GTN Limited
ABN 38 606 841 801
Year ended 30 June 2018
(Previous corresponding period:
Year ended 30 June 2017)

Results for Announcement to the Market

				$'000
Revenue *from ordinary activities*	up	*4.4%*	*to*	*185,013*
Profit *from ordinary activities after tax attributable to members (continuing operations)*	down	*11.9%*	*to*	*24,831*
Loss *from discontinued operation*	*down*	*81.8%*	*to*	*(39,932)*
Net loss *for the period attributable to members*	down	*343.4%*	*to*	*(15,101)*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	$0.110	70%
Interim dividend	N/A	N/A

Record date for determining entitlements to the dividend: 7 September 2018

Additional dividend/distribution information

- Declaration Date – 30 August 2018
- Ex-Dividend Date - 6 September 2018
- Date of Record – 7 September 2018
- Payment Date - 28 September 2018

Dividend/distribution reinvestment plans

N/A

NTA Backing

	2018	2017
Net tangible asset backing per ordinary share	$0.42	$0.40
Net tangible assets consist of net assets less goodwill and intangible assets without any adjustment for deferred tax liabilities related to purchased intangible assets.		

GTN Limited
ABN 38 606 841 801
Annual Report 2018

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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 another productive and successful year and are pleased to present its annual report for fiscal year ending 30 June 2018.

Perhaps the biggest event of the past fiscal year was the Company's exit from the United States market in March 2018. Despite a significant investment of time and money into the market, the Board concluded that it was unlikely that the operations would generate sufficient income over the short or intermediate term to justify the significant costs of operating in the United States. While we are disappointed that our efforts were not successful, we recognized going in that this was a "high risk, high reward" endeavour.

GTN reported net revenues for the year from continuing operations of $185.0 million which was 4.4% ahead of last year with all four operating segments exceeding the previous year revenue. We believe we continue to perform well in relation to the radio markets in which we operate. Adjusted EBITDA was $48.1 million which was 1% behind last year. Adjusted EBITDA was negatively impacted by increases in station compensation of almost $9 million. While we expect further increases in station compensation during FY 2019, we expect the increases to be lower since the majority of the increase in FY 2018 related to multi-year contract renewals. Station compensation for these multi-year contracts will remain at roughly the FY 2018 level for FY 2019 and beyond. NPATA from continuing operations was down 10% from FY 2017 primarily due to higher income tax expense. FY 2017 income tax was reduced approximately $5 million due to the reversal of the valuation allowance for Canada's deferred tax assets, which was a one-off positive benefit. We would like to commend our local management for delivering strong revenue results on the heels of a strong fiscal 2017.

Once we exited the United States market, we deployed a portion of our excess cash to reduce our debt. Since April 2018, we have repaid $40 million of debt and our outstanding debt at 30 June 2018 was $60 million. Our cash balances at that date was $52.2 million and our net debt was only $7.8 million.

Due to our strong balance sheet and all four operating segments (Australia, Brazil, Canada, United Kingdom) generating positive cash, the Board has decided to reinstate the dividend which was suspended in order to preserve funds for the United States turnaround effort. On 30 August 2018, the Board declared a dividend of $0.110 per share for holders of record on 7 September 2018. Going forward, the Board expects to allocate cash generated by the Company between further dividends and debt repayment.

Despite our setback in the United States, we are pleased with our current operations. The Company continues to grow revenue in its markets, 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 2019.

William L. Yde III
Managing Director and Chief Executive Officer

Robert Loewenthal
Chairman

About GTN

Overview of GTN

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

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

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

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

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

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

In FY2018, 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)	25.0	37.0	66.6	211.0	
GTN years of operation		(years)	21	13	9	6	
FY 2018 revenue (1)		(millions)	100.8	29.8	42.2	12.2	
% of FY 2018 revenue (1)		(%)	54%	16%	23%	7%	
GTN audience		(#)	11.2m radio (2)	14.5m radio	28.0m radio	14.6m radio	

		5.0m TV	7.5m TV		
Number of affiliates	(#)	137 radio 13 TV	108 radio 5 TV	234 radio	59 radio
Proportion of metropolitan commercial radio listeners in GTN's existing markets	(%)	100%	88%	100%	58%
GTN penetration within existing metropolitan commercial radio markets	(%)	83%	81%	78%	62%
FY 2018 spots inventory	('000's)	958	630	19,307(3)	216

(1) Amounts may not add due to rounding

(2) Includes 814 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 5.3 million persons.

(3) The UK market measures inventory and units sold based on impacts instead of spots. An impact is a thousand listener impressions.

Operating model

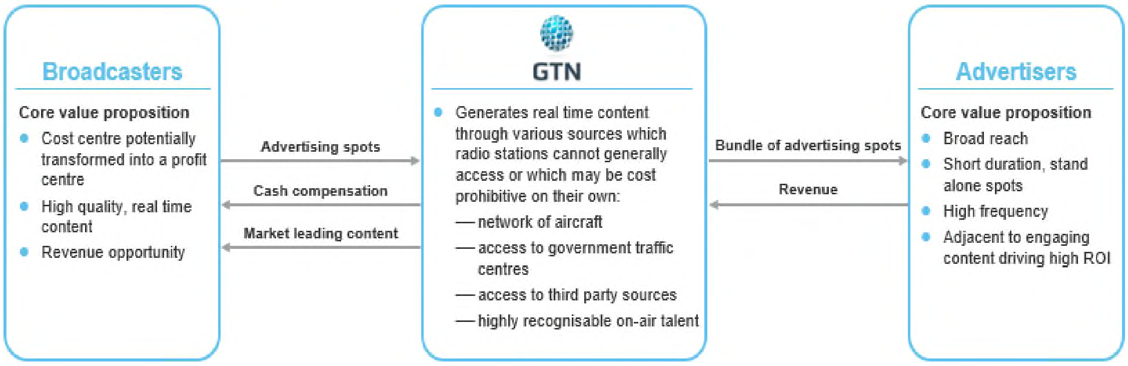
GTN provides an advertising platform designed to enable advertisers, generally large national advertisers, to reach high-value demographics cost effectively. The advertising spots GTN offers are adjacent to information reports that listeners are typically highly engaged with, as this content is "of use"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

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

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

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

GTN value proposition



Revenue model

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

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

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

Value proposition to advertisers

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

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

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

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

Value proposition to broadcasters

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

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

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

Corporate Governance

The Corporate Governance Statement outlining GTN Limited's corporate governance framework and practices in the form of a report against the ASX Corporate Governance Council's Corporate

Governance Principles and Recommendations, 3rd Edition, is available on the GTN Limited website at http://www.gtnetwork.com.au/home/?page=corporate-governance in accordance with ASX listing rule 4.10.3. The Directors approved the 2018 Corporate Governance Statement on 30 August 2018.

