehensive profit (loss) for the year	12,927	(53,597)
Summary of movement in consolidated retained earnings		
Accumulated losses at the beginning of the financial year	(104,361)	(39,974)
Profit (loss) for the period	12,927	(53,600)
Dividends	(30,112)	(10,787)
Accumulated losses at the end of the financial year	(121,546)	(104,361)

Set out below is a consolidated balance sheet as at 30 June 2019 and 2018 of the closed group consisting of the above companies.

Consolidated statement of financial position

	2019 $'000	**2018 $'000**
Assets		
Current		
Cash and cash equivalents	20,704	27,057
Trade and other receivables	18,406	21,556
Current tax assets	1,940	957

Other current assets	1,612	1,280
Current assets	42,662	50,850
Non-current		
Property, plant and equipment	2,937	1,472
Intangible assets	38,915	44,512
Goodwill	86,240	86,490
Investment in subsidiaries	73,753	69,928
Other assets	103,828	105,403
Non-current assets	305,673	307,805
Total assets	348,335	358,655
Liabilities		
Current		
Trade and other payables	17,855	17,122
Deferred revenue	58	58
Current tax liabilities	-	142
Financial liabilities	423	-
Provisions	939	1,341
Current liabilities	19,275	18,663
Non-current		
Financial liabilities	59,417	58,294
Deferred tax liabilities	17,903	16,226
Other liabilities	-	8
Provisions	409	306
Total non-current liabilities	77,729	74,834
Total liabilities	97,004	93,497
Net assets	251,331	265,158
Equity		
Share capital	444,041	444,981
Reserves	(71,164)	(75,462)
Accumulated losses	(121,546)	(104,361)
Total equity	251,331	265,158

31 Segment information

The Company's chief operating decision maker, its chief executive officer analyses the Company's performance by geographic area and has identified four reportable segments: Australia, Brazil, Canada and United Kingdom.

The segments' revenues are as follows:

	2019	**2018**
	$'000	**$'000**
Australia	93,896	100,769
United Kingdom	45,234	42,203
Canada	33,195	29,845
Brazil	12,644	12,196
	184,969	**185,013**

The chief operating decision maker 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.

	2019	**2018**
	$'000	**$'000**
Adjusted EBITDA by Segments		

Australia	30,911	38,757
United Kingdom	3,883	3,223
Canada	5,409	6,986
Brazil	1,128	1,827
Other	(3,782)	(2,653)
Adjusted EBITDA	**37,549**	**48,140**
Foreign exchange loss	(41)	(79)
Less: Interest income on long-term prepaid affiliate contract	(8,325)	(8,401)
EBITDA	29,183	39,660
Depreciation and amortization	(11,208)	(9,476)
Interest income on long-term prepaid affiliate contract	8,325	8,401
Financing costs net of interest income	(3,383)	(4,381)
Profit before taxes and discontinued operations	22,917	34,204

Segment assets and liabilities are classified by their physical location.

	2019	**2018**
	$'000	**$'000**
Segment assets		
Total Assets:		
Australia	258,376	276,119
United Kingdom	37,878	34,247
Canada	35,079	27,345
Brazil	7,203	5,422
Total segment assets	**338,536**	**343,133**
Unallocated:		
Deferred tax assets	2,975	3,916
Others	11,192	8,316
Total assets	**352,703**	**355,365**
Segment liabilities		
Total liabilities		
Australia	80,476	83,302
United Kingdom	7,443	6,825
Canada	5,014	2,675
Brazil	2,736	1,953
Total segment liabilities	**95,669**	**94,755**
Unallocated:		
Deferred tax liabilities	18,997	17,443
Borrowings	62,548	58,294
Intercompany eliminations	(68,309)	(70,852)
Others	7,542	7,027
Total liabilities	**116,447**	**106,667**

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32 Discontinued operation

On March 13, 2018 the Company 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.

The financial performance and cash flow information presented is for the period 1 July 2017 to 13 March 2018 ("2018").

	2018
	$'000
Revenue	49,210
Network operations and station compensation expenses	(75,555)
Selling, general and administrative expenses	(15,087)
Transaction costs	-
Depreciation and amortisation	(1,602)
Loss before impairment charge and gain on disposal	(43,034)
Impairment charge	(21,744)
Gain on disposal	24,865
Loss before income tax	(39,913)
Income tax expense	(19)
Loss from discontinued operation	(39,932)

	2018
	$'000
Net cash used in operating activities	**(23,777)**
Net cash used in investing activities	**(5,917)**
Net cash from financing activities*	**28,400**
Exchange differences on cash and cash equivalents	-
Net increase (decrease) in cash generated by discontinued operation	(1,294)

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

The carrying amounts of the assets and liabilities as at the date of sale (13 March 2018) were:

	13 March 2018
	$'000
Cash and cash equivalents	5,730
Trade and other receivables	17,508
Other current assets	1,816
Property, plant and equipment	333
Other assets	28
Total assets	25,415
Trade and other payables	46,846
Deferred revenue	3,185
Intercompany payable*	60,426

Total liabilities	110,457
Net assets	(85,042)

*Intercompany payable eliminated in consolidated statement of financial position.

