GTN Limited

ABN 38 606 841 801

Annual Report 2016

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CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S LETTER

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to announce that GTN Limited (**"GTN"** or the **"Company"**) has completed a very active and successful year and are pleased to present its annual report for fiscal year ending 30 June 2016.

First we would like to thank all of the shareholders for enabling us complete our initial public offering this June. We believe that this will be a positive step for us in continuing our growth plans. We would also like to thank all of our local management and employees. They have achieved outstanding results despite all of the distractions that occur during an IPO. We look forward to continued success in fiscal 2017.

GTN reported net revenues for the year of $166.1 million which was 1.2% ahead of Prospectus Forecast and 8.2% ahead of last year with all four operating segments exceeding the previous year in local currency. Pro Forma Adjusted EBITDA was $34.6 million which exceeded Prospectus Forecast by 7.1%. Pro Forma NPATA was $18.8 million which was 18.7% higher than Prospectus Forecast and significantly higher than Pro Forma fiscal 2015.

Our balance sheet is strong with $49.1 million in cash at 30 June 2016 while our operations continue to generate strong cash flow. Our net debt position (including our cash on hand) is $50.9 million and our leverage is low at 1.5 times Pro Forma Adjusted EBITDA. During the year, GTN also continued to bolster its line-up of stations in Brazil and Canada and entered into long term agreements in Australia that will help to maintain our strong operating position. Our UK operations, while more mature than our other markets, continued to provide significant cash flow to the Company.

We have continued due diligence work on our potential acquisition of Radiate Media which operates a broadcast traffic network in the United States. Radiate has valuable affiliate agreements as well as useful technology. We continue to believe that the United States provides a tremendous growth opportunity for the Company.

We are very pleased with our initial performance as a public company. The Company exceeded Prospectus Forecast revenue, Pro Forma EBITDA, Pro Forma Adjusted EBITDA, Pro Forma NPAT and Pro Forma NPATA. The Company remains committed to strong business principles. GTN has low leverage, produces strong cash flow, and has exciting growth opportunities.

Once again we would like to thank our management and employees for their outstanding effort and our shareholders for their support. We look forward to a successful and productive fiscal 2017.

William L. Yde III
Managing Director and Chief Executive Officer

Gary L. Miles
Chairman

About GTN

Overview of GTN

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

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

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

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

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

GTN currently operates in Australia, Canada, the United Kingdom and Brazil - four of the 10 largest advertising markets in the world. GTN began operations in Australia in 1997, and has selectively and successfully expanded into other attractive markets including, most recently, the promising Brazilian market. In addition, GTN has an option to purchase Radiate Media, which operates in the United States, the largest advertising market in the world.

In FY2016, 96% of GTN's Revenues were generated through the sale of radio advertising spots and 4% were generated through the sale of television advertising spots.

Overview of GTN's divisions

Country			**Australia**	**Canada**	**United Kingdom**	**Brazil**
Population		(millions)	23.5	35.5	64.5	206.1
GTN years of operation		(years)	19	11	7	4
FY 2016 revenue (1)		(millions)	89.8	23.6	47.5	5.2
% of FY 2016 revenue (1)		(%)	54%	14%	29%	3%
GTN audience		(#)	10.7m radio (2) 5.5m TV	14.4m radio 8.4m TV	27.9m radio	14.2m radio

Number of affiliates		(#)	115 radio 13 TV	103 radio 6 TV	242 radio	36 radio
Proportion of metropolitan commercial radio listeners in GTN's existing markets		(%)	100%	59%	100%	54%
GTN penetration within existing metropolitan commercial radio markets		(%)	88%	87%	78%	47%
FY 2016 spots inventory		('000's)	789	558	1,279	110

(1) Amounts may not add due to rounding

(2) Includes 840 thousand listeners in regional markets rated by GfK. Excludes listeners in markets not rated by GfK. The population of the markets not rated by GfK but serviced by ATN is approximately 4.5 million persons.

Operating model

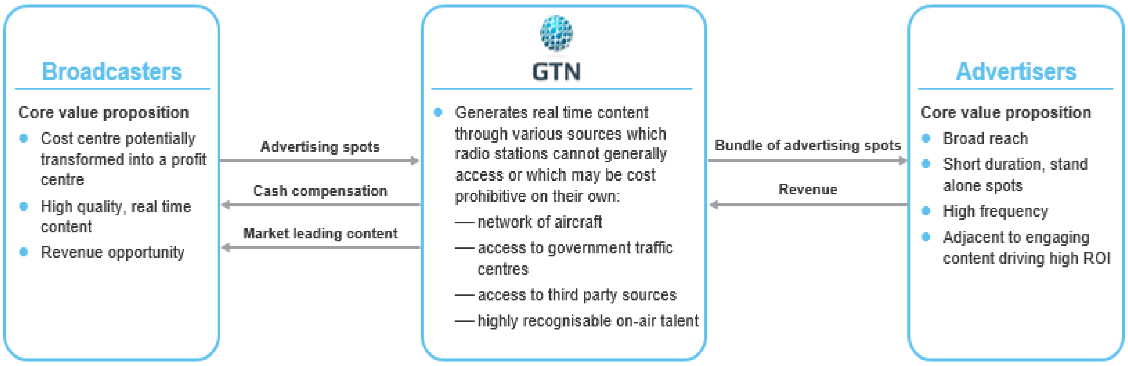
GTN provides an advertising platform designed to enable advertisers, generally large national advertisers, to reach high-value demographics cost effectively. The advertising spots GTN offers are adjacent to information reports that listeners are typically highly engaged with, as this content is "of use"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

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

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

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

GTN value proposition



Revenue model

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

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

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

Value proposition to advertisers

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

- **Audience reach:** GTN operates one of the largest broadcast media advertising platforms by audience reach in Australia, Canada and the United Kingdom, and GTN's goal is to achieve the same status in each market GTN enters, including Brazil. This enables advertisers to communicate with a large number and broad demographic of potential consumers.
- **High frequency:** GTN's advertisements are heard frequently throughout the day on every affiliate in the purchased market or region, enabling advertisers to communicate their message repeatedly. This format is designed to maximise efficacy, enhance recall and minimise switching during advertisements.
- **High engagement:** GTN's advertising spots are adjacent to information reports that have been found to be useful and engaging for listeners. In 2015, GTN commissioned a research study conducted by Neuro Insight which measured brain activity and demonstrated that traffic update content was the most engaging content for listeners.
- **Ideal placement:** A large proportion of GTN advertising spots are aired during morning and afternoon commute periods, which generally have the largest audience.
- **High recall:** GTN's advertisements are designed to provide high recall rates by being short in duration (10 seconds), adjacent to information reports and standalone to other advertisements.

