GTN Limited
ASX Preliminary final report – 30 June 2016

Lodged with the ASX under Listing Rule 4.3A

GTN Limited
Year ended 30 June 2016
(Previous corresponding period:
Year ended 30 June 2015)

Results for Announcement to the Market

				$'000
Revenue *from ordinary activities*	*up*	*8.2%*	*to*	*166,124*
Profit/(loss) *from ordinary activities after tax attributable to members*	up	*5.1%*	*to*	*(17,234)*
Net profit/(loss) *for the period attributable to members*	up	*5.1%*	*to*	*(17,234)*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	nil	N/A
Interim dividend	nil	N/A

Record date for determining entitlements to the dividend | N/A

Results of Operations

Actual performance compared to forecast performance

Revenue

Revenue exceeded FY16 forecast by $2 million or 1.2%. Revenue exceeded forecast in Australia and Canada while United Kingdom reached forecast revenue in local currency but was impacted by unfavourable foreign exchange differences.

	FY 2016 Actual ('000's)	FY 2016 Forecast ('000's)	
Australia	89,814	86,394	+4.0%
Canada	23,601	22,758	+3.7%
United Kingdom	47,542	49,362	(3.7)%
Brazil	5,167	5,628	(8.2)%
Total	166,124	164,142	+1.2%

In addition, revenue was up $12.6 million (8.2%) from FY2015 with all four operating segments exceeding the previous year's revenue in local currency.

	FY 2016 Actual ('000's)	FY2015 Actual ('000's)	
Australia	89,814	83,507	+7.6%
Canada	23,601	21,154	+11.6%
United Kingdom	47,542	43,517	+9.2%
Brazil	5,167	5,306	(2.6)%
Total	166,124	153,484	+8.2%

Key historical operating metrics

		FY2016	
	Notes	Actual	Forecast
Australia			
Radio spots inventory ('000s)	1	789	750
Radio sell-out rate (%)	2	81%	80%
Average radio spot rate (AUD)	3	133	138
Canada			
Radio spots inventory ('000s)	1	558	550
Radio sell-out rate (%)	2	59%	58%
Average radio spot rate (CAD)	3	64	61
United Kingdom			
Total radio Impacts available ('000)	4	18,885	18,658
Radio sell-out rate (%)	5	94%	93%
Average radio net Impact rate (GBP)	6	1.3	1.3

Brazil			
Radio spots inventory ('000s)	1	110	92
Radio sell-out rate (%)	2	45%	60%
Average radio spot rate (BRL)	3	273	281

1 Available radio advertising spots 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 volumes 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.

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA for FY16 was $34.6 million, which exceeded forecast by $2.3 million or 7%. Pro Forma Adjusted EBITDA, which is defined as EBITDA adjusted to reflect the impact of the initial public offering and related restructuring (“IPO”) and the non-cash interest income associated with the long term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction.

	Actual (‘000’s)	Forecast (‘000’s)
EBITDA - Statutory	12,030	6,121
Interest income on long-term prepaid station affiliate agreement	3,581	3,542
Adjusted EBITDA	15,611	9,663
Transaction costs	14,029	13,694
Previous long-term incentive plan	(170)	365
GTCR management fee	635	645
Foreign exchange loss	5,461	8,895
New long-term incentive plan (1)	(203)	(203)
Public company costs (1)	(717)	(717)
Pro Forma Adjusted EBITDA	34,646	32,342

(1) Certain expenses are prospective in nature and had not fully occurred as of 30 June 2016. These expenses, which are not material in nature, are assumed to be at forecast for comparability.

- **EBITDA** is earnings before interest, tax, depreciation and amortisation.

  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 which is discussed below.

	30 June 2016 Actual ('000's)
EBITDA	12,030
Depreciation and amortization	(19,931)
Finance costs	(8,160)
Interest income	244
Interest income on long-term prepaid affiliate contract	3,581
Profit (loss) before income tax	(12,236)

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.

Whilst GTN believes that these non-IFRS measures provide useful information to users about the financial performance of the GTN Group, they should be considered as supplements to the income statement measures that have been presented in accordance with IFRS and not as a replacement for them. These non-IFRS financial measures do not have standard definitions, and the way the Company calculates these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures and any ratios calculated using those measures.

Foreign exchange rates

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

	FY2016 Actual	**FY2016 Forecast**
AUD:USD	0.73	0.71
AUD:CAD	0.97	0.95
AUD:GBP	0.49	0.47
AUD:BRL	2.68	2.72

Additional important information

Cash and Liquidity

The Company's cash balance was $49.1 million at 30 June 2016. In addition, the Company has an unused line of credit of $15 million. Based on the exchange rate at the balance sheet date, $20.1 million ($15 million USD) would be required to exercise the Radiate purchase option (discussed below), which is exercisable between 1 September and 30 September 2016 and can be extended until 31 December 2016 for an additional payment of $50,000 USD.

The Company has outstanding debt principal at 30 June 2016 of $100 million and net debt (principal less cash balances) of $50.9 million. The Company's debt is only secured by the Australia and United Kingdom operations. Based on the lenders definition of EBITDA and the cash of those entities, the total gearing ratio was 1.7X. The overall net leverage of the Company, based on Pro Forma Adjusted EBITDA was 1.5X at 30 June 2016.

Capital expenditures for the year were $2.3 million and consist primarily of engine rebuilds on our fleet of aircraft.

Restructuring

GTN Limited (the "Company") is incorporated in Victoria under the Corporations Act 2001 (Cth), Australia. GTN Limited was incorporated as an Australian public company on 2 July 2015 as A.C.N. 606 841 801 and acquired GTCR Gridlock Holdings (Cayman), L.P. as part of a restructure in conjunction with the initial public offering of GTN Limited's stock. On June 4, 2016 pursuant to a public offering of GTN Limited's shares, GTCR Gridlock Holdings (Cayman), L.P. ("Cayman" or the "Company") was acquired by GTN Limited. Any financial information prior to the merger pertains to Cayman. GTN Limited had no operations prior to the merger.

The Company elected to account for the acquisition of Cayman by GTN Limited as a capital re-organisation rather than a business combination. In the Company's judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the Company have been presented as a continuation of the pre-existing accounting values of assets and liabilities in the Cayman consolidated financial statements. In adopting this approach, the Company notes that there is an alternate view that such a restructure should be accounted for as a business combination that follows the legal structure of GTN Limited being the acquirer. If this view had been taken, the net assets of the Company would have been uplifted to fair value based on the market capitalisation at completion with consequential impacts on the consolidated statement of profit or loss and other comprehensive income statement and the consolidated statement of financial position.

Initial public offering

On June 3, 2016 the Company completed an initial public offering of its shares raising (net of capitalized transaction costs) $80.6 million by issuing 44.2 million shares at an issue price of $1.90 per share. Funds received by the Company were offset by $3.4 million in transaction costs (net of tax) incurred in relation to the issue of the new shares in the Company. In addition to the shares sold by the Company, existing shareholders sold 54.7 million shares of the Company's stock. On completion of the initial public offering, the original shareholders held 102.3 million shares of the Company's stock. These shares are subject to a voluntary escrow agreements.

	Shares ('000's)	Amount ($,000's)
Shares issued by Company	44,209	83,997
Less: Transaction expenses	-	(3,355)
Shares sold by original shareholders	54,706	103,942
Shares held by original shareholders	102,297	194,364
	201,212	378,948

Long-term station affiliation agreement

The Company's Australian operating subsidiary ("ATN") entered into a new Southern Cross Austereo Affiliate Contract on 9 February 2016, which commenced with effect from 1 February 2016. Under the Southern Cross Austereo Affiliate Contract, ATN provides Southern Cross Austereo with: (i) information reports and (ii) the cash payments described below, in exchange for a specified number of advertising spots across Southern Cross Austereo's radio stations for the next 30 years (20 year contract with 10 year extension at ATN's option). As part of the agreement, ATN's cash payments to Southern Cross Austereo under the prior contract (which amounted to $14.9 million in FY2015) were replaced by the $100 million upfront cash payment and recurring annual cash payments commencing on 1 February 2017 of $2.75 million that will be indexed by the lower of CPI and 2.5%. These annual recurring payments will continue if the contract continues beyond the initial 20 year term.