Consideration received	-
Net assets disposed	(85,042)
Less: intercompany payable written off	60,426
	(24,616)
Translation differences	(249)
Gain on disposal	24,865

33 Events subsequent to the reporting period

Subsequent to the end of the financial year, on 29 August 2019, the Directors have declared the payment of a final 2019 dividend of $0.032 per share (70% franked). This dividend will be paid to holders on record as of 6 September 2019.

Other than the matter referred to above, no matters or circumstances have arisen since the end of the financial 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:

(a) The financial statements, set out on pages 30 to 79 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 30 will be able to meet any obligations or liabilities to which they are, or may become, subject to virtue of the deed of cross guarantee described in Note 30.

Note 2.1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the Corporations Act 2001.

Robert Loewenthal
Chairman

Dated, this 29th day of August 2019

Independent auditor's report

To the members of GTN Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of GTN Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2019
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall Group materiality of $1,145,000 which represents approximately 5% of the Group's profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We conducted full scope audit work over Australia, Canada and the United Kingdom operating segments. We performed limited scope audit work over the Brazil operating segment. We engaged auditors from another PwC network firm to conduct a full scope audit over the United Kingdom. Audit instructions were issued by our Group audit team from the PwC Australia firm to the component audit team. On-going dialogue was held throughout the year between the Group audit team and the component audit team including consideration of how component audits are planned and executed.
- Where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events, we focused our audit work on these areas.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matter to the Audit and Risk Committee.

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill and indefinite life intangible assets *Refer to:* • *Note 2.9 and Note 14 Goodwill* • *Note 2.13 Impairment testing of goodwill, other intangible assets and property, plant and equipment* • *Note 2.26 Significant management judgement in applying accounting policies and estimation uncertainty* The goodwill and trade names balance is $108.7 million. This is a key audit matter because of the magnitude of the balance and the judgement involved in the assessment of potential impairment as at 30 June 2019. The Group's impairment assessment includes assumptions in the forecasted future results of each cash generating unit (CGU) including terminal growth rate, revenue and EBITDA forecasts and the discount rates applied to future cash flow forecasts.	We performed the following procedures: • understood and evaluated the process by which the cash flow forecasts were developed and challenged management's cash flow forecasts. • tested that the forecast cash flows used in the impairment model were consistent with the most up-to-date budgets and business plans formally approved by the directors. • compared previous forecasts to actual results, to assess the accuracy of management's forecasting. • performed sensitivity calculations by varying the key assumptions. • compared the recoverable amount of the CGUs in the Group's value in use models to the carrying value of the respective CGUs to the accounting records. • assessed the Group's accounting policy and the adequacy of the Group's disclosures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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 the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 the Australian 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 the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 20 to 28 of the directors' report for the year ended 30 June 2019.

In our opinion, the remuneration report of GTN Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

MW Chiang
Partner

Sydney
29 August 2019

SHAREHOLDER INFORMATION AS AT 23 JULY 2019

Number of security holders and securities on issue

Quoted equity securities

GTN has 224,000,012 fully paid ordinary shares on issue which are held by 511 shareholders.

Unquoted equity securities

GTN has 2,612,461 unquoted options on issue held by 3 option holders as follows:

- 651,321 options exercisable at $2.74 on or before 31 December 2021;
- 653,713 options exercisable at $2.15 after 9 November 2020; and
- 1,307,427 options exercisable at $2.15 after 9 November 2021.

Voting rights

Quoted equity securities

The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Unquoted equity securities

There are no voting rights attached to Options. Options will rank equally with the company's fully paid ordinary shares if and when the options vest and are thereafter exercised (prior to the applicable expiry date).

Distribution of security holders

Quoted equity securities

Fully paid ordinary shares

Holding	No. of shares	% of shares	No. of shareholders	% of shareholders
1 – 1,000	46,796	0.02	117	22.90
1,001 – 5,000	448,540	0.20	193	37.77
5,001 – 10,000	528,441	0.24	66	12.92
10,001 – 100,000	3,103,644	1.39	107	20.94
100,001 and over	219,872,591	98.16	28	5.48
Total	**224,000,012**	**100**	**511**	**100**

Unquoted equity securities

Options

Holding	No. of options	% of Options	No. of holders	% of holders
1 – 1,000	0	0	0	0
1,001 – 5,000	0	0	0	0
5,001 – 10,000	0	0	0	0
10,001 – 100,000	0	0	0	0
100,001 and over	2,612,461	100	3	100
Total	**2,612,461**	**100**	**3**	**100**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 80.