- **Audience consistency:** Advertisers using GTN's platform are less exposed to ratings swings of individual radio affiliate stations since GTN's customers receive spots on multiple radio affiliate stations.
- **Audience coverage:** GTN sells spots on a national, regional or specific market basis. This allows the product to be relevant for both nationally and regionally-focused advertisers.

Value proposition to broadcasters

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

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

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

Corporate Governance

The Corporate Governance Statement outlining GTN Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 3rd Edition, is available on the GTN Limited website at http://www.gtnetwork.com.au/home/?page=corporate-governance in accordance with ASX listing rule 4.10.3. The Directors approved the 2016 Corporate Governance Statement on 29 September 2016.

Directors' Report

The Directors present their report together with the consolidated financial statements of GTN Limited and its Controlled Entities (**"Group"**), for the year ended 30 June 2016 and the auditor's report thereon.

Directors and Company Secretaries

Gary Miles

Independent Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Gary Miles has over 50 years of experience in the radio industry. He is currently a director of Vista Radio, a Canadian-based radio station operator.

Gary previously held the position of Chief Executive Officer of Rogers Radio and President at the Radio Bureau of Canada and has held numerous board positions both in the Canadian radio industry and the broader Canadian community, including as Chairperson of:

- Numeris (formerly the Canadian Bureau of Broadcast Measurement);
- the Alcoholism Foundation of Manitoba; and
- the Radio Industry Associations of Canada, Manitoba and Western Canada.

Gary is a member of the Canadian Association of Broadcasters Hall of Fame.

William Yde III ("Bill")

Managing Director and Chief Executive Officer

Bill Yde has 33 years of experience in the radio and media industry.

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

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

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

Mark Anderson

Non-independent Non-Executive Director

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

Mark Anderson has over 15 years of experience in the private equity and finance industry.

Mark is currently a Managing Director of GTCR. In addition to GTN, he is currently a director on the boards of CAMP Systems, Cision, IQNavigator, Lytx and XIFIN.

Mark holds a Master of Business Administration from Harvard Business School and a Bachelor of Science from the McIntire School of Commerce at the University of Virginia.

David Ryan AO

Independent Non-Executive Director

Chairman of the Audit and Risk Committee

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

David has been a non-executive director on the board of Lend Lease since 2004, where he serves as the chairman of the Risk Management and Audit Committee and a member of the People and Culture Committee and the Nomination Committee.

David is also currently a director of First American Title Insurance Company of Australia Pty Ltd, a director of First Mortgage Services Pty Ltd and a director of Sunshine Coast Destination Limited.

David has previously held positions as a non-executive director of Aston Resources from 2011 until its merger with Whitehaven Coal and as non-executive chairman of Transurban Holdings (appointed director in 2003, chairman in 2007, and resigned in 2010).

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

Robert Loewenthal

Independent Non-Executive Director

Member of the Nomination and Remuneration Committee

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

Robert is also a director of the Media Industry Charity, 'Unltd'. Robert formerly held the role of Managing Director of Macquarie Radio Network, where he had previously acted as Chief Operating Officer and company secretary.

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

Nathan Bartrop

Joint Company Secretary

Nathan is both a qualified lawyer and Chartered Company Secretary employed by Company Matters Pty Limited. Nathan has experience with ASX listed, dual listed and unlisted entities. Nathan has been involved in the listing of a number of entities on ASX, as well as advising other listed entities in relation to ASX listing rules.

He also has prior experience at ASX, where he was a Senior Listings Compliance Adviser in Sydney and Perth, responsible for advising and monitoring listed entities' compliance with the ASX Listing Rules.

Nathan is a Fellow of Governance Institute of Australia, in addition to being a member of the NSW State Council and the Corporate and Legal Issues Committee.

Patrick Quinlan

Joint Company Secretary

Patrick is the finance manager for the Australian and Canadian entities, as well as being the joint company secretary for GTN Limited.
Patrick holds a Bachelor of Business degree from University of Western Sydney and is a member of CPA Australia. Patrick is currently studying to be a chartered secretary at Governance Institute of Australia.

Senior Executives

The Senior Executives of the Company at any time during or since the end of the financial year are:

Scott Cody

Chief Operating Officer and Chief Financial Officer

Scott Cody has 29 years of experience in the radio media industry.

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

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

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

Gary Worobow

Executive Vice President, Business and Legal Affairs

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

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

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

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

Christopher Thornton (“Chris”)

National Sales Director
ATN

Chris Thornton has over 25 years of experience in the radio, media and sales industries.

Chris is currently the National Sales Director for ATN after joining in 2005. Prior to joining Global Traffic Network, Chris held positions as a National Agency Sales Manager for the Macquarie Radio Network and a Senior Account Manager for Southern Cross Radio.

Chris obtained a Marketing Certificate from TAFE NSW and is presently a candidate for a Masters of Business Administration at the Australian Institute of Business.

Victor Lorusso (“Vic”)

Chief Operations Manager
ATN

Vic Lorusso has over 17 years of experience in the media industry, all of those with ATN in various operational and management positions.

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

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

Vic obtained a Business Licence for Real Estate.

John Quinn

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

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

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

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

Lee Sibian ("Lannie")

President and Executive
Vice-President Sales
Canadian Traffic Network
("CTN")

Lannie Sibian has over 30 years of experience working in the radio and advertising industries.

Lannie joined Global Traffic Network in 2012 as President and Executive Vice-President of Sales for CTN. Prior to joining Global Traffic Network, Lannie was General Sales Manager at Rogers Broadcasting between 2001 and 2012 and previously held senior sales positions at Standard Broadcasting Ltd., Rawlco Communications and Rogers Media.

Lannie holds an Executive Masters of Business Administration from the University of Western Ontario, Richard Ivey School of Business.

Meetings of Directors

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

	Board		Audit and Risk Management Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Gary Miles	4	3	1	1	1	1
William Yde III	4	4	-	-	-	-
Mark Anderson	4	3	1	1	1	1
David Ryan	4	4	1	1	-	-
Robert Loewenthal	4	3	-	-	1	1

Principal activities

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

Operating Strategy

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

- Obtain more advertising inventory from existing radio and television stations for existing products. This is primarily accomplished by the payment of higher station compensation.
- Have existing radio stations provide advertising inventory outside traditional traffic reporting, such as the number of stations in Australia we currently receive advertising inventory adjacent to news reports.
- Expansion into additional operating regions within our current countries, such as the expansion into regional markets in Australia.
- Expansion into additional countries, for example our commencement of operations in Brazil in 2012.