The accounting for the new Southern Cross Austereo Affiliate Contract over its 30 year contract term results in the recognition of a number of accounting income and expense components which will differ in magnitude and timing from the actual cash payments that ATN will make to Southern Cross Austereo over this period. In summary, the expected:

- income statement impact of the Southern Cross Austereo Affiliate Contract comprises two parts, namely accounting for:
    - the $100 million prepayment as a financing arrangement with Southern Cross Austereo, whereby initially GTN will record non-cash interest income over the term of the contractual agreement, based on an estimate of Southern Cross Austereo's incremental borrowing rate with similar terms (assumed to be 8.5%), which will reduce over time as the prepayment is amortised. GTN 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 straight line over the 30 year contract term; and
    - the total recurring indexed cash payments which will be recognised straight line over the 30 year contract term period (20 year initial term plus 10 year extension).
        - GTN's Adjusted EBITDA in future periods will reflect each of these components while the net expense relating to the Southern Cross

Austereo Affiliate Contract will progressively increase over the contract term, the year-on-year increases over the initial 10 years will not be material.
  - Given that EBITDA includes non-cash station compensation expense, the Company considers it is appropriate to adjust EBITDA to include the non-cash interest income arising over the term of the Southern Cross Austereo Affiliate Contract, and therefore has elected to disclose Adjusted EBITDA as a non-IFRS measure, which it considers is an appropriate measure of GTN's underlying EBITDA performance; and

- Cash flow impact of the Southern Cross Austereo Affiliate Contract comprises the $100 million prepayment on 9 February 2016 and annual recurring payments over the contract term of $2.75 million indexed by the lower of CPI and 2.5%.
  - GTN's cash flow statements in future periods will reflect the annual recurring indexed cash payments relating to the Southern Cross Austereo Affiliate Contract which will progressively increase over the contract term; the year-on-year increases over the initial 10 years will not be material.

Radiate Purchase Option

On 23 March 2016, a United States based subsidiary of the Company ("GTN US") entered into an exclusive option with Radiate and Radiate Holdings, the sole member of Radiate, to purchase all of the outstanding assets of Radiate. The material terms of the Radiate Option are:

- *Term*: 1 March 2016 to 30 September 2016 which is exercisable from 1 September 2016. GTN US can extend the option term until 31 December 2016 by paying an additional non-refundable payment of $50,000 USD on or prior to 30 September 2016;
- *Price of Radiate Option*: $200,000 USD (plus $50,000 USD to extend the option term to 31 December 2016);
- *Exercise price*: S15 million USD (inclusive of the assumption of up to $8 million USD in liabilities);
- *Due diligence*: Radiate and Radiate Holdings are required to provide GTN US with all books, agreements, papers and records related to Radiate which are reasonably requested by GTN US and permit GTN US and its representatives reasonable access to inspect and review Radiate's business; and
- *Covenants:* During the term of the option, Radiate and Radiate Holdings shall conduct the business of Radiate in the ordinary course, use commercially reasonably efforts to preserve the value of Radiate's business, keep GTN US informed of material developments in relation to Radiate's business, not sell or dispose of any material assets of Radiate, without GTN US' written consent (subject to certain exceptions), not sell or transfer any equity interests in Radiate and not solicit or enter into negotiations regarding an alternative transaction to the Radiate Option.

The Company expects to complete its due diligence during the option period(s) and determine whether it plans to exercise the option prior to the expiration date of the option. Radiate operates a traffic network in the United States and the Company believes it is the second largest traffic network by revenue in the United States, which is the largest advertising market in the world. Subject to the satisfactory completion of due diligence, the Company sees Radiate as a cost effective platform to launch operations in the United States.

Dividends

Consistent with the disclosures in the prospectus for the recent initial public offering, the Company does not intend to pay a dividend until the year ended 30 June 2017. It is expected that an interim dividend with regard to FY2017 will be paid in March 2017.

Consolidated Financial Report
For the year ended 30 June 2016

Contents

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the accompanying notes and any public announcements made by GTN Limited in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Notes	2016	2015
		$'000	$'000
Revenue	7	166,124	153,484
Other income	7	256	514
Interest income on long-term prepaid affiliate contract	7	3,581	-
Network operations and station compensation expenses	8	(101,919)	(93,950)
Selling, general and administrative expenses		(32,697)	(32,661)
Transaction expenses		(14,029)	(583)
Depreciation and amortisation	8	(19,931)	(23,391)
Finance costs	8	(8,160)	(5,162)
Foreign currency transaction (loss)/gain	8	(5,461)	(17,287)
Loss before income tax		(12,236)	(19,036)
Income tax (expense)/benefit	9	(4,998)	867
Loss for the year		(17,234)	(18,169)
Other comprehensive income for the year, net of income tax:			
Foreign currency translation reserve		(200)	19,068
Unrealised gain on interest rate swaps		799	168
Total other comprehensive income for the year		599	19,236
Total comprehensive (loss)/income for the year		(16,635)	1,067
Earnings per share attributable to the ordinary equity holders:			
Basic and diluted earnings per share (cents)	24	$(0.11)	$(0.11)

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

Consolidated Statement of Financial Position

As at 30 June 2016

	Notes	2016 $'000	2015 $'000
Assets			
Current			
Cash and cash equivalents	11	49,063	25,880
Trade and other receivables	12	33,625	28,848
Other current assets	13	1,890	856
Current assets		84,578	55,584
Non-current			
Property, plant and equipment	16	6,485	6,790
Intangible assets	15	70,678	89,232
Goodwill	14	92,716	93,885
Deferred tax assets	17	-	7,956
Other assets	13	99,099	323
Non-current assets		268,978	198,186
Total assets		353,556	253,770
Liabilities			
Current			
Trade and other payables	18	27,258	26,182
Deferred revenue	20	544	206
Current tax liabilities	17	2,320	1,078
Financial liabilities	21	-	2,559
Provisions	19	855	709
Current liabilities		30,977	30,734
Non-current			
Trade and other payables	18	68	66
Financial liabilities	21	96,806	46,711
Deferred tax liabilities	17	10,237	22,125
Derivatives	22	-	1,229
Other liabilities	23	72	779
Provisions	19	452	476
Non-current liabilities		107,635	71,386
Total liabilities		138,612	102,120
Net assets		214,944	151,650
Equity			
Share capital	25	378,948	248,717
Reserves		6,706	30,728
Accumulated losses		(170,710)	(127,795)
Total equity		214,944	151,650

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 2016

	Notes	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Hedging Reserve $'000	Equity Based Payments Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2014		**226,419**	**-**	**10,362**	**(967)**	**1,300**	**(87,328)**	**149,786**
Total comprehensive income:								
Net loss		-	-	-	-	-	(18,169)	(18,169)
Other comprehensive income		-	-	19,068	168	-	-	19,236
		-	-	19,068	168	-	(40,467)	1,067
Transactions with owners in their capacity as owners:								
Preferred equity dividends		22,298	-	-	-	-	(22,298)	-
Equity based compensation		-	-	-	-	797	-	23,095
		22,298	-	-	-	797	-	23,095
Balance at 30 June 2015		**248,717**	-	**29,430**	**(799)**	**2,097**	**(127,795)**	**151,650**
Total comprehensive income:								
Net loss		-	-	-	-	-	(17,234)	(17,234)
Other comprehensive income (loss)		-	-	(200)	799	-	-	599
		-	-	(200)	799	-	(17,234)	(16,635)
Transactions with owners in their capacity as owners								
Preferred equity dividends		25,681	-	-	-	-	(25,681)	-
Repurchase of equity units		(3,406)	-	-	-	-	-	(3,406)
Reverse existing capital resulting from restructure		(270,992)	-	-	-	-	-	(270,992)
Ordinary shares issued to existing shareholders		298,306	-	-	-	-	-	298,306
Ordinary shares issued		83,997	-	-	-	-	-	83,997
Costs relating to share issue net of tax		(3,355)	-	-	-	-	-	(3,355)
Common control reserve from restructure		-	(24,655)	-	-	-	-	(24,655)
Equity based compensation		-	-	-	-	34	-	34
		130,231	(24,655)	(200)	799	-	(42,915)	63,260
Balance at 30 June 2016	25	**378,948**	**(24,655)**	**29,230**	**-**	**2,131**	**(170,710)**	**214,944**