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 2018 and the auditor's report thereon.

Directors and Company Secretaries

Robert Loewenthal

Independent Non-Executive Chairman

Chairman of the Nomination and Remuneration Committee

Member of the Audit and Risk Committee

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

Robert 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.

William Yde III ("Bill")

Managing Director and Chief Executive Officer

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

Bill co-founded The Australia Traffic Network ("ATN") in 1997, later co-founding 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.

David Ryan AO

Independent Non-Executive Director

Chairman of the Audit and Risk Committee

Member of the Nomination and Remuneration Committee

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

David has been a non-executive director on the board of GetSwift Limited since April 2018, where he serves as the Chairman of the Audit and Risk Committee and is a member of the Remuneration and Nomination Committee.

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

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

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

Anna Sandham

Joint Company Secretary

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

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

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

Patrick Quinlan

Joint Company Secretary

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

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

Senior Executives

The Senior Executives of the Company 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 over 30 years of experience in the radio media industry.

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

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

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

Gary Worobow

Executive Vice President,
Business and Legal
Affairs

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

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

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

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

Christopher Thornton (“Chris”)

National Sales Director
The Australia Traffic Network
(“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 ATN, 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, a Graduate Certificate in Management and a Masters of Business Administration from the Australian Institute of Business.

Victor Lorusso (“Vic”)

Chief Operations Manager
ATN

Vic Lorusso has over 19 years of experience in the media industry, all of those with ATN in various operational and management positions.

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

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

Vic has a Business Licence for Real Estate.

John Quinn

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

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

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

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

Lee Sibian (“Lannie”)

President and Executive

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

Vice-President Sales Canadian Traffic Network ("CTN")	Lannie joined CTN in 2012 as President and Executive Vice-President of Sales for CTN. Prior to joining CTN, 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
William Yde III	15	15	-	-	-	-
Mark Anderson (1)	10	10	2	2	2	2
David Ryan	15	15	3	3	2	2
Robert Loewenthal	15	15	3	3	2	2

(1) Resigned 26 March 2018

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, Brazil and the United States. In March 2018 GTN exited the United States market.

Operating Strategy

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

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

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

Loss of key radio station Affiliates
In FY 2018, 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 apps, navigation systems, etc. and we expect that such options will continue to proliferate in the future. It is possible that in the future that such other options will decrease the demand for our traffic reports from radio stations. We attempt to defend against this possibility in two ways:

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

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

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

- Our product is different than traditional radio despite being broadcast on radio stations. We sell a broad reach across all demographics with the spots having the further advantage of sole placement, adjacent to popular information programming elements and generally read live by the announcer. In our opinion, all of these things make our advertising product more effective than traditional radio advertising. We believe this contention is supported by the fact that our revenue growth 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 almost entirely based on the sale of advertising, which is cyclical in nature. While we cannot control the fluctuations in the advertising market, we attempt to mitigate this risk by providing a compelling advertising product that is both effective for advertisers and not easily replicated by "buying around" our networks. A certain level of advertising is still sold even in down business cycles so we attempt to position ourselves as a key portion of an advertiser's strategy, even if they are reducing their overall expenditures.

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

Foreign exchange fluctuations can have a negative impact on financial performance
A significant portion of our revenues (46% in FY 2018) are generated outside of Australia and subject to currency exchange fluctuations between AUD and the local currency of those entities. We expect the portion of revenue subject to foreign exchange fluctuations will increase in the future as we anticipate that our Canada and Brazil operations will grow faster than the overall group revenues. We do not hedge for foreign currency fluctuations at this time and currently do not have an intention to do so although we may enter into such hedging arrangements in the future. This risk is mitigated by each country incurring virtually all their expenses in local currency as well. The impact of this is should revenue be reduced by an unfavourable currency movement, expenses will also be reduced, which would be considered a favourable movement. The negative impact to the financial statements is only on the net difference between the revenue and expenses. However, this net amount can still be material based on the magnitude of the currency shifts.

Review and Results of Operations

Operating and Financial Review

Revenue increased in FY 2018 4.4% to $185.0 million. EBITDA and Adjusted EBITDA decreased slightly (1%) due primarily to increased station compensation costs across all geographies. While the company expects station compensation to continue to increase in FY 2019, the majority of the FY 2018 increase related to the renewal of multi-year agreements and it is expected that the FY 2019 station compensation increase will be less than that in FY 2018. The non-IFRS measurements used are defined in the table below and further discussed later in the report.

(m)[(4)]	**FY18**	**FY17**	**% Difference**
Revenue (5)	185.0	177.3	4%
EBITDA (2)(5)	39.7	40.2	(1)%
Adjusted EBITDA (3)(5)	48.1	48.9	(1)%
NPAT (5)	24.8	28.2	(12)%
NPATA (1)(5)	29.2	32.5	(10)%
NPATA per share (cents) (5)	$0.13	$0.15	(15)%

(1) NPATA is defined as net profit after tax (NPAT) from continuing operations adjusted for the tax effected amortization arising from acquisition related intangible assets.
(2) EBITDA is defined as net profit after tax (earnings) before the deduction of interest expense/income, income taxes, depreciation, amortization and non-cash impairment charges.
(3) Adjusted EBITDA is defined as EBITDA adding back the non-cash interest income related to the long-term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, foreign exchange gains and losses and transaction costs.

(4) Amounts in tables may not add due to rounding. Percentage changes based on actual amounts prior to rounding.
(5) Results exclude discontinued operation.