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

Loss of key radio station Affiliates
In FY 2016, 96% of our revenue came from the sale of advertising inventory obtained from our radio station Affiliates. Loss of significant radio station Affiliates would have a material impact on our revenue. We attempt to defend against this risk in the following ways:

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

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

- First, by paying significant station compensation, we attempt to make it a very difficult decision to reduce or eliminate the number of traffic reports broadcast.
- Second, since we sell our reports as a network of information reports, we are educating clients that the key element is that their spot be adjacent to high demand information content, rather than just traffic. In Australia, approximately 24% of our advertising inventory in the five metro markets is adjacent to news reports.

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

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

- Our product is different than traditional radio despite being broadcast on radio stations. We sell a broad reach across all demographics with the spots having the further advantage of sole placement, adjacent to popular information programming elements and generally read live by the announcer. In our opinion, all of these things make our advertising product more effective than traditional radio advertising. We believe this contention is supported by the fact that our revenue growth consistently surpasses that of the overall radio market in the markets in which we operate.
- We continue to explore other platforms where our content and sales ability would translate to. To date, these explorations have not been successful but we plan to continue to research and pursue additional opportunities outside of radio and television.

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

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

Foreign exchange fluctuations can have a negative impact on financial performance
A significant portion of our revenues (46% in FY 2016) are generated outside of Australia and subject to currency exchange fluctuations between AUD and the local currency of those entities. We expect the portion of revenue subject to foreign exchange fluctuations will increase in the future as we anticipate that our Canada and Brazil operations will grow faster that the overall group revenues, and to the extent we exercise our option to acquire Radiate this will also increase the proportion of our revenue from outside Australia. We do not hedge for foreign currency fluctuations at this time and currently do not have an intention to do so although we may enter into such hedging arrangements in the future. This risk is mitigated by each country incurring virtually all their expenses in local currency as well. The impact of this is should revenue be reduced by an unfavourable currency movement, expenses will also be reduced, which would be considered a favourable movement. The negative impact to the financial statements is only on the net difference between the revenue and expenses. However, this net amount can still be material based on the magnitude of the currency shifts.

Review and Results of Operations

Operating and financial review

In June 2016, the GTN completed its initial public offering of shares (**“IPO”**). GTN exceeded the Prospectus Forecast for revenue, EBITDA, Adjusted EBITDA, NPAT and NPATA on both a pro forma and statutory basis while exceeding pro forma FY 2015 results by a significant margin. The non-IFRS measurements used are defined in the table below and further discussed later in the report.

(m)(5)	Statutory FY16 Actual	Statutory FY16 Prospectus	% Difference
Revenue	166.1	164.1	+1.2%
EBITDA(2)	12.0	6.1	+96.5%
Adjusted EBITDA(3)	15.6	9.7	+61.6%
NPAT	(17.2)	(23.9)	+27.8%
NPATA(1)	(4.2)	(11.3)	+62.8%
NPATA per share (cents)(6)	($0.02)	($0.06)	+62.8%

(1) NPATA is defined as net profit after tax adjusted for the tax effected amortization arising from acquisition related intangible assets.
(2) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation and amortization.
(3) Adjusted EBITDA is defined as EBITDA adding back the non-cash interest income related to the long term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction.
(4) Pro Forma Adjusted EBITDA is defined as Adjusted EBITDA adjusted to reflect the impact of the initial public offering and related restructuring ("IPO"). Certain pro forma 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. Foreign exchange gains and losses relate primarily to inter-group loans that the lender and borrower had different functional currencies which led to foreign exchange differences upon translation. These loans were eliminated as part of the restructure undertaken as part of the initial public offering and these foreign exchange gains and losses will not occur on a go forward basis and accordingly are considered a pro forma adjustment.
(5) Amounts in tables may not add due to rounding
(6) Based on IPO shares issued of 201.2 million assuming shares were outstanding for the entire period.

(m)(5)	Pro Forma FY16 Actual	Pro Forma FY16 Prospectus	% Difference
Revenue	166.1	164.1	+1.2%
EBITDA(2)	31.1	28.8	+7.9%
Adjusted EBITDA(3)(4)	34.6	32.3	+7.1%
NPAT	5.8	3.3	+74.7%
NPATA(1)	18.8	15.8	+18.7%
NPATA per share (cents)(6)	$0.09	$0.08	+18.7%

(m)(5)	Pro Forma FY16 Actual	Pro Forma FY15 Actual	% Difference
Revenue	166.1	153.5	+8.2%
EBITDA(2)	31.1	28.6	+8.6%
Adjusted EBITDA(3)(4)	34.6	28.6	+21.1%
NPAT	5.8	(3.0)	-
NPATA(1)	18.8	12.5	+49.6%
NPATA per share (cents)(6)	$0.09	$0.06	+49.6%

Revenue

Overall revenue exceeded Prospectus Forecast by $2.0 million, or 1.2%. Revenue exceeded forecast for the Australian (ATN) and Canadian (CTN) business units while the

United Kingdom business unit (UKTN) reached forecast revenue in local currency but was impacted by unfavourable foreign exchange differences.

FY16 revenue by geographic segment

(m)[5]	FY16 Actual	FY16 Prospectus	% Difference
Australia (ATN)	89.8	86.4	+4.0%
Canada (CTN)	23.6	22.8	+3.7%
United Kingdom (UKTN)	47.5	49.4	(3.7%)
Brazil (BTN)	5.2	5.6	(8.2%)
Total	**166.1**	**164.1**	**+1.2%**

Group revenue was up $12.6 million (8%) from FY 2015 with all four operating segments exceeding the previous year's revenue in local currency.

(m)[5]	FY16 Actual	FY15 Actual	% Difference
Australia (ATN)	89.8	83.5	+7.6%
Canada (CTN)	23.6	21.2	+11.6%
United Kingdom (UKTN)	47.5	43.5	+9.2%
Brazil (BTN)	5.2	5.3	(2.6%)
Total	**166.1**	**153.5**	**+8.2%**

EBITDA

Pro Forma Adjusted EBITDA for FY16 was $34.6 million, exceeding Prospectus Forecast by $2.3 million (+7%).