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 2016

	Notes	2016 $'000	2015 $'000
Operating activities			
Receipts from customers		172,304	169,707
Payments to suppliers and employees		(154,474)	(139,447)
Interest received		244	514
Finance costs		(7,170)	(4,512)
Income tax paid		(6,838)	(7,979)
Net cash from operating activities	28	**4,066**	**18,283**
Investing activities			
Purchase of property, plant and equipment		(2,270)	(4,066)
Long-term prepaid station affiliate agreement		(100,000)	-
Proceeds from disposals of property, plant and equipment		-	1
Net cash used in investing activities		**(102,270)**	**(4,065)**
Financing activities			
Proceeds from borrowings		155,459	-
Proceeds for initial public offering of stock (net of transaction costs)		80,642	-
Equity interests repurchased		(3,406)	-
Repayment of borrowings		(105,913)	(15,884)
Deferred financing costs		(4,229)	**-**
Net cash from (used) in financing activities		**122,553**	**(15,884)**
Net change in cash and cash equivalents		24,349	(1,666)
Cash and cash equivalents, beginning of year		25,880	28,519
Exchange differences on cash and cash equivalents		(1,166)	(973)
Cash and cash equivalents, end of year	11	**49,063**	**25,880**

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"") provides traffic and news information reports to radio and/or television stations in international markets, including Australia, Canada, the United Kingdom and Brazil. The Company derives a substantial majority of its revenues from the sale of commercial advertising adjacent to information reports. The Company obtains these advertising commercials from radio and television stations in exchange for information reports and/or cash compensation.

General information
GTN Limited is a registered Victoria company under the Corporations Act of 2001. GTN Limited was formed on 2 July 2015 as A.C.N. 606 841 801. On June 4, 2016 pursuant to a public offering of GTN Limited's shares, GTCR Gridlock Holdings (Cayman), L.P. ("Cayman") was merged into GTN Limited. Any financial information prior to the merger pertains to Cayman. GTN Limited had no operations prior to the merger.

Cayman was a Cayman Islands limited partnership that formed on 25 July 2011 for the purpose of acquiring Global Traffic Network, Inc. ("GTN"). The purchase of GTN was completed 28 September 2011 with GTN becoming a wholly owned indirect subsidiary of Cayman. Certain subsidiaries of GTN were transferred to other indirect subsidiaries of Cayman. GTCR Gridlock Partners, Ltd. was the General Partner (the "General Partner") of Cayman.

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 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 period 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).

(ii) Historical cost convention
The financial statements have been prepared on a historical cost basis, except for the following:
● available-for-sale financial assets, financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property – measured at fair value,
● assets held for sale – measured at fair value less cost of disposal, and
● defined benefit pension plans – plan assets measured at fair value.

2.2 Basis of consolidation

The Company's financial statements consolidate those of GTN Limited and all of its subsidiaries (the "group") as of 30 June 2016. 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 combination

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 functional currency of GTN Limited is AUD. These financial statements presentation currency 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

Advertising revenue

Advertising revenue is earned and recognised at the time commercial advertisements are broadcast. Advertising revenues are reported net of commissions provided to third party advertising agencies that represent a majority of the advertisers. Payments received or amounts invoiced in advance are deferred until earned and such 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.

Interest and dividend income

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.

2.6 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.

2.7 Station compensation and reimbursement

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 and reimbursement 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 provision for impairment. 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.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, 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 the impairment loss is recognised in profit or loss within selling, general and administrative expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the 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. 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 and software: 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.

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

Finance leases

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in this type of arrangement, the related asset is recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to profit or loss, as finance costs over the period of the lease.

Operating leases

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

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.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

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

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 provision for impairment. 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.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

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 prepayment or refinancing of debt balances are immediately expensed as a component of finance costs.

Classification and subsequent measurement of financial liabilities

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

Financial liabilities are measured subsequently at amortised cost using the effective interest method, and are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments and hedge accounting

Derivative financial instruments are accounted for as hedging instruments in cash flow hedge relationships, which requires a specific accounting treatment. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence of the hedged transaction and hedge effectiveness.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and reported subsequently at fair value in the statement of financial position.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the interest rate hedging reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

2.15 Income taxes

Income tax expense for the period is the tax payable on the current period's taxable income based on the national 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 current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of 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.

(ii) 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 have 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 of 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 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 annual leave and long service leave are 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 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.

Prior to the Company's initial public offering, the share capital of the Company consisted of partnership units that were converted into share capital as part of the IPO restructuring. Earnings per share calculations presented herein assume the conversion took place at the beginning of the periods presented to provide a uniform presentation.

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 s hares 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 payment reserve – comprises the cumulative charge to the statement of profit or loss and other comprehensive income for employee 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 operated equity-settled equity-based remuneration plans for its employees. The Company also operated a cash-settled equity-based remuneration plan for 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.

The same policy is in place for phantom partnership interests, except that it is treated as a liability since it is anticipated these interests will be cash-settled. The liabilities are remeasured to fair value at each reporting date and are presented as non-current other liabilities in the statement of financial position.

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 unless the tax incurred is not recoverable from the taxation authority. In such case the tax is recognized as part of the cost of the acquisition of the asset or as part of the expense.

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 Corporations 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 ASIC Corporations 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 judgement

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.

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.

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.

Fair value of financial instruments
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

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 contractual term.

2.27 Parent entity financial information
The financial information for the parent entity, GTN Limited disclosed in Note 31 has been prepared on the same basis as the consolidated financial statements except as set out below.

(i) 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.

2.30 Corporate restructure
GTN Limited was incorporated as an Australian public company on 2 July 2015 and acquired GTCR Gridlock Holdings (Cayman), L.P. as part of a restructure in conjunction with the initial public offering of GTN Limited's stock.

The Company elected to account for the purchase of Cayman by GTN Limited as a capital re-organisation rather than a business combination. In the Company's judgement, the continuation of the existing accounting values is consistent with the accounting that would have occurred if the assets and liabilities had already been in a structure suitable to IPO and most appropriately reflects the substance of the internal restructure. As such, the consolidated financial statements of the Company have been presented as a continuation of the pre-existing accounting values of assets and liabilities in the Cayman consolidated financial statements. In adopting this approach, the Company notes that there is an alternate view that such a restructure should be accounted for as a business combination that follows the legal structure of GTN Limited being the acquirer. If this view had been taken, the net assets of the GTN Group would have been uplifted to fair value based on the market capitalisation at completion with consequential impacts on the consolidated statement of profit or loss and other comprehensive income statement and the consolidated statement of financial position.

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 to annual periods beginning on or after 1 July 2015. Information on these new standards is presented below.

AASB 2014-1 *Amendments to Australian Accounting Standards* (Part A: Annual Improvements 2010-2012 and 2011-2013 Cycles)

Part A of AASB 2014-1 makes amendments to various Australian Accounting Standards arising from the issuance by the IASB of International Financial Reporting Standards *Annual Improvements to IFRSs 2010-2012 Cycle* and *Annual Improvements to IFRSs 2011-2013 Cycle*. Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2010-2012 Cycle*:

- clarify that the definition of a 'related party' includes a management entity that provides key management personnel services to the reporting entity (either directly or through a group entity)
- amend AASB 8 *Operating Segments* to explicitly require the disclosure of judgements made by management in applying the aggregation criteria

Among other improvements, the amendments arising from *Annual Improvements to IFRSs 2011-2013 Cycle* clarify that an entity should assess whether an acquired property is an investment property under AASB 140 *Investment Property* and perform a separate assessment under AASB 3 *Business Combinations* to determine whether the acquisition of the investment property constitutes a business combination.