Revenue

Group revenue was up $7.7 million (4.4%) from FY 2017 with all four operating segments exceeding the previous year's revenue.

FY18 Revenue by Geographic Segment

(m)(4)	FY18	FY17	% Difference
Australia (ATN)	100.8	98.7	2.1%
Canada (CTN)	29.8	28.0	6.5%
United Kingdom (UKTN)	42.2	40.9	3.3%
Brazil (BTN)	12.2	9.7	25.6%
Total	**185.0**	**177.3**	**4.4%**

EBITDA

Adjusted EBITDA for FY 2018 was $48.1 million, a decrease of 1% from FY 2018 due to higher station compensation costs.

(m)(4)	FY18	FY 17	% Difference
Revenue	**185.0**	**177.3**	4%
Network operations and station compensation expenses	(109.8)	(101.6)	8%
Selling, general and administrative expenses	(34.8)	(35.2)	(1)%
Equity based compensation expense	(0.7)	(0.1)	393%
Net F/X losses	(0.1)	(0.2)	(65)%
Operating expenses	**(145.4)**	**(137.1)**	6%
EBITDA	39.7	40.2	(1)%
Interest income on Southern Cross Austereo Affiliate Contract	8.4	8.5	(1)%
Net F/X losses	0.1	0.2	(65)%
Adjusted EBITDA	**48.1**	**48.9**	(1)%

NPATA

The Group reported NPATA from continuing operations of $29.2 million which is a decrease of 10% from FY 2017.

The decrease in NPATA was primarily due to a $3.0 million increase in income tax expense. FY 2017 income tax was impacted favourably by a $5.0 million tax benefit related to the recognition of previously unrecognized CTN tax assets, primarily net operating losses from previous periods.

FY18 Cash Flow

The Group reported strong cash flow from continuing operations.

(m)[4]	FY18	FY17
Adjusted EBITDA	**48.1**	**48.9**
Non-cash items in Adjusted EBITDA	0.7	0.1
Change in working capital	(2.8)	(1.2)
Impact of Southern Cross Austereo Affiliate Contract	2.0	3.5
Operating free cash flow before capital expenditure	**48.0**	**51.3**
Capital expenditure	(3.3)	(3.3)
Net free cash flow before financing, tax and dividends	**44.6**	**48.0**

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, large cash balance at 30 June 2017 and the discontinuance of funding the United States operating losses and cash requirements, the Group was able to repay $40 million of its outstanding debt during FY 2018. The Group's cash balance was $52.2 million at 30 June 2018. The Group also has a $15 million bank facility which is undrawn as of 30 June 2018.

The Group has outstanding debt principal at 30 June 2018 of $60 million and net debt (principal less cash balances) of $7.8 million. The ratio of net debt to Adjusted EBITDA is 0.16x at 30 June 2018. The Group's debt is only secured by the Groups' Australia and United Kingdom operations. Based on the applicable covenants for the Group's debt facility, the leverage is 0.50x at 30 June 2018. The EBITDA used for the calculation of the leverage under the debt facility differs from that of Adjusted EBITDA used herein.

Segment Adjusted EBITDA

Adjusted EBITDA by segment increased in Canada and Brazil while decreasing in Australia and UK. All of the segments revenue and station compensation increased during FY 2018. In Australia and UK, station compensation increased greater than revenue due primarily to multi-year renewals with key radio station affiliates.

(m)[4]	FY18[7]	FY17[7]	% Difference
Australia (ATN)	40.6	43.4	(7)%
Canada (CTN)	7.7	5.9	30%
United Kingdom (UKTN)	3.7	4.4	(16)%
Brazil (BTN)	1.8	1.3	43%
Other[6]	(5.6)	(6.1)	(8)%
Total	**48.1**	**48.9**	**(1)%**

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

Key operating metrics

Key operating metrics by jurisdiction (local currency)

	Notes	FY18	FY17
Australia			
Radio spots inventory ('000s)	1	958	866
Radio sell-out rate (%)	2	73%	81%
Average radio spot rate (AUD)	3	138	134
Canada			
Radio spots inventory ('000s)	1	630	598
Radio sell-out rate (%)	2	63%	67%
Average radio spot rate (CAD)	3	69	66
United Kingdom			
Total radio impacts available ('000)	4	19,307	19,055
Radio sell-out rate (%)	5	97%	99%
Average radio net impact rate (GBP)	6	1.3	1.3
Brazil			
Radio spots inventory ('000s)	1	216	151
Radio sell-out rate (%)	2	60%	64%
Average radio spot rate (BRL)	3, 7	275	277

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

Foreign exchange rates

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

	FY2018 Actual	FY2017 Actual
AUD:USD	0.78	0.75
AUD:CAD	0.98	1.00
AUD:GBP	0.58	0.60
AUD:BRL	2.56	2.43

Discontinued Operation

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

Dividends

A final dividend of $0.110 per share (70% franked) was declared 30 August 2018 and will be paid to holders of record as of 7 September 2018.

Non-IFRS measurements

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

  Management uses EBITDA to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation and before interest and tax charges, which are significantly affected by the capital structure and historical tax position of the Company.

  EBITDA can be useful to help understand the cash generation potential of the business because it does not include the non-cash charges for depreciation and amortisation. However, management believes that it should not be considered as an alternative to net free cash flow from operations and investors should not consider EBITDA in isolation from, or as a substitute for, an analysis of the Company’s results of operations;

- **Adjusted EBITDA** is EBITDA adjusted to include the non-cash interest income arising from the long-term prepaid Southern Cross Austereo Affiliate Contract and excludes foreign exchange gains or losses and transaction costs.

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

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

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

Non-IFRS information has not been audited.

Likely developments and expected results

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

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

Significant changes in the state of affairs

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

Events since the end of financial year

Except as outlined in the Financial Statements and elsewhere in this Directors' Report, no matter or circumstance has arisen since 30 June 2018 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 2018 and thereafter. These insurance policies insure against certain liabilities (subject to exclusions) of persons that have been directors or officers of GTN or its direct or indirect subsidiaries to the extent allowed by the *Corporations Act 2001*. The expense related to this insurance was $172 thousand for FY 2018.