Pro forma results

	Pro-forma FY16		
(m)[5]	**Actual**	**Prospectus**	
Revenues	**166.1**	**164.1**	+1.2%
Network operations and station compensation expenses	(101.9)	(102.7)	(0.7%)
Selling, general and administrative expenses	(33.2)	(32.7)	+1.4%
Net F/X losses on borrowings	-	-	-
Operating expenses	**(135.1)**	**(135.3)**	(0.2%)
EBITDA	31.1	28.8	+7.9%
Interest income on Southern Cross Austereo Affiliate Contract	3.6	3.5	+1.1%
Adjusted EBITDA	**34.6**	**32.3**	+7.1%

Pro forma EBITDA adjustments primarily pertain to costs incurred related to the initial public offering and restructure, foreign exchange gains and losses incurred upon translation of inter-group loans that were capitalized and costs that will either be incurred on a go forward basis (e.g. public company costs) or historical costs related to the operation of the Group as a private entity that will no longer be incurred.

Pro forma NPATA

The Group reported Pro Forma NPATA of $18.8 million, exceeding Prospectus Forecast by 18.7%.

The stronger than forecast Pro Forma NPATA result was driven primarily by the combination of the higher than forecast revenue result and the high level of operational leverage which the Group has due to its largely fixed cost base.

FY16 Pro forma Cash Flow

The Group reported strong cash flow from operations. GTN's strong liquidity position is underpinned by the positive cash impact of the long-term affiliate agreement signed with the Southern Cross Austereo Group in February 2016.

(m)[5]	**Pro-forma Results FY16**	
	Actual	**Prospectus**
Adjusted EBITDA	34.6	32.3
Non-cash items in Adjusted EBITDA	0.2	0.2
Change in working capital	(4.8)	(4.7)
Impact of new Southern Cross Austereo Affiliate Contract	2.0	1.9
Operating free cash flow before capital expenditure	**32.0**	**29.8**
Capital expenditure	(2.3)	(1.7)
Net free cash flow before financing, tax and dividends	**29.7**	**28.1**

Due to the modest working capital requirements, positive cash impact of the Southern Cross Austereo prepayment and low capital expenditures, a significant portion of Adjusted EBITDA is converted into net free cash flow before financing, tax and dividends. As a result of GTN's strong cash generation and the IPO offering proceeds, the Group's cash balance was $49.1 million at 30 June 2016. The Group also has a $15 million bank facility which is undrawn as of 30 June 2016.

The Group has outstanding debt principal at 30 June 2016 of $100 million and net debt (principal less cash balances) of $50.9 million. The ratio of net debt to Pro Forma Adjusted EBITDA is 1.5x at 30 June 2016.

Segment Adjusted EBITDA

Adjusted EBITDA by segment (excluding allocation of corporate overhead) exceeded Prospectus Forecast in Australia, Canada and the United Kingdom.

(m)[5]	**FY16 Actual**	**FY16 Prospectus**	**% Difference**
Australia (ATN)	33.6	31.8	+5.5%
Canada (CTN)	2.9	2.0	+48.8%
United Kingdom (UKTN)	4.8	4.4	+10.0%
Brazil (BTN)	(1.3)	(0.4)	(252.2%)
Other (1)	(5.4)	(5.5)	+1.2%
Total	**34.6**	**32.3**	**+7.1%**

(1) Primarily corporate overhead

Key operating metrics

Key operating metrics by jurisdiction (local currency)

	Notes	FY2016 Actual	FY2016 Prospectus
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 units sold based on impacts instead of spots. An impact is a thousand listener impressions.
5. The number of impressions sold as a percentage of the number of impressions available.
6. Average price per radio impact sold net of agency commission

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

Restructuring

GTN is incorporated in Victoria under the Corporations Act 2001 (Cth), Australia. GTN 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. **("Cayman")** as part of a restructure in conjunction with the initial public offering of GTN's stock. On June 4, 2016 pursuant to a public offering of GTN Limited's shares, Cayman was acquired by GTN. Any financial information prior to the merger pertains to Cayman. GTN had no operations prior to the merger.

GTN elected to account for the acquisition of Cayman as a capital re-organisation rather than a business combination. In GTN'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 GTN 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, GTN 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 being the acquirer. If this view had been taken, the net assets of GTN 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 GTN 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 GTN were offset by $3.4 million in transaction costs (net of tax) incurred in relation to the issue of the new shares in GTN. In addition to the shares sold by GTN, existing shareholders sold 54.7 million shares of the GTN's stock. On completion of the initial public offering, the original shareholders held 102.3 million shares of GTN stock. These shares are subject to a voluntary escrow agreements.

	Shares (‘000’s)	**Amount ($,000’s)**
Shares issued by GTN	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

GTN'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 (estimated 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 GTN (**"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. The option was extended in September 2016;

- *Price of Radiate Option*: $200,000 USD (plus $50,000 USD to extend the option term to 31 December 2016);

- *Exercise price*: $15 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.

GTN expects to complete its due diligence during the extended option period 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 GTN 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, GTN sees Radiate as a cost effective platform to launch operations in the United States.

Dividends

No dividend has been declared for the period in line with prospectus guidance.

Non-IFRS measurements

- **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 above.

  Management considers that Adjusted EBITDA is an appropriate measure of GTN's underlying EBITDA performance. Otherwise, the EBITDA would reflect significant non-cash station compensation charges without offsetting non-cash interest income arising from the treatment of the contract as a financing arrangement.

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

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

Non-IFRS information has not been audited.

Likely developments and expected results

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

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

Significant changes in the state of affairs

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

Events since the end of financial year

Except as outlined in the Financial Statements and elsewhere in this Directors' Report, no matter or circumstance has arisen since 30 June 2016 that has significantly affected the Group's operations, results or state of affairs or may do so in future years.

Environmental regulation

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

Insurance of officers and Directors

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

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

GTN has obtained insurance in respect to directors' and officers' liability for the year ended 30 June 2016 and thereafter. These insurance policies insure against certain liabilities (subject to exclusions) of persons that have been directors or officers of GTN or its direct or indirect subsidiaries to the extent allowed by the *Corporations Act 2001*.

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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

	2016 $	2015 $
Other assurance services		
Other assurance services		
Due diligence	1,189,000	-
Remuneration from other assurance services	**1,189,000**	**-**
Taxation services		
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 remuneration for non-audit services	**3,556,000**	**706,000**

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set forth on page 30.