Part A of AASB 2014-1 is applicable to annual reporting periods beginning on or after 1 July 2014.

The adoption of these amendments has not had a material impact on the Company as they are largely of the nature of clarification of existing requirements.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards. This Standard was first adopted for the year ending 30 June 2016 and there was no material impact on the financial statements.

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

At the date of authorisation of these financials 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.

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income ('OCI')
- the remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.
Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities.

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.
Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

The entity is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 15 – Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and some revenue-related Interpretations:

- establishes a new revenue recognition model
- changes the basis for deciding whether revenue is to be recognised over time or at a point in time
- provides new and more detailed guidance on specific topics (e.g., multiple element arrangements, variable pricing, rights of return, warranties and licensing)
- expands and improves disclosures about revenue

The entity is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the entity's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 – Leases

AASB 16 removes the balance sheet distinction between operating and finance leases for lessees. Changes under AASB 16 will predominately affect lessees with almost all leases going on the balance sheet. The asset (the right to use the leased item) and a financial liability to pay rentals are recognized under the new standard with the only exemption being short-term and low-value leases. The new standard will be effective from 1 January 2019 but is available for early adoption. At this stage, the Group is not able to estimate the effect of the new rules on the financial statements. The Group does not expect to adopt the new standard before 1 July 2018.

AASB 2014-1 Amendments to Australian Accounting Standards

Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14. When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the entity.

Part E of AASB 2014-1 makes amendments to Australian Accounting Standards to reflect the AASB's decision to defer the mandatory application date of AASB 9 Financial Instruments to annual reporting periods beginning on or after 1 January 2018. Part E also makes amendments to numerous Australian Accounting Standards as a consequence of the introduction of Chapter 6 Hedge Accounting into AASB 9 and to amend reduced disclosure requirements for AASB 7 Financial Instruments: Disclosures and AASB 101 Presentation of Financial Statements. Refer to the section on AASB 9 above.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The amendments:

- clarify the materiality requirements in AASB 101, including an emphasis on the potentially detrimental effect of obscuring useful information with immaterial information
- clarify that AASB 101's specified line items in the statement(s) of profit or loss and other comprehensive income and the statement of financial position can be disaggregated
- add requirements for how an entity should present subtotals in the statement(s) of profit and loss and other comprehensive income and the statement of financial position
- clarify that entities have flexibility as to the order in which they present the notes, but also emphasise that understandability and comparability should be considered by an entity when deciding that order
- remove potentially unhelpful guidance in IAS 1 for identifying a significant accounting policy.

When these amendments are first adopted for the year ending 30 June 2017, there will be no material impact on the financial statements.

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, interest rate risk and price 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 uses 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 operation units in accordance with the Board policy.

The Company holds the following financial instruments:

	2016 $'000	2015 $'000
Financial assets		
Cash and cash equivalents	49,063	25,880
Trade and other receivables	33,625	28,848
	82,688	**54,728**
Financial liabilities		
Trade and other payables	27,258	26,182
Interest bearing liabilities	96,806	49,270
Derivative financial instruments	-	1,229
Other liabilities	72	779
	124,136	**77,460**

(a) Market risk

(i) Cash flow and fair value interest rate 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.

The Company's main interest rate risk arises from long term borrowings, cash, receivables and derivatives. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Company has utilized fixed rate interest rate swaps to manage interest rate risk in the past. At 30 June 2016 all of the Company’s debt was at a variable rate. Subsequent to the date of the financial statements, in August 2016, the Company entered into an interest rate collar on $50 million of its variable debt that runs until 9 February 2018. The hedge was determined to be effective when entered into and will be tested for effectiveness at each balance sheet date.

The Company has managed its cash flow interest rate risk by using interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate derivatives, the Company agrees with other parties to exchange, at specified intervals (mainly monthly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. The Company repaid its outstanding hedging obligation in June 2016 and had no interest rate hedges in place at 30 June 2016.

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

	2016		2015	
	Weighted average interest rate	**Balance**	Weighted average interest rate	Balance
	%	**$'000**	%	$'000
Cash and cash equivalents	0.94%	49,063	1.75%	25,880
Borrowings – unhedged portion	5.34%	(100,000)	5.19%	(6,017)
Net exposure to cash flow interest rate risk		**(50,937)**		**19,863**

On 11 November 2011, the Company's Aus Hold Co subsidiary borrowed $76.5 million (which included $2.85 million loan fee deducted from the proceeds by the lenders) from a consortium of three banks in Australia (Term Loan A and Term Loan B, collectively "Term Loans" or "Term Loan"). The interest rate on the majority of the Term Loan was fixed until the repayment date (either by scheduled principal payments or the date of maturity) via a fixed rate interest swap. The interest rate spread was subject to increase and decrease based on the leverage ratio as defined in the Term Loan agreement. The Term Loan was refinanced in November 2015 and again in February 2016. The fixed rate interest rate swap was novated and remained in place during both refinancing prior to being settled in June 2016. See Note 21.

An official increase/decrease in interest rates of 100 (2015: 100) basis points would have favourable/adverse effect on profit before tax of $509 thousand (2015: favourable/adverse $199 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**	**GBP**	**CAD**	**BRL**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2016								
Financial assets	659	13,339	10,228	1,398	35	-	-	-
Financial liabilities	1,178	6,528	5,390	1,087	211	10	11	-
Total exposure	**(519)**	**6,811**	**4,838**	**311**	**(176)**	**(10)**	**(11)**	**-**
30 June 2015								
Financial assets	1,261	11,525	7,840	690	20	-	-	-
Financial liabilities	(1,375)	(6,693)	(4,244)	(872)	(153)	-	(575)	(83)
Total exposure	**(114)**	**4,832**	**3,596**	**(182)**	**(133)**	**-**	**(575)**	**(83)**

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

The Company also has the following intercompany loan payable/receivables within the group translated to AUD at closing rate as follow:

	AUD $'000	CAD $'000	GBP $'000	BRL $'000
30 June 2015				
Intercompany loan within the group entities between functional currency (AUD) and USD	54,393	-	-	-
Intercompany loan within the group entities between functional currencies (CAD, GBP, BRL) and USD	-	23,215	12,038	4,460

As part of the restructuring related to the IPO, the intercompany loans were converted to share capital of the relevant subsidiary and no intercompany loans were outstanding as of 30 June 2016. There continue to be immaterial inter group advances/payables amongst the various subsidiaries.

As shown in the table above, the group is primarily exposed to changes in USD/AUD. The group pre-tax exposure if Australian dollar/ US dollar is increased/decreased by 10% are as follow:

	FY 16 A$'000	FY 15 A$'000
Exposure of USD/AUD for exchange rate movement increase by 10%	N/A	4,854
Exposure of USD/AUD for exchange rate movement decrease by 10%	N/A	5,933

(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 provision for loss.

Ongoing credit evaluation is performed on the financial condition of customers and, where appropriate, an allowance for doubtful debtors is raised. Increased attention is paid to past due clients to determine collectability of outstanding receivables. The credit quality of debtors that are not impaired is assessed by reference to historical information with regards to default rates. Debtor write-offs have historically been immaterial.

Refer to Note 2.26 for management's process to evaluate the recoverability of the long-term prepayment and the exposure to credit risk.