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:

	2018	2017
	$	$
Other assurance services		
Other assurance services		
Due diligence	-	123,000
Remuneration from other assurance services	**-**	**123,000**
Taxation services		
Tax compliance	524,000	441,000
Tax advice on mergers and acquisitions	-	49,000
Due diligence	-	139,000
Remuneration for taxation services	524,000	629,000
Total remuneration for non-audit services	**524,000**	**752,000**

*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 28.

Rounding of amounts

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

Directors' interests in shares and options of GTN

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

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

Robert Loewenthal
Chairman
30 August 2018

Remuneration Report

The directors present the GTN 2018 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.
The report is structured as follows:

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

(a) Key management personnel covered in this report

Non-executive and executive directors (see pages 7 to 8 - for details about each director)
William Yde III
Mark Anderson (resigned 26 March 2018)
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 (h)(v) Reliance on external remuneration consultants*). In particular, the policies and practices are designed to:

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

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

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

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

Remuneration Framework

Element	**Purpose**	**Performance metrics**	**Potential Value**	**Changes for FY19**
Fixed Remuneration (FR)	Provide competitive market salary	N/A	Varies	Contractual increases of 5% effective 1 October 2018
Short-term incentive (STI)	Reward for in year performance	Adjusted EBITDA	Varies	Targets adjusted on an annual basis. STI based on 30 June 2018 share price expired.
Long-term incentive (LTI)	Alignment to long-term shareholder value	50% relative total shareholder return (TSR) 50% adjusted EPS growth	Varies	Contractually obligated options expected to be granted in FY19. Future performance metrics based on service time only. Incentives based on United States operating performance no longer applicable.

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

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

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

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

(ii) Short-term incentives (STI)

Feature	**Description**
Maximum bonus	CEO – $420,712, other executive management $139,950 to $216,516

	100% of the maximum bonus is paid for achieving 100% of the performance metrics. Board may award discretionary bonus for performance that is less than 100% of the performance metrics.			
Performance Metrics	Aligns executive compensation with market expectations.			
	Metric	**Target**	**Weighting**	**Reason**
	Adjusted EBITDA	FY19 Board approved Adjusted EBITDA target	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 in certain situations to prevent any inappropriate reward outcomes.			
Note: Amounts are paid in USD and amounts to be paid are based on estimated USD/AUD exchange rate of 1.3504:1.				

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

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

Feature	**Description**	
Allocation	CEO 70% FR, Other executive management 50% of FR. Target allocation is based on fair value of the grant, which vests over three years.	
Current Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period	
	TSR ranking	**Percentage to vest**
	Up to and including the 50th percentile	0%
	Between the 51st and 75th percentile (inclusive)	Pro rata straight line between 50% and 100%
	At and above 75th percentile	100%
	50% subject to performance condition based on Company's earnings per share (EPS) growth (adjusted for one-off items associated with the IPO and amortisation of intangibles and excluding United States Traffic Network, LLC operations, as determined by the Board) over the performance period	
	EPS Compound annual growth rate	**Percentage to vest**
	Less than threshold	0%
	Between threshold and stretch target (inclusive)	Pro rata straight line between 50% and 100%
	Above stretch target	100%

Future Performance Metrics	Vesting will be subject to continued employment only. Other terms of the grants to remain unchanged.
Exercise Price	Exercise price equal to share price on date of grant.
Forfeiture and termination	Options will lapse if performance conditions are not met. Any unvested options granted will be forfeited where the participant resigns or is dismissed during the performance period. However, if the participant is considered a good leaver their unvested options will vest or remain on foot.

(d) Link between remuneration and performance

The Company's Adjusted EBITDA (excluding the discontinued United States segment) performance for fiscal 2018 reached 95% of the target set by the board (1% decrease over fiscal 2017). As a result, the board awarded executive management 50% of their bonus potential for the period.

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

(m)	**FY 2016(1)**	**FY2017(2)**	**FY2018(2)**
Adjusted EBITDA	34,646	48,856	48,140
Increase/(decrease)	+21%	+41%	(1)%
STI paid (% of potential)	100%	100%	50%

(1) Pro forma. See previous filings for detail of pro forma adjustments.
(2) Adjusted to reflect disposal of United States Traffic Network LLC

(e) Remuneration expenses for executive KMP

		Fixed remuneration				**Variable Remuneration**		
Name	**Year**	**Cash Salary**	**Non-monetary benefits**	**Post-employment benefits**	**Other**	**Cash bonus**	**Equity based comp**	**Total**
		(1)(2)	(2)		(4)		(3)(7)	(5)
Executive Management								
William Yde III	2018	880,311	-	-	30,948	183,733	390,458	1,485,450
(6)(4)								

	2017	655,336	-	-	31,818	359,959	79,117	1,126,230
Scott Cody	2018	566,691	-	-	30,948	93,896	176,636	868,171
(6)(4)	2017	416,840	-	-	31,818	168,855	35,791	653,304
Gary Worobow	2018	467,891	-	-	30,948	61,185	83,669	643,693
(6)(4)	2017	333,099	-	-	31,818	90,536	16,954	472,407

(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) Amounts based on expense recognized in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

(4) United States based executive management receives cash stipend in lieu of the provision of health insurance and similar employee benefits. The amount of the stipend is USD 2,000 per month.

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

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

(7) Includes amounts expensed for financial statement purposes related to forfeited stock options.

(f) Contractual arrangements with executive KMP

Component	**CEO Description**	**Other executive management description**
Fixed remuneration (1)	$966,809 from 1 October 2017 to 1 October 2018, minimum 5% increase per annum thereafter.	Range between $516,600 and $623,276 from 1 October 2017 to 1 October 2018, minimum 5% increase per annum thereafter.
Contractual term	Ongoing contract	Ongoing contract
Notice by the individual/Company	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.	By the Employee voluntarily upon at least twelve (12) months written notice to the Company. Should the executive terminate their employment, they will be entitled to up to one-year severance. Severance is calculated based on a formula that subtracts the required transition time (as determined by the Company) from the maximum one-year period.
	Entitled to pro-rata STI for the year	
Termination of employment (without cause)	By the Company without Cause upon twelve (12) months written notice to Employee.	By the Company without Cause upon twelve (12) months written notice to Employee.
	Entitled to pro-rata STI for the year	
Termination of employment (with cause) or by the individual	Immediately	Immediately
	No STI entitlement.	