Rounding of amounts

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

Directors' interests in shares and options of GTN

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

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

Gary L. Miles
Chairman
29 September 2016

Remuneration Report

The directors present the GTN 2016 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.
The report is structured as follows:

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

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 6 to 7 - for details about each director)
Gary Miles
William Yde III
Mark Anderson
David Ryan AO
Robert Loewenthal

Other key management personnel

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

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

Changes since the end of the reporting period
None

(b) Remuneration policy and link to performance

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

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

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

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

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

Remuneration Framework

Element	Purpose	Performance metrics	Potential Value	Changes for FY17
Fixed Remuneration (FR)	Provide competitive market salary	N/A	Varies	Reviewed in line with market positioning
Short-term incentive (STI)	Reward for in year performance	Adjusted EBITDA	Varies	Targets adjusted on an annual basis
Long-term incentive (LTI)	Alignment to long-term shareholder value	50% relative total shareholder return (TSR) 50% adjusted EPS growth	Varies	Expected to be granted during FY 2017

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

Target remuneration mix for FY 2017

		FR	STI (Cash)	LTI
Chief Executive Officer		74%	10%	16%
Other Executive Management		82%	8%	10%

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

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives may receive their fixed remuneration as cash or cash with non-monetary benefits such as health insurance and similar benefits. FR is reviewed annually or upon promotion or change in circumstance. Executive compensation is bench marked at the 25th percentile for companies of a similar market cap as determined by an independent compensation survey. Superannuation is included for Australia based employees and directors only.

(ii) Short-term incentives (STI)

Feature	Description
Maximum bonus	CEO – 22%, other executive management 15% of FR
	66.7% of the maximum bonus is paid for achieving 100% of the performance metrics. At 95% of the performance metric, 25% of the bonus is paid, which increases on a straight line basis between 95% (@25%) and 100% (@ 66.7%) of performance metrics. 100% of the maximum bonus is paid at 110% of performance metrics. Between 100% and 110%, the bonus is paid out on a straight line basis between 66.7% (@ 100%) and 100% (@110%). No additional bonus is paid for

	performance in excess of 110% of performance metrics.			
Performance Metrics	Aligns executive compensation with market expectations.			
	Metric	**Target**	**Weighting**	**Reason**
	Adjusted EBITDA	FY17 Prospectus Forecast Adjusted EBITDA	100%	Adjusted EBITDA is primary criteria by which investors judge performance
Delivery of STI	100% paid upon conclusion of fiscal year after completion of audit of financial statements			
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes.			

(iii) *Long-term incentives*

Feature	**Description**	
Allocation	CEO 70% FR, Other executive management 30%-50% of FR. Target allocation is based on fair value of the grant, which vests over three years.	
Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period	
	TSR ranking	**Percentage to vest**
	Up to and including the 50th percentile	0%
	Between the 51st and 75th percentile (inclusive)	Pro rata straight line between 50% and 100%
	At and above 75th percentile	100%
	50% subject to performance condition based on Company's earnings per share (EPS) growth (adjusted for one-off items associated with the IPO and amortization of intangibles as determined by the Board) over the performance period	
	EPS Compound annual growth rate	**Percentage to vest**
	Less than threshold	0%
	Between threshold and stretch target (inclusive)	Pro rata straight line between 50% and 100%
	Above stretch target	100%
Exercise Price	Initial exercise price $1.90 per share (IPO price). Thereafter the exercise price of an option will be set out in the offer for each particular grant and may be zero.	
Forfeiture and termination	Options will lapse if performance conditions are not met. Any unvested options granted will be forfeited where the participant resigns or is dismissed during the performance period. However, if the participant is considered a good leaver their unvested options will vest or remain on foot.	

(d) *Link between remuneration and performance*

The Company's pro forma adjusted EBITDA performance was strong for fiscal 2016 exceeding prospectus forecast by 7%. As a result, executive management received 100% of their bonus potential for the period. In addition, executive management was paid one-time IPO bonuses due to the Company's successful completion of its initial public offering.

As a newly listed entity a five year analysis of Company performance versus remuneration was not performed as the Board does not feel the Company compensation plans and performance as a private company is meaningful to its current compensation plans and performance as a listed entity.

(e) *Remuneration expenses for executive KMP*

		Fixed remuneration				**Variable Remuneration**		
Name	**Year**	**Cash Salary**	**Non-monetary benefits**	**Post-employment benefits**	**Other**	**Cash bonus**	**Fair Value of Class D Units**	**Total**
		(1)(2)	(2)		(4)		(3)	(5)
Executive Management								
William Yde III	2016	803,035	-	-	17,619	3,922,295	1,466	4,744,415
(6)(4)	2015	711,637	-	-	14,352	354,395	500,032	1,580,416
Scott Cody	2016	531,796	-	-	17,619	2,330,450	586	2,880,451
(6)(4)	2015	472,431	-	-	14,352	196,059	200,013	882,855
Gary Worobow	2016	471,778	-	-	17,619	1,534,173	220	2,023,790
(6)(4)	2015	401,520	-	-	14,352	111,088	75,005	601,965

(1) Includes superannuation where applicable

(2) Excludes non-monetary benefits such as health insurance, annual leave, long service, social security, Medicare that are extended to all or substantially all employees. Payments for annual leave are considered a component of cash salaries.

(3) GTN Limited's predecessor company granted equity (in the form of Class D units) and phantom equity to certain management. This plan was cancelled as part of the IPO restructuring and each remaining participant (excluding Mr. Yde) received a nominal sum ($1,000 USD) as full consideration for the plan. Compensation expense is based on the amount of expense recognized in the statement of profit or loss and was calculated using a Black-Scholes valuation model. Further information with regards to these calculations can be found in Note 26 (Equity based compensation) of the Consolidated Financial Report included as part of the Annual Report.

(4) United States based executive management receives cash stipend in lieu of the provision of health insurance and similar employee benefits. The amount of the stipend was USD 1,000 per month until June 2016 when it was increased to USD 2,000 per month.

(5) All amounts translated into AUD at the average exchange rate for the year.

(6) Paid in United States dollars (USD).

(f) Contractual arrangements with executive KMP's

Component	**CEO Description**	**Other executive management description**
Fixed remuneration(1)	$677,143	Range between $355,714 and $441,429
Contractual term	Ongoing contract	Ongoing contract
Notice by the individual/Company	By the Employee voluntarily upon at least twelve (12)	By the Employee voluntarily upon at least twelve (12)

	months written notice to the Company, such notice not to be given prior to July 1, 2017. Should the executive terminate their employment after 1 July 2017, they will be entitled to up to one year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one year period.	months written notice to the Company, such notice not to be given prior to July 1, 2017. Should the executive terminate their employment after 1 July 2017, they will be entitled to up to one year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one year period.
	Entitled to pro-rata STI for the year	
Termination of employment (without cause)	By the Company without Cause upon twelve (12) months written notice to Employee, such notice not to be given prior to July 1, 2017.	By the Company without Cause upon twelve (12) months written notice to Employee, such notice not to be given prior to July 1, 2017.
	Entitled to pro-rata STI for the year	
Termination of employment (with cause) or by the individual	Immediately	Immediately
	No STI entitlement.	
(1) Based on Prospectus Forecast exchange rates for FY 2017		

(g) Non-executive director arrangements

Non-executive directors receive a fixed monthly fee for participating on the board. They do not receive performance based fees or retirement allowances. The directors' fees are inclusive of superannuation where applicable. The chairperson does not receive additional fees for participating in or chairing committees, rather this is taken into account as part of their overall director fee.