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:

	2016 $'000	2015 $'000
Total facilities		
Bank loan facility	115,000	50,454
Used at balance date		
Bank loan facility	100,000	50,454
Unused at balance date		
Bank loan facility	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 2016						
Non-derivatives						
Non-interest bearing						
Trade and other payables	27,258	-	-	-	27,258	27,258
Other liabilities	-	-	72	-	72	72
Interest bearing						
Bank loans(1)(2)	4,400	4,400	111,452	-	120,252	96,806
Derivatives						
Interest rate swaps	-	-	-	-	-	-
Total	**31,658**	**4,400**	**111,524**	**-**	**147,582**	**124,136**

(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 2015						
Non-derivatives						
Non-interest bearing						
Trade and other payables	26,182	-	-	-	26,182	26,182

Other liabilities	-	-	779	-	779	779
Interest bearing						
Bank loans (1)	2,559	47,895	-	-	50,454	49,270
Derivatives -						
Interest rate swaps	-	1,229	-	-	1,229	1,229
Total	**28,741**	**49,124**	**779**	**-**	**78,644**	**77,460**

(1) 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.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities measured and recognised at fair value at 30 June 2016 and 30 June 2015.

30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Total Assets	-	-	-	-
Liabilities				
Derivatives – interest rate swaps	-	-	-	-
Total Liabilities	-	-	-	-

at 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Total Assets	-	-	-	-
Liabilities				
Derivatives – interest rate swaps	-	1,229	-	1,229
Total Liabilities	-	1,229	-	1,229

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

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

5 Capital Management

(a) 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 Australia and United Kingdom operations. Under the term of the loans, the borrowers are required to comply with the following financial covenants:

(a) Total gearing ratio(TGR) (not greater than 3.60x at 30 June 2016) (actual 1.73x)
(b) Interest coverage ratio (at least 3.50x at 30 June 2016)(actual 4.78x)
(c) Debt service ratio (at least 1.10x at 30 June 2016)(actual 2.68x)

The borrowers were in compliance with these and all other requirements of the loan for all periods presented. The Company's consolidated TGR on a pro forma basis at 30 June 2016 was approximately 1.5X. The Company targets to have a maximum total gearing ratio of less than 2X 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-2016	30-June-2015
GTCR Gridlock Holdings (Luxembourg) S.a.r.l. ("LuxCo 1")(2)	Luxembourg (3)	100%	100%
GTCR Gridlock Holdings, Inc. ('US Hold Co")	United States (Delaware) (1)	100%	100%
Global Traffic Network, Inc. ("GTN")	United States (Nevada) (1)	100%	100%
GTCR Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co") (4)	Australia (NSW)	100%	100%
The Australia Traffic Network Pty Limited ("ATN")	Australia (NSW)	100%	100%
GTCR Gridlock Management, Inc. ("US Mgmt. Co")	United States (Delaware)	100%	100%
Global Alert Network, Inc. ("GAN")	United States (Nevada)	100%	100%
GTCR Gridlock International (Luxembourg) S.a.r.l. ("LuxCo 2")	Luxembourg	100%	100%
Canadian Traffic Network ULC ("CTN")	Canada (Alberta)	100%	100%
GTCR Gridlock Holdings (UK) Limited ("UK Hold Co") (5)	United Kingdom (England & Wales)	100%	100%
Global Traffic Network Commercial (UK) 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 Servicos de Informacao do Transito ltda ("BTN")	Brazil	100%	100%

(1) Resident of Australia for tax purposes but still subject to U.S. taxes
(2) Name changed to GTN Holdings Pty Limited effective July 2016
(3) Migrated to Australia effective July 2016
(4) Name changed to Gridlock Holdings (Australia) Pty Limited effective July 2016

(5) Name changed to GTN Holdings (UK) Limited effective August 2016

GAN was liquidated on 20 April 2016 and its assets transferred to GTN for nominal consideration and forgiveness of an intercompany loan.

7 Revenue

	2016 $'000	2015 $'000
From continuing operations		
Sales revenue		
Sale of advertising commercials – net of agency commissions	166,124	153,484
	166,124	**153,484**
Other income		
Interest on bank deposits	244	514
Other	12	-
	256	514
Interest income on long-term prepaid affiliate contract	3,581	-

8 Expenses

	2016 $'000	2015 $'000
Loss before income tax includes the following specific expenses:		
Employee benefits expense	43,747	37,604
Defined contribution superannuation expenses	845	775
Amortisation and depreciation	19,931	23,391
Finance costs of bank loan and line of credit	8,160	5,162
Rental expenses relating to operating leases	1,803	1,698
Foreign exchange (gain) loss on intercompany loans within the group	5,461	17,287
Transaction expenses	14,029	583

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% (2015: 35%) and the reported tax expense in profit or loss are as follows:

	2016 $'000	2015 $'000
Loss before tax	(12,236)	(19,036)
Tax rate: 30% (2015 35%)	(3,671)	(6,663)

Taxes on foreign earnings	5,005	5,817
Tax effect of permanent differences	213	343
Write-off of DTA due to restructure	6,866	-
Foreign tax credits	(5,198)	(3,985)
Unrecognized tax losses	1,683	1,687
Foreign jurisdiction tax, net of federal tax benefit	(44)	(50)
Over-provision for income tax in prior year	(202)	(104)
Effect of tax rate changes	-	(96)
Effect of change in estimate on current period	-	2,184
Accrual of uncertain tax position	86	-
Other	260	-
Income tax expense (benefit)	**4,998**	**(867)**

	2016 $'000	2015 $'000
Expense		
Current	6,440	7,140
Deferred	(1,442)	(8,007)
Income tax benefit	**4,998**	**(867)**
Other comprehensive income		
Current	-	-
Deferred	(431)	(90)
	(431)	**(90)**

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 $10,395 thousand (2015: $9,551 thousand) in relation to the tax losses as management does not anticipate the Company will make sufficient taxable profits in the foreseeable future to utilise this asset.

The previous year tax provision was based on the Company being a U.S. based entity.

10 Auditor's remuneration

Auditor remuneration details are as follows:

	2016 $	2015 $
Audit and other assurance services		
Auditors of the Company:		
Audit and review of financial statements	842,000	458,000
Other assurance services		
Due diligence	1,189,000	-
Remuneration from audit and other assurance services	**2,031,000**	**458,000**
Taxation services		
Auditors of the Company:		
Tax compliance	244,000	261,000
Tax advice on mergers and acquisitions	167,000	445,000
Due diligence	1,956,000	-

Remuneration for Taxation services	**2,367,000**	**706,000**
Total auditor's remuneration	**4,398,000**	**1,164,000**

11 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2016 $'000	2015 $'000
Cash at bank and in hand:		
Cash at bank and in hand	49,063	19,130
Short term deposits	-	6,750
Cash and cash equivalents	**49,063**	**25,880**

12 Trade and other receivables

Trade and other receivables consist of the following:

	2016 $'000	2015 $'000
Trade receivables	34,370	29,520
Allowance for doubtful debtors	(745)	(672)
Trade receivables	**33,625**	**28,848**

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

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and impairment losses of $103 thousand (2015: $12 thousand) has been recorded accordingly within selling, general and administrative expenses.

The movement in the allowance for doubtful debts can be reconciled as follows:

	2016 $'000	2015 $'000
Balance 1 July	(672)	(686)
Amounts written off (uncollectable)	30	26
Impairment reversal (loss)	(103)	(12)
Balance 30 June	**(745)**	**(672)**

Trade receivables aging analysis at 30 June is:

	2016 $'000	2015 $'000
Not past due	29,934	26,143
Not more than 3 months	2,112	1,204
More than 3 months	2,324	2,173
Total	**34,370**	**29,520**

13 Other assets

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

	2016 $'000	2015 $'000
Current		
Prepaid station affiliate contract(i)	834	-
Option to purchase business (ii)	268	-
Prepaids and other current assets	788	856
	1,890	**856**
Non-Current		
Prepaid station affiliate contract(i)	98,831	-
Other assets	268	323
	99,099	**323**

(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 (assumed 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 as 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.

(ii) The Company's US Management Co subsidiary has entered into an option agreement with Radiate and Radiate Holdings, the sole member of Radiate, for an upfront non-refundable payment of USD $200 thousand, which gives an entity nominated by US Management the exclusive option to acquire substantially all of the assets of Radiate for a total consideration of USD 15 million inclusive of the assumption of up to USD 8 million of liabilities at any time from 1 September 2016 to 30 September 2016. US Management can extend the option term until 31 December 2016 by paying an additional non-refundable premium of USD 50 thousand on or prior to 30 September 2016.