(1) Based on USD/AUD exchange rate of 1.3504:1.	

(g) Non-executive director arrangements

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

The current base fees were reviewed in 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 $1,000,000 and was approved by the shareholders on 8 November 2017.

Base fees		
Chair (2)	$128,000	
Other independent non-executive directors (1)	$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	-	

(1) Mark Anderson was a non-executive director that was not considered independent due to GTCR's large shareholdings in the Company. Mr. Anderson is a managing director of GTCR. Mr. Anderson received no compensation from the Company for his directorship.
(2) The chairperson does not receive additional fees for participating in or chairing committees, rather this is taken into account as part of their overall director fee.

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

Non-executive director remuneration

Name	**Year**	**Base fee**	**Audit and Risk Committee**	**Remuneration and Nomination Committee**	**Total**	
G Miles (1)(3)	2018	-	-	-	-	
	2017	83,862	-	-	83,862	
M Anderson (2)	2018	-	-	-	-	
	2017	-	-	-	-	
R Loewenthal (4)	2018	128,000	-	-	128,000	
	2017	102,667	-	6,666	109,333	
D Ryan	2018	90,000	40,000	-	130,000	
	2017	90,000	40,000	-	130,000	

Total non-executive director remuneration	2018	218,000	40,000	-	258,000	
	2017	276,529	40,000	6,666	323,195	
(1) Paid in Canadian dollars (CAD). Amount translated into AUD based on same exchange rates as annual financial statements.						
(2) Resigned effective 26 March 2018.						
(3) Resigned effective 28 February 2017						
(4) Named Acting Chairman effective 1 March 2017. Named Chairman effective 8 November 2017.						

(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	**2018**	**2018**	**2018**
Executive directors			
W Yde	61%	13%	26%
Other key management personnel of the group			
S Cody	69%	11%	20%
G Worobow	77%	10%	13%
* 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 2018.

	Total STI bonus (cash)		LTI Options		
	Total Opportunity	Awarded	Value granted	Value exercised	Forfeited
	$	%	$	%	%
	2018	2018	2018	2018	2018 (4)
Name					
W Yde (1)	485,320	38%	-	-	17
S Cody (2)	243,683	39%	-	-	17
G Worobow (3)	142,048	43%	-	-	17
(1) USD 376,366. Includes USD 91,396 if the four (4) week volume weighted average price of GTN Limited ordinary shares was at or above $2.71 (AUD) on					

	the close after the last day of trading June 2018. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.
(2)	USD 188,976. Includes USD 43,344 if the four (4) week volume weighted average price of GTN Limited ordinary shares was at or above $2.71 (AUD) on the close after the last day of trading June 2018. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.
(3)	USD 110,158. Includes USD 15,260 if the four (4) week volume weighted average price of GTN Limited ordinary shares was at or above $2.71 (AUD) on the close after the last day of trading June 2018. Amounts in the table have been translated into AUD based on the exchange rate used to prepare the financial statements.
(4)	No LTI Options granted in fiscal 2018. Represents percentage of LTI Options outstanding at 1 July 2017 that were forfeited.

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

FY2018 Name & Grant Date	Balance at the start of the year	Granted	Vested		Exercised	Forfeited		Balance at the end of the year	
	Unvested		#	%		#	%	Vested	Unvested
W Yde									
	968,906	-	161,484	17	-	161,484	17	161,484	645,938
S Cody									
	438,315	-	73,053	17	-	73,053	17	73,053	292,209
G Worobow									
	207,623	-	34,604	17	-	34,604	17	34,604	138,415

Ordinary Shares FY2018 Name	**Balance at the start of year**	**Received during the year on exercise of stock options**	**Shares Purchased**	**Shares Sold**	**Balance at the end of the year**
W Yde	3,603,408	-	-	-	3,603,408
D Ryan (2)	75,475	-	-	-	75,475
R Loewenthal (2)	17,417	-	-	-	17,417
S Cody	-	-	-	-	-
G Worobow (1)	10	-	-	-	10
(1) Initial shares upon forming GTN Limited.					

(2) Shares held indirectly through superannuation fund.

(iv) Other transactions with key management

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

- FY2018 $162,422
- FY2017 $161,706

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

(v) Reliance on external remuneration consultants

During FY18, the Company engaged PwC to discuss alternatives to the existing LTI Plan. PwC was paid $6,403 for this work.

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

During the last annual general meeting, the shareholders voted 100.00% in favour of adoption of the remuneration report for the year ended 30 June 2017. In addition, the shareholders voted 88.19% in favour of increasing the maximum aggregate amount per annum available for payment as remuneration to the Non-Executive Directors of the Company by $450,000 from $550,000 per annum to $1,000,000 per annum.

Auditor's Independence Declaration

As lead auditor for the audit of GTN Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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
30 August 2018

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GTN Limited
ACN 606 841 801

Consolidated Financial Report
For the year ended 30 June 2018

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Notes	2018	2017
		$'000	**$'000**
Revenue	7	185,013	177,289
Other income	7	403	487
Interest income on long-term prepaid affiliate contract	7	8,401	8,471
Network operations and station compensation expenses		(109,816)	(101,571)
Selling, general and administrative expenses		(34,807)	(35,201)
Equity based compensation expenses	26	(651)	(132)
Depreciation and amortisation	8	(9,476)	(9,329)
Finance costs	8	(4,784)	(5,235)
Foreign currency transaction loss	8	(79)	(228)
Profit before income tax		34,204	34,551
Income tax expense	9	(9,373)	(6,379)
Profit for the year from continuing operations		24,831	28,172
Loss from discontinued operation	35	(39,932)	(21,967)
Profit (loss) for the year		(15,101)	6,205
Other comprehensive income (loss) for the year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		1,591	(2,540)
Unrealised gain (loss) on interest rate swaps		3	(3)
Total other comprehensive income (loss) for the year		1,594	(2,543)
Total comprehensive income (loss) for the year		(13,507)	3,662
Earnings per share attributable to the ordinary equity holders:			
Basic and diluted earnings per share from continuing operations	24	$0.11	$0.13
Basic and diluted loss per share from discontinued operation		$(0.18)	($0.10)
Basic and diluted earnings/(loss) per share (cents)	24	$(0.07)	$0.03