579 fully paid ordinary shares comprise a marketable parcel at GTN's closing share price of $0.865 as at 23 July 2019.

Substantial shareholders (as notified to ASX)

The number of securities held by substantial shareholders and their associates (as notified to ASX) are set out below:

Fully paid ordinary shares

Name	Number of Shares	Current Interest*	Notice Date
Viburnum Funds Pty Limited and subsidiaries and funds	42,593,576	19.01%	27/06/2019
CBA and related bodies corporate	17,035,313	7.58%	16/04/2019
Ellerston Capital	16,500,109	7.4%	28/02/2019
Harbour Asset Management Limited	16,263,187	7.237%	24/09/2018
Renaissance Smaller Companies Pty Ltd	16,042,555	7.14%	18/05/2018
ICE Investors Pty Ltd	15,185,735	6.78%	03/07/2019
Devon Funds Management Limited	14,238,765	6.34%	18/05/2018
Smallco Investment Manager Limited	13,702,318	6.10%	29/06/2018
Quest Asset Partners	11,877,406	5.29%	04/02/2019
QVG Capital	11,595,511	5.18%	13/06/2019
H.E.S.T Australia Limited as Trustee for Health Employees Superannuation Trust Australia	11,362,554	5.06%	27/12/2018
*As reported by the substantial shareholder at the time of lodgement			

Twenty largest shareholders

Fully paid ordinary shares

Details of the 20 largest shareholders of quoted securities by registered shareholding are:

Rank	Name	23 Jul 2019	%IC
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	101,243,774	45.20
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	38,364,841	17.13
3	NATIONAL NOMINEES LIMITED	21,981,506	9.81
4	CITICORP NOMINEES PTY LIMITED	21,222,449	9.47
5	BNP PARIBAS NOMINEES PTY LTD	7,734,045	3.45
6	BNP PARIBAS NOMS PTY LTD	6,278,679	2.80
7	ANACACIA PTY LIMITED	4,923,556	2.20
8	MR WILLIAM L YDE III	3,603,408	1.61
9	BNP PARIBAS NOMS (NZ) LTD	3,154,715	1.41
10	VIBURNUM FUNDS PTY LTD	2,500,000	1.12
11	MIRRABOOKA INVESTMENTS LIMITED	2,449,524	1.09
12	BNP PARIBAS NOMINEES PTY LTD	1,275,000	0.57
13	ANACACIA PTY LTD	850,000	0.38
14	INVIA CUSTODIAN PTY LIMITED	511,233	0.23
15	BNP PARIBAS NOMINEES PTY LTD	450,000	0.20
15	CERTUS CAPITAL PTY LTD	450,000	0.20
16	CS THIRD NOMINEES PTY LIMITED	412,350	0.18
17	ANACACIA PTY LTD	391,314	0.17
18	PT VENTURES PTY LTD	345,034	0.15
19	COFLINK PTY LIMITED	315,000	0.14
20	MRS EVA XIRADIS	300,000	0.13
Total		**218,756,428**	**97.66**
Balance of register		**5,243,584**	**2.34**
Grand total		**224,000,012**	**100.00**

On-market buy-back

On 25 February 2019, the Company announced the commencement of an on-market buyback of the Company's shares up to the lessor of A$20,000,000 in value and 22,472,064 shares.

On 20 May 2019, the Company announced that the buyback would be suspended during its trading blackout period consistent with its Share Trading Policy. The Company intends to recommence the buyback following the release of its full year results for FY 2019.

Corporate Directory

Directors	Robert Loewenthal - Independent Non-Executive Chairman William Yde III - Chief Executive Officer and Managing Director David Ryan AO – Independent Non-Executive Director Corinna Keller – Independent Non-Executive Director
Company secretaries	Anna Sandham Patrick Quinlan
Registered office	Level 42, Northpoint 100 Miller Street North Sydney NSW 2060 Telephone: +61 2 9955 3500
Share register	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Share registry telephone: +61 1300 554 474
Auditor	PricewaterhouseCoopers One International Towers Sydney Watermans Quay, Barangaroo GPO Box 2650 Sydney, NSW 2001
Stock exchange listing	GTN Limited shares are listed on the Australian Securities Exchange (ASX code: GTN)
Website	www.gtnetwork.com.au
ABN	38 606 841 801