14 Goodwill

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

	Trade names		Goodwill	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Gross carrying amount				
Balance 1 July	12,663	12,418	93,885	93,715
Net exchange difference	(199)	245	(1,169)	170
Carrying amount at 30 June	12,464	12,663	92,716	93,885

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.

	2016 $'000	2015 $'000
Australia	93,211	93,365
Canada	3,512	3,514
United Kingdom	8,457	9,669
Goodwill and trade names allocation at 30 June	**105,180**	**106,548**

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			
	2016 Post-tax	2016 Pre-Tax	2015 Post-tax	2015 Pre-Tax
Australia	10.3%	10.9%	10.0%	11.3%
Canada	15.8%	15.8%	10.6%	11.9%
United Kingdom	15.8%	15.8%	12.1%	12.8%

	Average Growth Rates			
	Revenue		EBITDA	
	2016	2015	2016	2015
Australia	5%	6%	10%	14%
Canada	7%	3%	27%	12%
United Kingdom	1%	2%	(3%)	2%

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 an impairment.

15 Intangible assets

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

	Station contracts $'000	Advertising contracts $'000	Trade names $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2015	89,481	66,360	12,663	168,504
Net exchange differences	(1,375)	(1,014)	(199)	(2,588)
Balance at 30 June 2016	**88,106**	**65,346**	**12,464**	**165,916**
Amortisation				
Balance at 1 July 2015	(23,969)	(55,303)	-	(79,272)
Amortisation	(6,575)	(10,807)	-	(17,382)
Net exchange differences	652	764	-	1,416
Balance at 30 June 2016	(29,892)	(65,346)	-	(95,238)
Carrying amount 30 June 2016	**58,214**	**-**	**12,464**	**70,678**
Gross carrying amount				
Balance at 1 July 2014	87,782	65,103	12,418	165,303
Net exchange differences	1,699	1,257	245	3,201
Balance at 30 June 2015	**89,481**	**66,360**	**12,663**	**168,504**
Amortisation				
Balance at 1 July 2014	(17,242)	(39,787)	-	(57,029)
Amortisation	(6,317)	(14,580)	-	(20,897)
Net exchange differences	(410)	(936)	-	(1,346)
Balance at 30 June 2015	(23,969)	(55,303)	-	(79,272)
Carrying amount 30 June 2015	**65,512**	**11,057**	**12,663**	**89,232**

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 2016 and 30 June 2015 was $17,382 thousand and $20,897 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	Total $'000
Gross carrying amount				
Balance 1 July 2015	13,867	688	1,569	16,124
Additions	1,948	10	312	2,270
Disposals	(185)	-	(15)	(200)
Net exchange differences	357	(1)	(305)	51
Balance 30 June 2016	15,987	697	1,561	18,245
Depreciation and impairment				
Balance 1 July 2015	(7,967)	(435)	(932)	(9,334)
Disposals	185	-	15	200
Net exchange differences	(93)	1	15	(77)
Depreciation	(2,178)	(99)	(272)	(2,549)
Balance 30 June 2016	(10,053)	(533)	(1,174)	(11,760)
Carrying amount 30 June 2016	**5,934**	**164**	**387**	**6,485**

	Helicopters and fixed wing aircraft $'000	Recording, broadcasting and studio equipment $'000	Furniture, equipment and other $'000	Total $'000
Gross carrying amount				
Balance 1 July 2014	10,501	499	1,092	12,092
Additions	3,465	179	422	4,066
Disposals	-	-	(51)	(51)
Net exchange differences	(99)	10	106	17
Balance 30 June 2015	13,867	688	1,569	16,124
Depreciation and impairment				
Balance 1 July 2014	(5,653)	(331)	(761)	(6,745)
Disposals	-	-	51	51
Net exchange differences	(123)	(6)	(17)	(146)
Depreciation	(2,191)	(98)	(205)	(2,494)
Balance 30 June 2015	(7,967)	(435)	(932)	(9,334)
Carrying amount 30 June 2015	**5,900**	**253**	**637**	**6,790**

17 Current and deferred tax assets and liabilities

Current taxes can be summarised as follows:

	2016 $'000	2015 $'000
Current tax liabilities	2,320	1,078

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

Deferred Tax Assets	1 July 2015	Recognised in OCI*	Recognised in Profit and Loss	30 June 2016
	$'000	$'000	$'000	$'000
Annual leave accrual	199	-	28	227
Long service leave provision	327	-	23	350
Audit accrual	48	-	118	166
Superannuation accrued	22	-	6	28
Deferred rent	-	-	21	21
Hedging	431	(431)	-	-
Allowance for doubtful debts	166	-	(8)	158
Foreign exchange differences	5,787	-	(5,787)	-
Deferred transaction costs	976	-	2,535	3,511
Net operating losses	-	-	2,865	2,865
Other	-	-	4	4
	7,956	**(431)**	**(195)**	**7,330**
Set-off of deferred tax liabilities pursuant to set-off provisions				**(7,330)**
Net deferred tax assets				**-**

* Other Comprehensive Income

Deferred Tax Liabilities	1 July 2015	Recognised in OCI*	Recognised in Profit and Loss	30 June 2016
	$'000	$'000	$'000	$'000
Intangibles	19,235	-	(4,574)	14,661
Fringe benefit tax	1	-	(1)	-
Deemed U.S. branch attribution	2,889	-	(660)	2,229
Prepaid expenses	-	-	670	670
Other	-	-	7	7
	22,125	**-**	**(4,558)**	**17,567**
Set-off of deferred tax assets pursuant to set-off provisions				**(7,330)**
Net deferred tax liabilities				**10,237**

* Other Comprehensive Income

	2016	2015
	$'000	$'000
Deferred tax assets consist of:		
Current	839	648
Non-current	6,491	7,308
	7,330	7,956
Deferred tax liabilities consist of:		
Current	-	1
Non-current	17,567	22,124
	17,567	22,125

18 Trade and other payables

Trade and other payables recognised consist of the following:

	2016 $'000	2015 $'000
Current		
Trade payables	17,459	19,048
Accrued payroll expenses	5,356	4,715
Accrued expenses and other liabilities	4,443	2,419
	27,258	**26,182**
Non-current		
Due to related parties	68	66
	68	**66**

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

	2016 $'000	2015 $'000
Current		
Long service leave provision	855	709
	855	709
Non-Current		
Long service leave provision	312	381
Lease restoration	140	95
	452	476
	1,307	**1,185**

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.

20 Deferred revenue

	2016 $'000	2015 $'000
Deferred revenue	544	206
	544	**206**

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

	2016 $'000	2015 $'000
Current		
Current portion of long term debt	-	2,559
	-	**2,559**
Non-current		
Long term debt, less current portion	96,806	46,711
	96,806	**46,711**

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 $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. At 30 June 2016 Facility C is outstanding and Facility A is available but unused. 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 Derivatives

	2016 $'000	2015 $'000
Interest rate swap contract	-	1,229
	-	**1,229**

(i) Classification of derivatives

Derivatives are classified as hedging instruments.

On 24 November 2011, as a requirement of the Term Loan, Aus Hold Co entered into fixed rate swap agreements ("Interest Rate Swaps") under which, effective 10 February 2012, 75% of the Term Loans outstanding balance (prior to any voluntary or mandatory prepayments under the excess cash flow sweep provisions of the Term Loan) was fixed at 4.21% until November 11, 2016, the maturity date of the Term Loan. Interest expense related to the Interest Rate Swaps was $1,256 thousand and $908 thousand for the years ended 30 June 2016 and 30 June 2015, respectively, and is a component of finance costs on the consolidated statement of profit or loss and other comprehensive income. The initial notional amounts of the Interest Rate Swaps were each $28,688 thousand and reduced by a portion of the scheduled principal payments of the Term Loans. The notional amount of the Interest Rate Swaps at 30 June 2016 was $0. At inception and on a quarterly basis, the Company determined that these Interest Rate Swaps were highly effective and therefore, recorded the change in fair value of $799 thousand for the year ended 30 June 2016 and $168 thousand for the year ended 30 June 2015 in other comprehensive income (net of taxes) on the consolidated statement of changes in equity. Since the Interest Rate Swaps have been closed out, all of the recorded change in fair value has been re-classed from other comprehensive income to finance costs in the consolidated statement of profit or loss and other comprehensive income.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives please refer to Note 4(d).