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

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	2018 $'000	2017 $'000
Assets			
Current			
Cash and cash equivalents	11	52,232	100,727
Trade and other receivables	12	38,681	53,678
Current tax asset	17	957	-
Other current assets	13	1,827	4,842
Current assets		93,697	159,247
Non-current			
Property, plant and equipment	16	6,335	6,768
Intangible assets	15	58,009	85,221
Goodwill	14	96,193	97,997
Deferred tax assets	17	3,916	4,679
Other assets	13	97,215	98,244
Non-current assets		261,668	292,909
Total assets		355,365	452,156
Liabilities			
Current			
Trade and other payables	18	28,346	57,613
Deferred revenue	20	450	5,430
Current tax liabilities	17	338	683
Provisions	19	1,341	1,167
Current liabilities		30,475	64,893
Non-current			
Trade and other payables	18	69	66
Financial liabilities	21	58,294	97,569
Deferred tax liabilities	17	17,443	16,796
Derivatives	22	-	5
Other liabilities	23	37	77
Provisions	19	349	409
Non-current liabilities		76,192	114,922
Total liabilities		106,667	179,815
Net assets		248,698	272,341
Equity			
Share capital	25	444,981	444,981
Reserves		6,540	4,295
Accumulated losses		(202,823)	(176,935)
Total equity		248,698	272,341

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 2018

	Notes	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Hedging Reserve $'000	Equity Based Payments Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 30 June 2016		**378,948**	**(24,655)**	**29,230**	**-**	**2,131**	**(170,710)**	**214,944**
Total comprehensive income:								
Net profit		-	-	-	-	-	6,205	6,205
Other comprehensive income (loss)		-	-	(2,540)	(3)	-	-	(2,543)
		-	-	(2,540)	(3)	-	6,205	3,662
Transactions with owners in their capacity as owners:								
Dividends			-	-	-	-	(12,430)	(12,430)
Ordinary shares issued		67,622	-	-	-	-	-	67,622
Costs relating to share issue net of tax		(1,589)	-	-	-	-	-	(1,589)
Equity based compensation		-	-	-	-	132	-	132
		66,033	-	(2,540)	(3)	132	(6,225)	57,397
Balance at 30 June 2017		**444,981**	**(24,655)**	**26,690**	**(3)**	**2,263**	**(176,935)**	**272,341**
Total comprehensive income:								
Net loss		-	-	-	-	-	(15,101)	(15,101)
Other comprehensive income (loss)		-	-	1,591	3	-	-	1,594
		-	-	1,591	3	-	(15,101)	(13,507)
Transactions with owners in their capacity as owners								
Dividends			-	-	-	-	(10,787)	(10,787)
Equity based compensation		-	-	-	-	651	-	651
		-	-	1,591	3	651	(25,888)	(23,643)
Balance at 30 June 2018	25	**444,981**	**(24,655)**	**28,281**	**-**	**2,914**	**(202,823)**	**248,698**

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 2018

	Notes	2018 $'000	2017 $'000
Operating activities			
Receipts from customers		253,445	216,336
Payments to suppliers and employees		(230,508)	(180,140)
Interest received		403	487
Finance costs		(4,064)	(4,467)
Income tax paid		(9,289)	(7,730)
Net cash from operating activities	28	**9,987**	**24,486**
Investing activities			
Purchase of property, plant and equipment		(3,470)	(3,529)
Cash outflow from sale of subsidiary		(5,730)	-
Acquisition of business		-	(22,027)
Net cash used in investing activities		**(9,200)**	**(25,556)**
Financing activities			
Proceeds from offering of stock (net of transaction costs)		-	64,068
Dividends		(10,787)	(10,465)
Repayment of borrowings		(40,000)	-
Net cash from financing activities		**(50,787)**	**53,603**
Net change in cash and cash equivalents		(50,000)	52,533
Cash and cash equivalents, beginning of year		100,727	49,063
Exchange differences on cash and cash equivalents		1,505	(869)
Cash and cash equivalents, end of year	11	**52,232**	**100,727**
Cash flows of discontinued operation	35		

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 Australia and international markets, including 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.

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

The consolidated financial statements for the year ended 30 June 2018 (including comparatives) were approved and authorised for issuance on 30 August 2018. The directors have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

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

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

(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) – measured at fair value,
- assets held for sale – measured at fair value less cost of disposal.

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

The Company's financial statements consolidate those of GTN Limited and all of its subsidiaries (the "Company" or "Group") as of 30 June 2018. 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).

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

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

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

2.11 Property, plant and equipment

IT equipment, motor vehicles, aircraft and other equipment

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

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

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

- computer equipment: 3-5 years
- motor vehicles: 7 years
- helicopters and fixed wing aircraft: 6-8 years
- helicopters engine rebuilds: 2-3 years
- furniture, equipment and other: 5 years
- recording, broadcasting and studio equipment: 5 years.

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.

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

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

Classification and subsequent measurement of financial assets

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 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 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.

(i) Tax consolidation legislation

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

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

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

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

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

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

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

2.16 Cash and cash equivalents

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

2.17 Employee Benefits

Short-term employee benefits

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

2.20 Equity and reserves

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

Other components of equity include the following:

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

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

2.21 Equity based remuneration

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

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

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

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

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

2.22 Provisions, contingent liabilities and contingent assets

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

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

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

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

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

2.23 Goods and services taxes (GST)

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

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

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

2.24 Long-term prepaid affiliate contract

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

2.25 Rounding of amounts

The Company is of a kind referred to in ASIC 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. See Note 17.