The current base fees were reviewed in fiscal 2016 when the board of directors was established. Fees will be reviewed annually by the board taking into account comparable roles at comparable sized companies and other available market data. The board may engage an independent remuneration advisor at its discretion.

The maximum annual aggregate directors' fee pool limit is $550,000 and was approved by the shareholders on 12 May 2016.

Base fees		
Chair(1)	$133,929	
Other independent non-executive directors (2)	$90,000	
Additional fees		
Audit and risk committee – Chair	$40,000	
Audit and risk committee – member	-	
Nomination and remuneration committee – Chair	-	
Nomination and remuneration committee – member	$10,000	
(1) Chairperson is paid a fixed directors' fee of CAD $125,000 per annum. Amount in the table has been translated based on an assumption of CAD/AUD exchange rate of 1.07.		
(2) Mark Anderson is a non-executive director that is not considered independent due to GTCR's large shareholdings in the Company. Mr. Anderson is a managing director of GTCR. Mr. Anderson receives no compensation from the Company for his		

directorship.

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

Non-executive director remuneration					
Name	**Year**	**Base fee**	**Audit and Risk Committee**	**Remuneration and Nomination Committee**	**Total**
G Miles (1)(2)	2016	8,989	-	-	8,989
M Anderson	2016	-	-	-	-
R Loewenthal	2016	6,250	-	694	6,944
D Ryan	2016	6,250	2,778	-	9,028
Total non-executive director remuneration	2016	21,489	2,778	694	24,961
(1) Paid in Canadian dollars (CAD). Amount translated into AUD based on same exchange rates as annual financial statements.					
(2) Excludes fees paid as a consultant to the Company prior to becoming a director.					

(h) Additional statutory information

(i) Relative proportions of fixed vs variable remuneration expense

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

Relative proportions of fixed vs variable remuneration expense			
	Fixed remuneration	**At Risk – STI**	**At Risk – LTI***
Name	**2016**	**2016**	**2016**
Executive directors			
W Yde	17%	83%	-
Other key management personnel of the group			
S Cody	19%	81%	-
G Worobow	24%	76%	-
* Where applicable, the expenses include negative amounts for expenses reversed during the year			

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

The following table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeited. It also shows the value of options that were granted, exercised and forfeited during FY 2016.

	Total STI bonus (cash)			LTI Options	
	Total Opportunity	Awarded	Forfeited	Value granted*	Value exercised**
	$	%	%	$	%
	2016	2016	2016	2016	2016
Name					

B Yde (1)	3,922,295	100	-	-	-
S Cody (2)	2,330,450	100	-	-	-
G Worobow (3)	1,534,173	100	-	-	-
(1) USD 2,857,000. Includes USD 2,500,000 bonus for successful completion of the initial public offering. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(2) USD 1,697,500. Includes USD 1,500,000 bonus for successful completion of the initial public offering. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					
(3) USD 1,117,500. Includes USD 1,000,000 bonus for successful completion of the initial public offering. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.					

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

The Company terminated its equity based compensation plan as part of the restructuring related to the initial public offering. A full description of the terms of this plan can be found in Note 26 (Equity based compensation) of the Consolidated Financial Report included as part of the Annual Report.

(iv) Reconciliation of Class D units and phantom equity held by KMP and directors

2016 Name & Grant Date	Balance at the start of the year	Granted as Compensation	Vested		Exercised	Forfeited		Other changes*	Balance at the end of the year	
	Unvested		#	%		#	%		Vested and exercisable	Unvested
Class D Units										
W. Yde										
17 Apr 2012	85,188	-	127,782	60	-	-	-	(212,970)	-	-
27 Sept 2011	755,287	-	1,132,930	60	-	-	-	(1,888,217)	-	-
S Cody (1)										
12 Mar 2012	336,190	-	504,285	60	-	-	-	(840,475)	-	-
G Worobow (1)										
31 Mar 2012	126,071	-	189,107	60	-	-	-	(315,178)	-	-
Phantom Equity Units										
G Miles (1)(2)										
30 Apr 2012	42,024	-	63,035	60	-	-	-	(105,059)	-	-
*Plan terminated as part of IPO restructuring										

(1) Paid USD 1,000 as consideration for cancellation of equity-based compensation plan. Preferred shares value was in excess of fair market value of equity at time of IPO.										
(2) Mr. Miles was granted phantom equity units in his previous role as a consultant to the Company.										

Ordinary Shares **2016** **Name**	**Balance at the start of year**	**Received during the year on exercise of stock options**	**Shares Purchased**	**Shares Sold**	**Balance at the end of the year**
G. Miles (1)	-	-	60,000	-	60,000
W. Yde (2)	6,394,509	-	-	2,967,792	3,426,717
M. Anderson (3)	-	-	-	-	-
D. Ryan (1)	-	-	68,421	-	68,421
R. Loewenthal (1)(5)	-	-	15,789	-	15,789
S. Cody	-	-	-	-	-
G. Worobow (4)	10	-	-	-	10
(1) Shares purchased during Priority Offer of IPO					
(2) Beginning shareholdings adjusted for restructuring during which Class A preferred equity units were exchanged for 870 ordinary shares each. During the year Mr. Yde sold the equivalent of 1,499,199 shares to the Company for USD $2.5 million. Mr. Yde also sold 1,468,593 shares as part of the secondary portion of the IPO at the offer price of $1.90 per share.					
(3) Excludes GTCR holdings.					
(4) Initial shares upon forming GTN Limited.					
(5) Shares held indirectly through superannuation fund.					