23 Other liabilities

	2016 $'000	2015 $'000
Withholding Tax	-	490
Other	72	289
	72	**779**

24 Earnings per share

	2016 $'000	2015 $'000
Loss attributable to shareholders from continuing operations	(17,234)	(18,169)
Weighted average number of shares used in calculating basic earnings per share	161,284	158,503
Weighted average number of ordinary shares and potential ordinary share used in calculating diluted earnings per share	161,284	158,503
Basic earnings per share (cents per share)	$(0.11)	$(0.11)
Diluted earnings per share (cents per share)	$(0.11)	$(0.11)

25 Shareholders' equity

	2016 '000's	2016 $'000	2015 '000's	2015 $'000
Ordinary shares				
At beginning of reporting period	158,503	248,717	158,503	226,419
Preferred equity dividends	-	25,681	-	22,298
Shares redeemed	(1,500)	(3,406)	-	-
Reverse existing capital structure (net)	-	27,314	-	-
Shares issued upon initial public offering net of offering costs	44,209	80,642	-	-
At the end of the reporting period	201,212	378,948	158,503	248,717

Initial Public Offering

On June 3, 2016 the Company completed an initial public offering of its shares raising (net of capitalized transaction costs) $80.6 million by issuing 44.2 million shares at an issue price of $1.90 per share. Funds received by the Company were offset by $3.4 million in transaction costs (net of tax) incurred in relation to the issue of the new shares in the Company. In addition to the shares issued by the Company, existing shareholders sold 54.7 million shares of the Company's stock. On completion of the initial public offering, the original shareholders held 102.3 million shares of the Company's stock. These shares are subject to a voluntary escrow agreements.

	Shares ('000's)	Amount ($,000's)
Shares issued by Company	44,209	83,997
Less: Transaction expenses	-	(3,355)
Shares sold by original shareholders	54,706	103,942
Shares held by original shareholders	102,297	194,364
	201,212	378,498

Prior to the offering, the Company was a Cayman limited partnership and as part of the restructuring the existing preferred equity was converted to common shares of GTN Limited.

The number of ordinary shares outstanding has been adjusted retrospectively back to 1 July 2014 for the corporate restructure described in Note 2.30. The comparative EPS balances have been calculated accordingly.

26 Equity based compensation

The Company terminated its equity based compensation plan as part of the restructuring related to the initial public offering. Information related to the cancelled plans to the extent it impacts the financial statements is provided below. The Partnership refers to GTCR Gridlock Holdings (Cayman), L.P. the predecessor of GTN Limited.

The Partnership made available the equivalent of 4,832,730 of Class D LP units for incentive grants to management and certain consultants ("Grantee") of the Partnership.
The Class D LP units vested 20% on each of the first five anniversary dates of the grant and immediately vested upon the sale of the Partnership but otherwise do not have a termination date. Upon separation of employment, the Partnership may repurchase any unvested Class D LP units for the lower of a) the Grantee's original cost and b) fair market value. The Partnership may repurchase any vested Class D LP units at fair market value, except in cases of termination for cause which such Class D LP units may be repurchased at the same cost as unvested Class D LP units. In the event of a Grantee's separation of employment, the Partnership has six months to provide notice of its intent to repurchase the Class D LP units, which in certain cases can be extended to up to eight months should not all the partners exercise their option to repurchase the Class D LP units and these Class D LP units are offered to the partners already participating in the purchase. Upon sale of the Partnership, the Partnership has the right to escrow 25% of the proceeds ("Continuing Incentive Amount") of the Class D LP units to ensure continued service from the Grantee at their current compensation (excluding equity or other incentive based compensation) for one year. Should the Grantee either complete the year of service or be terminated by the acquirer (except for cause) the escrow shall be released to the Grantee otherwise the Continuing Incentive Amount shall be paid pro rata to the Class B LP unit holders. The Class D LP unit agreement also contains a restrictive covenant which limits the

Grantees ability to compete with the Partnership (including its subsidiaries) for 48 months following the grant date.

Due to the varying tax laws of the countries in which the Partnership's subsidiaries operate, certain of these incentive grants were structured as phantom equity units, which were intended to mirror the economics of the Class D LP units ("Phantom Equity"). As such, the terms of individual country's Phantom Equity units vary from country to country in order to best reflect the economics of the Class D LP units. Each Phantom Equity unit represents a contractual right to the economic value of a Class D LP unit. The Phantom Equity units vest 20% on each of the first five anniversary dates of the grant and immediately vests upon the sale of the Partnership but otherwise do not have a termination date. Any unvested Phantom Equity units are forfeited upon separation of employment and all Phantom Equity units (vested and unvested) are forfeited if the Grantee is terminated for cause. In the event of a Grantee's separation of employment, the Partnership for six months following the event has a cash-out option which allows the Partnership to repurchase the vested Phantom Equity units at the fair market value of a hypothetical Class D LP unit with the same vesting schedule and a participation threshold of USD $0.10 per unit. Upon sale of the Partnership, the Partnership has the right to escrow 25% of the proceeds ("Continuing Incentive Amount") of the Phantom Units to ensure continued service from the Grantee at their current compensation (excluding equity or other incentive based compensation) for one year. Should the Grantee either complete the year of service or be terminated by the acquirer (except for cause) the escrow shall be released to the Grantee otherwise the Continuing Incentive Amount shall be forfeited. Since the Phantom Equity units provide no rights to acquire equity in the Partnership and it is expected that these Phantom Equity units will be cash-settled, the Phantom Equity expense is treated as a liability rather than additional capital. The Phantom Equity unit agreement also contains a restrictive covenant which limits the Grantees ability to compete with the Partnership (including its subsidiaries) for 48 months following the grant date.

Noncash compensation expense related to Class D LP units (and Phantom Equity units) is included as a component of selling, general and administrative expenses in the consolidated statements of operations and was $(170) thousand and $848 thousand for the years ended 30 June 2016 and 30 June 2015, respectively. The Partnership did not incur (other than de minimus) cash costs relating to the Class D LP units upon termination of the plan. Class D LP units that are issued, outstanding or available for future issuance is summarised below:

	2016	2015
Class D LP units available for incentive compensation	-	4,832,730
Class D LP units outstanding	-	(3,572,018)
Phantom Equity outstanding (Class D LP unit equivalents)	-	(840,955)
Class D LP units available for issuance	-	419,757

	2016	2015
Class D LP units outstanding, beginning of period	3,572,018	3,572,018
Class D LP units issued	-	-
Class D LP units cancelled	(3,572,018)	-
Class D LP units outstanding, end of period	-	3,572,018
Phantom Equity outstanding (Class D LP unit equivalents) outstanding, beginning of period	840,955	840,955
Phantom Equity issued (Class D LP unit equivalents)	-	-

Phantom Equity cancelled (Class D LP unit equivalents)	(840,955)	-
Phantom Equity outstanding (Class D LP unit equivalents) end of period	-	840,955

A summary of the status of the Partnership's unvested Class D LP units and Class D LP unit Phantom Equity unit equivalents as of years ended 30 June 2016 and 30 June 2015, and changes during the years ended 30 June 2016 and 30 June 2015, is summarised below:

	Number of Class D LP Phantom Equity Units	Weighted Average Grant Date Fair Value (USD)	Number of Class D LP Units	Weighted Average Grant Date Fair Value (USD)
Unvested at 30 June 2014	504,573	0.62	2,143,211	0.56
Granted	-	-	-	-
Vested	(168,191)	0.62	(714,404)	0.56
Forfeited	-	-	-	-
Unvested at 30 June 2015	336,382	0.62	1,428,807	0.56
Granted	-	-	-	-
Vested	(168,191)	0. 62	(1,428,807)	0.56
Cancelled	(168,191)	0. 62	-	-
Unvested at 30 June 2016	-	-	-	-

The fair value of these units was estimated at the date of the grant with an option allocation methodology utilising the Black-Scholes option pricing model. The option allocation methodology determines the fair value of each participating class of equity based on the Partnership's fair value of total equity and liquidation preferences with the following assumptions:

(i) estimated term based on simplified plain-vanilla method (4 years),

(ii) a historical volatility over a period commensurate with the expected term based on observations of volatility of publicly traded peers on a weekly basis (30.0%),

(iii) a risk-free interest rate consistent with the expected term and based on the U.S. Treasury yield curve in effect at the time of the grant (0.71%),

(iv) annual dividend yield on preferred units consistent with the equity based compensation agreements (8% for Class A LP units, 0% for Class B and Class D LP units). The Partnership estimated the fair value of total equity at the date of grant using the market approach.