Impairment

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

Useful lives of depreciable assets

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

Recoverability of long-term prepaid station compensation

Management reviews the recoverable amount of long-term prepaid station compensation at each reporting period, analysing such factors as number of advertising spots received, market conditions for the advertising spots, ratings of the stations, counter party risk (i.e. the financial viability of the provider of the advertising spots and its ability to continue to meet its obligations) and other relevant factors to determine the recoverability of long-term prepaid station compensation over its contractual term. See Note 13.

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.

3 Changes in accounting policies

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

A number of new and revised standards and an interpretation became effective for the first time for annual periods beginning on or after 1 July 2017. Information on these new standards is presented below.

AASB 2016-1 – Recognition of Deferred Tax Assets for Unrealized Losses

AASB 2016-1 amends AASB 112 – Income Taxes to clarify the requirements on the recognition of deferred tax assets for unrealized debt instruments measured at fair value. The amendment is effective for annual periods beginning on or after 1 January 2017 but is available for early adoption.

The amendment was first adopted for the year ending 30 June 2018 and there was no material impact on the financial statements.

AASB 107 – Statement of Cash Flows

AASB 2016-2 requires additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment requires disclosures of changes arising from:

- cash flows, such as drawdowns and repayments of borrowings
- non-cash changes, such as acquisitions, disposals and unrealized exchange differences.

The amendment was first adopted for the year ending 30 June 2018 and there was no material impact on the financial statements as the amendment is limited to additional disclosure. The additional disclosure is set out in Note 28(b).

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 amendment is effective for annual periods beginning on or after 1 January 2018 but is available for early adoption.

Management has largely completed its assessment of the impact of AASB 9 and 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. The Company's preliminary assessment is that its financial assets and liabilities balances at 30 June 2018 would not be modified under the provisions of AASB 9. The Company's primary non-cash financial asset is trade receivables and impairments losses related to trade receivables have historically been immaterial (see Note 12). Therefore, there is not expected to be a material impact upon changing to the expected credit loss model. In addition, the Company currently has no hedging arrangements in place on its debt.

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 amendment is effective for annual periods beginning on or after 1 January 2018 but is available for early adoption. Management has largely completed its assessment of the impact of AASB 15 and 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. The Company's preliminary assessment is that there would be no adjustment to reported revenue for the years ended 30 June 2018 and 2017 had the Company adopted AASB 15 for those periods. The Company recognizes revenue when the commercial advertisements are aired which is consistent with AASB 15.

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 Company is not able to estimate the effect of the new rules on the financial statements. The Company does not expect to adopt the new standard before 1 July 2019.

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 has used derivative financial instruments to manage interest rate risk exposures on borrowings.

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

The Company holds the following financial instruments:

	2018 $'000	2017 $'000
Financial assets		
Cash and cash equivalents	52,232	100,727

Trade and other receivables	38,681	53,678
	90,913	**154,405**
Financial liabilities		
Trade and other payables	28,346	57,613
Interest bearing liabilities	58,294	97,569
Derivative financial instruments	-	5
Other liabilities	37	77
	86,677	**155,264**

(a) Market risk

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

(i) Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long term borrowings, cash, receivables and derivatives. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company has utilized fixed rate interest rate swaps and interest rate collars to manage interest rate risk. In August 2016, the Company entered into an interest rate collar on $50 million of its variable debt that expired 9 February 2018. The hedge was determined to be effective when entered into and was tested for effectiveness at each balance sheet date and been found effective.

The Company has at times managed its cash flow interest rate risk by using various interest rate derivatives. Such interest rate derivatives have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate derivatives the Company has employed are fixed rate interest rate swaps and interest rate collars. Under the fixed rate interest rate swaps, 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. Under interest rate collars, such exchanges only occur should the floating interest rate fall outside the floor or the ceiling of the collar. Otherwise the interest is paid on a floating rate basis. Currently all the Company’s outstanding debt is floating based on one-month BBSY and none of the debt is subject to derivatives.

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

	2018		2017	
	Weighted average interest rate	**Balance**	Weighted average interest rate	Balance
	%	**$'000**	%	$'000
Cash and cash equivalents	0.53%	52,232	0.61%	100,727
Borrowings – unhedged portion (1)	5.27%	(60,000)	5.24%	(50,000)
Net exposure to cash flow interest rate risk		**(7,768)**		**50,727**

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

Effective 9 August 2016, in satisfaction of the interest rate hedging requirements under the Term Loan, the Company's Aus Hold Co subsidiary entered into interest rate collar agreements for $50 million of the Facility C bullet loan. The interest rate collar agreements expired effective 9 February 2018. The interest rate collar agreements set a range of interest rates at which below the floor interest rate (based on one-month BBSY) Aus Hold Co paid the counter party the difference between the floor interest rate and actual interest rate on the nominal amount of the interest rate collar agreements whilst the counter party paid Aus Hold Co any difference between the ceiling interest rate and BBSY. The floor interest rate was 1.55% and the ceiling rate was 2.20%. Aus Hold Co incurred no upfront costs to enter into the interest rate collar agreements and neither party was required to make a payment to the other. At 30 June 2017, the fair value of the interest rate collar was $5 thousand in favour of the counter party. The interest rate collar expired effective 9 February 2018 and the debt has been subject to floating interest rates since. Since the interest rate collar agreements had been determined to be effective at inception and as of 30 June 2017, the expense related to the change in fair value (net of taxes) has been charged to hedging reserve in other comprehensive income.

An official increase/decrease in interest rates of 100 (2017: 100) basis points would have favourable/adverse effect on profit before tax of $78 thousand (2017: favourable/adverse $507 thousand) per annum.