(v) Other transactions with key management

Mr. Miles, prior to becoming our non-executive chairman provided consulting services to the Company. His fees, translated from CAD into AUD (based on the exchange rates used to prepare the financial statements) were as follows:

- FY 2016 $143,684
- FY 2015 $245,282

In addition, Mr. Miles held 105,059 phantom Class D equity units that were granted on 30 April 2012. The expense recognized with relation to these units was as follows:

- FY 2016 ($24,806)
- FY 2015 $6,234

The equity-based compensation plan was cancelled in June 2016 as part of the restructuring related to the IPO and Mr. Miles received a nominal amount (USD 1,000) for his consent to the termination of the plan. Since the Phantom Equity units provide no rights to acquire equity in the Partnership and it was expected that these Phantom Equity units will be cash-settled, the Phantom Equity expense is treated as a liability rather than additional capital. Once the plan was cancelled, the liability no longer existed and the expense recognized in prior years was reversed, which resulted in the negative expense in FY 2016.

The Company terminated the consulting agreement prior to Mr. Miles joining the board and no further consideration is due.

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

- FY2016 $164,710
- FY2015 $141,229

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

(vi) Reliance on external remuneration consultants

During fiscal 2015, prior to the Company's IPO, the owners of the Company engaged Mercer to provide an analysis, benchmarking and recommendations of market remuneration practices for similar size listed Australian companies for the following positions: CEO, CFO and general counsel. Mercer was paid $49,000 for these services. Effective with the date of the IPO these recommendations were substantially adopted, which targeted compensation for these positions at the 25^{th} percentile of the market comparisons.

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

N/A

pwc

Auditor's Independence Declaration

As lead auditor for the audit of GTN Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Michelle Chiang

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
29 September 2016

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GTN Limited

ACN 606 841 801

Consolidated Financial Report
For the year ended 30 June 2016

Contents

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	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 consolidated financial statements for the year ended 30 June 2016 (including comparatives) were approved and authorised for issuance on 29 September 2016. 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 or payable under the tax funding agreement are recognized as a contribution to (or distribution from) wholly-owned tax consolidated subsidiaries.

2.16 Cash and cash equivalents

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

2.17 Employee Benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits 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 shares are deducted from issued capital.

Other components of equity include the following:

- Foreign currency translation reserve – comprises foreign currency translation differences arising on the translation of financial statements of the Company's foreign entities into AUD.
- Hedging reserve – comprises changes in the fair value of interest rate hedges that are deemed effective.
- Equity based payments reserve – comprises the cumulative charge to the statement of profit or loss and other comprehensive income for employee equity-settled equity-based remuneration.
- Common control reserve – represents difference between the fair value of the shares issued under the initial public offering net of transaction costs, plus carried forward reserves and accumulated losses and the book value of the total equity of the predecessor company.

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

2.21 Equity based remuneration

The Company 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	2015
	$'000	$'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 $'000**	Weighted average interest rate %	Balance $'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 $'000	**GBP $'000**	**CAD $'000**	**BRL $'000**	**Other $'000**	**GBP $'000**	**CAD $'000**	**BRL $'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 $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ liabilities $'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 $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000	Carrying Amount (assets)/ Liabilities $'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 2.0x but does not target a minimum TGR.

6 Interests in subsidiaries

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

Name of the Subsidiary	**Country of Incorporation & Principal Place of Business**	**Proportion of Ownership Interests Held by the Company**	
		30-June-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 Management 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**

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

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 (estimated to be 8.5% per annum), which will reduce over time as the prepayment is amortised. ATN will also record station compensation expense over the contract period equal to the $100 million prepayment plus the total non-cash interest income, which will be recognised 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 Co 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 Co 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. In September 2016, US Management Co exercised its right to extend its option to purchase substantially all the assets of Radiate to 31 December 2016 by the payment of USD 50 thousand.

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 $'000	Recognised in OCI* $'000	Recognised in Profit and Loss $'000	30 June 2016 $'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 $'000	Recognised in OCI* $'000	Recognised in Profit and Loss $'000	30 June 2016 $'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 $'000	2015 $'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	2015
	$'000	$'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	2015
	$'000	$'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	2015
	$'000	$'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 undrawn. A commitment fee of 45% of the applicable margin (currently 2.50%) is incurred on unutilized portion of Facility A. The outstanding loans bear interest at BBSY plus the applicable margin.

Assets pledged as security

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

22 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 ordinary 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 Ordinary shares	2016 $'000 Issued capital	2015 '000's Ordinary shares	2015 $'000 Issued capital
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 expense on the accompanying consolidated statement of profit or loss and other comprehensive income and are recognised over the term of the applicable contracts, which is not materially different than when the services are provided. The minimum future payments under these contracts are as follows:

	Minimum Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 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	2015
	$'000	$'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 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	2,290,186
Total equity based compensation	2,272	775,050
Total remuneration	**9,648,656**	**3,065,236**

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)

Guarantees entered into by the parent entity

In addition, there are cross guarantees given by GTN Limited (as holding entity), GTCR Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTCR Gridlock Holdings, Inc. ('US Hold Co") and Global Traffic Network, Inc. ("GTN") as described in Note 32.

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

(b) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2016 or 30 June 2015. For information about guarantees given by the parent entity, please see above.

32 Deed of cross guarantee

GTN Limited (as holding entity), GTCR Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co"), The Australia Traffic Network Pty Limited ("ATN"), GTCR Gridlock Holdings, Inc. ('US Hold Co") and Global Traffic Network, Inc. ("GTN") are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

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

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

Set out below is a consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016 of the closed group consisting of the above companies.

Consolidated statement of profit or loss and other comprehensive income

	2016 $'000
Revenue	89,813
Other income	238
Interest income on long-term prepaid affiliate contract	3,581
Network operations and station compensation expenses	(45,870)
Selling, general and administrative expenses	(16,511)
Transaction expenses	(13,983)
Finance costs	(8,160)
Depreciation and amortisation	(13,608)
Foreign currency transaction loss	(3,593)
Loss before income tax	(8,093)
Income tax expense	(4,541)
Loss for the year	(12,634)
Other comprehensive income for the year, net of income tax	
Unrealised gain on interest rate swaps	799
Total other comprehensive income for the year	799
Total comprehensive loss for the year	(11,835)

Summary of movement in consolidated retained earnings

Accumulated losses at the beginning of the financial year	(34,101)
Loss for the period	(12,634)
Accumulated losses at the end of the financial year	(46,735)

Set out below is a consolidated balance sheet as at 30 June 2016 of the closed group consisting of the above companies.