Based on these assumptions, the fair value with regards to all granted Class D LP units as of the grant date is $1,985 thousand. As of 30 June 2016 and 30 June 2015, there was $0 and $305 thousand of total unrecognised compensation cost related to equity based compensation, respectively.

Based on these assumptions, the fair value with regards to all granted Phantom Equity units as of the grant date is $435 thousand. As of 30 June 2016 and 30 June 2015, there was $0 and $115 thousand of total unrecognised compensation cost related to equity based compensation, respectively.

The Company recognised $(29) thousand and $14 thousand of income tax (expense)/benefit related to equity-based compensation for the years ended 30 June 2016 and 30 June 2015, respectively.

27 Leases

The Company has various non-cancellable, long-term operating leases for its facilities, aviation services and office equipment. The facility leases have escalation clauses and provisions for payment of taxes, insurance, maintenance and repair expenses. Total expense under these leases is recognised rateably over the lease terms or based on usage, based on the type of agreement. Renewal options are not included in future minimum payments. Future minimum payments, by year and in the aggregate, under such non-cancellable operating leases with initial or remaining terms of one year or more, consist of the following as of 30 June 2016:

	Minimum Lease Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 2016	1,759	2,730	95	4,584
30 June 2015	1,552	3,227	153	4,932

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 2016 and 30 June 2015, the Company had a liability of $140 thousand and $95 thousand, respectively accrued, which it anticipates to be the amount required to restore the premises at the end of the leases.

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 expenses 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 2016	3,841	1,868	-	5,709
30 June 2015	4,358	2,107	-	6,465

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 and reimbursement 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 2016	26,668	16,993	40,105	83,766
30 June 2015	54,387	27,745	-	82,132

28 Reconciliation of cash flows from operating activities

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

	2016 $'000	2015 $'000
Cash flows from operating activities		
Loss for the period	(17,234)	(18,169)
Adjustments for:		
Allowance for doubtful accounts	73	(14)
Equity based compensation expenses	(170)	848
Amortisation of deferred borrowing costs	149	318
Fair value movement on derivatives	(1,229)	(258)
Depreciation and amortisation	19,931	23,391
Foreign currency (gain)/loss	5,461	17,287
Interest expense from amortisation of original issue discount	2,070	590
Net changes in working capital:		
Change in trade and other receivables	(4,850)	(2,076)
Change in other assets	190	45
Change in deferred tax assets	2,099	(3,995)
Change in trade and other payables	1,282	5,030
Change in deferred revenue	338	(1,326)
Change in current tax liabilities	1,242	(594)
Change in provisions	122	(48)
Change in deferred tax liabilities	(4,558)	(4,136)
Change in other liabilities	(707)	145
Net exchange gain/(loss)	(143)	1,245
Net cash from operating activities	**4,066**	**18,283**

29 Related party transactions

The Company has entered into a professional services agreement with GTCR Management X LP, an affiliate of the majority partnership owners, to provide management services. For the years ended 30 June 2016 and 30 June 2015 the Company incurred $635 thousand and $598 thousand of expense, which is included as a component of selling, general and administrative expenses in the consolidated statement of profit or loss and other comprehensive income, respectively. The management agreement was terminated in June 2016.

As of 30 June 2016 and 30 June 2015, the Company had a liability of $68 thousand and $66 thousand to entities affiliated with the majority shareholders.

A previous line of credit was guaranteed by both GTCR Fund X/A AIV LP and GTCR Fund X/C AIV LP, both of which are shareholders of GTN Limited. This line of credit was repaid in April 2015 and expired 31 May 2015.

30 Transactions with Key Management Personnel

Key Management Personnel remuneration includes the following expenses:

	2016	2015
	$	$
Total short term employee benefits	9,646,384	2,290,189
Total equity based compensation	2,272	241,507
Total remuneration	**9,648,656**	**2,531,696**

The Key Management Personnel are all paid in USD so a portion of the change in compensation from the year ended 30 June 2015 to the year ended 30 June 2016 was due to translation differences related to the weakening AUD.

31 Parent Entity information

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

	2016
	$'000
Statement of financial position	
Current assets	27,544
Total assets	370,688
Current liabilities	1,245
Total liabilities	1,245
Net assets	369,443
Share capital	378,948
Accumulated losses	(9,505)
Reserves	-
Total equity	369,443
Statement of profit or loss and Other Comprehensive Income	
Profit (loss) for the year	(9,505)
Other comprehensive income (loss)	-
Total comprehensive income (loss)	(9,505)

32 Segment information

The Company's chief operating decision maker, it 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:

	2016	2015
	$'000	$'000
Australia	89,814	83,507
United Kingdom	47,542	43,517
Canada	23,601	21,154
Brazil	5,167	5,306
	166,124	**153,484**

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.

	2016	2015
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	31,285	24,620
United Kingdom	4,302	3,250
Canada	2,263	1,252
Brazil	(1,315)	(626)
Other	(1,434)	(1,623)
Adjusted EBITDA	**35,101**	**26,873**
Foreign Exchange gain (loss)	(5,461)	(17,287)
Transaction costs	(14,029)	(583)
Less: Interest income on long-term prepaid affiliate contract	(3,581)	-
EBITDA	12,030	9,003
Depreciation and amortization	(19,931)	(23,391)
Interest income on long-term prepaid affiliate contract	3,581	-
Financing costs net of interest income	(7,916)	(4,648)
Loss before taxes and discontinued operations	(12,236)	(19,036)

Segment assets and liabilities are classified by their physical location.

	2016	2015
	$'000	$'000
Segment assets		
Total Assets:		
Australia	268,399	186,038
UK	30,118	32,970
Canada	23,456	23,562
Brazil	4,488	3,682
Total segment assets	**326,461**	**246,252**
Unallocated:		
Deferred tax assets	-	7,956
Intercompany eliminations	(1,486)	(1,814)
Other	28,581	1,376
Total assets	**353,556**	**253,770**
Segment liabilities		
Total liabilities		
Australia	53,931	70,065
UK	6,701	18,989
Canada	6,041	28,041
Brazil	1,562	5,559
Total segment liabilities	**68,235**	**122,654**
Unallocated:		
Deferred tax liabilities	10,237	22,125

Borrowings	96,806	49,270
Derivatives	-	1,229
Intercompany eliminations	(50,970)	(101,530)
Others	14,304	8,372
Total liabilities	**138,612**	**102,120**

GTN Limited

Supplementary Appendix 4E information

Additional dividend/distribution information

None

Dividend/distribution reinvestment plans

N/A

NTA Backing

	2016	2015
Net tangible asset backing per ordinary share	$0.26	$(0.20)

Audit

This report is based on accounts which are in the process of being audited. The audit report will be made available with the Company's financial report as part of the Company's Annual Report which is still to be completed and will be released on or before 30 September 2016.