Consolidated statement of financial position

	2016 $'000
Assets	
Current	
Cash and cash equivalents	38,498
Trade and other receivables	18,542
Other current assets	1,054
Current assets	58,094
Non-current	
Property, plant and equipment	1,091
Intangible assets	54,152

Goodwill	83,649
Investment in subsidiaries	70,593
Other assets	108,280
Non-current assets	317,765
Total assets	375,859
Liabilities	
Current	
Trade and other payables	12,966
Deferred revenue	89
Current tax liabilities	2,121
Provisions	855
Current liabilities	16,031
Non-current	
Financial liabilities	96,806
Deferred tax liabilities	8,946
Other liabilities	53
Provisions	407
Total non-current	106,212
Total liabilities	122,243
Net assets	253,616
Equity	
Share capital	378,948
Reserves	(78,597)
Accumulated losses	(46,735)
Total equity	253,616

33 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 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**

34 Events subsequent to the reporting period

Other than as disclosed in Note 13, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Directors’ declaration

In the directors’ opinion:

(a) The financial statements, set out on pages 31 to 79 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the consolidated entity’s financial position as at 30 June 2016 and of its performance for the financial year ended on that date, and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in Note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject to virtue of the deed of cross guarantee described in Note 32.

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

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

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

Gary L. Miles
Chairman

Dated, this 29th day of September 2016

Independent auditor's report to the members of GTN Limited

Report on the financial report

We have audited the accompanying financial report of GTN Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for GTN Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2.1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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Auditor's opinion

In our opinion:

(a) the financial report of GTN Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 29 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of GTN Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

MW Chiang
Partner

Sydney
29 September 2016

SHAREHOLDER INFORMATION AS AT 15 SEPTEMBER 2016

Number of security holders and securities on issue

Quoted equity securities

GTN has 201,212,292 fully paid ordinary shares on issue which are held by 274 shareholders.

Unquoted equity securities

GTN has no unquoted equity securities.

Voting rights

Quoted equity securities

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

Distribution of security holders

Quoted equity securities

Fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	21	10,015	7.66
1,001 – 5,000	131	211,937	47.81
5,001 – 10,000	41	311,980	14.96
10,001 – 100,000	56	1,770,024	20.44
100,001 and over	25	198,908,336	9.12
Total	**274**	**201,212,292**	**100**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 4.

157 fully paid ordinary shares comprise a marketable parcel at GTN’s closing share price of $3.20 as at 15 September 2016.

Substantial shareholders

The number of securities held by substantial shareholders and their associates are set out below:

Fully paid ordinary shares

Name	Number of Shares	Current Interest	Notice Date
GTCR Funds	**102,296,985**	50.84%	6/06/2016
Smallco Investment Manager Limited	**16,008,382**	7.96%	01/09/2016
JCP Investment Partners Ltd	**13,531,713**	6.73%	7/09/2016
Ausbil Investment Management Limited	**13,226,174**	6.57%	7/09/2016
Devon Funds Management Limited	**11,257,094**	5.59%	23/06/2016

Twenty largest shareholders

Fully paid ordinary shares

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

	Name	Number of shares	%
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	98,881,276	49.14
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,010,650	10.94
3	NATIONAL NOMINEES LIMITED	17,389,953	8.64
4	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,593,148	6.76
5	BNP PARIBAS NOMS PTY LTD	12,368,466	6.15
6	BNP PARIBAS NOMS (NZ) LTD	11,140,603	5.54
7	CITICORP NOMINEES PTY LIMITED	7,223,409	3.59
8	UBS NOMINEES PTY LTD	4,841,536	2.41
9	MR WILLIAM L YDE III	3,426,717	1.70
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	1,385,251	0.69
11	MIRRABOOKA INVESTMENTS LIMITED	1,185,937	0.59
12	MORGAN STANLEY AUSTRALIA SECURITIES (NOMINEE) PTY LIMITED	1,080,831	0.54
13	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	1,016,649	0.51
14	ANACACIA PTY LIMITED	800,000	0.40
15	UBS NOMINEES PTY LTD	450,000	0.22
16	MRS EVA XIRADIS	407,000	0.20
17	DJERRIWARRH INVESTMENTS LIMITED	279,552	0.14
17	AMCIL LIMITED	279,552	0.14
18	INVIA CUSTODIAN PTY LIMITED	262,335	0.13
19	BNP PARIBAS NOMINEES PTY LTD	230,612	0.11
20	BYDAND CAPITAL PTY LTD	158,000	0.08
Total		**198,411,477**	98.61
Balance of Register		**2,800,815**	1.39
Grand Total		**201,212,292**	**100.00**

Voluntary Escrow

<u>Escrow Period - GTCR Funds</u>

The escrow period for the GTCR Funds is the period commencing on the date on which Completion of the Offer occurs and ending after 4.15pm on the date of the public announcement by GTN of its financial results for FY2017.

Shares held by the GTCR Funds at the Completion of the Offer may only be sold in the period prior to 4.15pm on the date of the public announcement by GTN of its financial results for FY2017 on the following basis:

(**in respect of 25% of the Escrowed Shares held by the GTCR Funds at Completion of the Offer**):

(a) After 4.15pm (Sydney time) on the first date on which both the conditions below have been satisfied:

   (i) GTN's financial results for the first half of FY2017 are announced; and

   (ii) the volume-weighted average price in any 10 consecutive trading days following announcement of those financial results exceeds the Offer Price by more than 20% (disregarding, for the purpose of ascertaining this 10 day trading period, any trading days during which Shares are in trading halt for the entirety of that day).

After the announcement of GTN's financial results for FY2017, any remaining Escrowed Shares held by the GTCR Funds will cease to be subject to escrow restrictions.

Escrow Period - William Yde III

The escrow period for William Yde III is the period commencing on the date on which Completion of the Offer occurs and ending after 4.15pm on the date of the public announcement by GTN of its financial results for FY2017.

On-market buy-back

There is no current on-market buy-back.

Use of Funds

In accordance with Listing Rule 4.10.19, the Group states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

Corporate Directory

Directors	Gary Miles - Independent Non-Executive Chairman William Yde III - Chief Executive Officer and Managing Director Mark Anderson - Non-Executive Director David Ryan AO – Independent Non-Executive Director Robert Loewenthal – Independent Non-Executive Director
Company secretaries	Nathan Bartrop Patrick Quinlan
Registered office	Level 42, Northpoint 100 Miller Street North Sydney NSW 2060 Telephone: +61 2 9955 3500
Share register	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Share registry telephone: +61 1300 554 474
Auditor	PricewaterhouseCoopers Darling Park Tower 2 201 Sussex Street Sydney, NSW 2000
Stock exchange listing	GTN Limited shares are listed on the Australian Securities Exchange (ASX code: GTN)
Website	www.gtnetwork.com.au

ABN 38 606 841 801