(ii) Foreign currency risk

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

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

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

	Short Term Exposure					Long Term Exposure			
	USD	GBP	CAD	BRL	Other	USD	GBP	CAD	BRL
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2018									
Financial assets	4,808	20,176	15,203	2,883	51	-	-	-	-
Financial liabilities	(550)	(6,520)	(2,648)	(1,507)	(69)	-	(3)	(11)	(15)
Total exposure	**4,258**	**13,656**	**12,555**	**1,376**	**(18)**	**-**	**(3)**	**(11)**	**(15)**
30 June 2017									
Financial assets	28,433	15,847	10,307	1,950	49	-	-	-	-
Financial liabilities	(31,719)	(6,029)	(3,530)	(1,409)	(161)	(13)	(5)	(10)	(17)
Total exposure	**(3,286)**	**9,818**	**6,777**	**541**	**(112)**	**(13)**	**(5)**	**(10)**	**(17)**

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

(b) Credit risk

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

	2018 $'000	2017 $'000
Total facilities		
Bank loan facility	75,000	115,000
Used at balance date		
Bank loan facility	60,000	100,000
Unused at balance date		
Bank loan facility	15,000	15,000

(ii) Maturities of financial liabilities

Contractual maturities of financial liabilities

	Within 1 year $'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 2018						
Non-derivatives						
Non-interest bearing						
Trade and other payables	28,346	-	-	-	28,346	28,346

Other liabilities	-	-	37	-	37	37
Interest bearing						
Bank loans (1)(2)	2,667	2,667	61,608	-	66,942	58,294
Derivatives						
Interest rate collars	-	-	-	-	-	-
Total	**31,013**	**2,667**	**61,645**	**-**	**95,325**	**86,677**

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

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying Amount (assets)/ Liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2017						
Non-derivatives						
Non-interest bearing						
Trade and other payables	57,613	-	-	-	57,613	57,613
Other liabilities	-	-	77	-	77	77
Interest bearing						
Bank loans (1)(2)	4,165	4,165	106,675	-	115,005	97,569
Derivatives						
Interest rate collars	-	5	-	-	5	5
Total	**61,778**	**4,170**	**106,752**	**-**	**172,700**	**155,264**

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

(d) Fair value measurements

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

(i) Valuation techniques used to determine fair values
Specific valuation techniques used to value financial instruments include 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 2.50x at 30 June 2018) (actual 0.50x)
(b) Interest coverage ratio (at least 3.50x at 30 June 2018) (actual 11.40x)
(c) Debt service ratio (at least 1.10x at 30 June 2018) (actual 9.30x)

The borrowers were in compliance with these and all other requirements of the loan for all periods presented. The Group's consolidated TGR at 30 June 2018 was 0.20x. 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-2018	30-June-2017
GTN Holdings Pty Limited ("LuxCo 1")	Australia (2)	100%	100%
GTN US Holdco, Inc. ('US Hold Co")	United States (Delaware) (1)	100%	100%
Global Traffic Network, Inc. ("GTN")	United States (Nevada) (1)	100%	100%
Gridlock Holdings (Australia) Pty Limited ("Aus Hold Co")	Australia (NSW)	100%	100%
The Australia Traffic Network Pty Limited ("ATN")	Australia (NSW)	100%	100%
GTN Management, Inc. ("US Management Co")	United States (Delaware)	100%	100%
GTCR Gridlock International (Luxembourg) S.a r.l. ("LuxCo 2")	Luxembourg	100%	100%
Canadian Traffic Network ULC ("CTN")	Canada (Alberta)	100%	100%
GTN Holdings (UK) Limited ("UK Hold Co")	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Commercial Limited ("UK Commercial")	United Kingdom (England & Wales)	100%	100%
Global Traffic Network (UK) Limited ("UKTN")	United Kingdom (England & Wales)	100%	100%
GTCR Gridlock Holdings (Brazil) S.a r.l. ("LuxCo 3")	Luxembourg	100%	100%
BTN Servicos de Informacao do Transito Ltda ("BTN")	Brazil	100%	100%
United States Traffic Network, LLC (3)	United States (Delaware)	0%	100%

(1) Resident of Australia for tax purposes but still subject to U.S. taxes. Principal place of business Australia.
(2) Migrated to Australia from Luxembourg effective July 2016
(3) United States Traffic Network, LLC, a 100% owned indirect subsidiary was sold in March 2018.

7 Revenue and other income

	2018	2017
	$'000	$'000
From continuing operations		
Sales revenue		
Sale of advertising commercials – net of agency commissions and taxes	185,013	177,289
	185,013	**177,289**

Other income		
Interest on bank deposits	403	487
	403	487
Interest income on long-term prepaid affiliate contract	8,401	8,471

Revenue has been restated from the previous period to reduce revenue by the taxes paid to Brazilian tax authorities based on revenue. Previously these expenses were treated as a component of selling, general and administrative expenses. It has subsequently been determined the proper accounting treatment is to report revenue net of these taxes. There was no impact on profit or on operating cashflows_from the adjustment.

	2018 $'000	2017 $'000
From continuing operations		
Sale of advertising commercials – net of agency commissions	186,581	178,537
Less: Brazilian revenue related taxes	(1,568)	(1,248)
Sale of advertising commercials – net of agency commissions and taxes	**185,013**	**177,289**

8 Expenses

	2018 $'000	2017 $'000
Profit/(Loss) before income tax includes the following specific expenses:		
Employee benefits expense	38,804	39,227
Defined contribution superannuation expenses	942	886
Amortisation and depreciation	9,476	9,329
Finance costs of bank loan and line of credit	4,784	5,235
Rental expenses relating to operating leases	1,933	1,898
Foreign exchange (gain) loss on intercompany loans within the group	79	228

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% (2017: 30%) and the reported tax expense in profit or loss are as follows:

	2018 $'000	2017 $'000
Income (loss) before tax	34,204	34,551
Tax rate: 30% (2017 30%)	10,261	10,365

Taxes on foreign earnings	(9,889)	12,037
Tax effect of permanent differences	564	362
Foreign tax credits	(5,532)	(10,610)
Toll charge	4,023	-
(Recognition of previously unrecognised tax losses)/ unrecognized tax losses	7,445	(5,711)
Foreign jurisdiction tax, net of federal tax benefit	1,154	(21)
Over-provision for income tax in prior year	(495)	(198)
Effect of tax rate changes	1,250	(312)
Accrual of uncertain tax position	(18)	-
Other	610	467
Income tax expense	**9,373**	**6,379**

	2018 $'000	2017 $'000
Expense		
Current	7,965	8,039
Deferred	1,408	(1,660)
Income tax expense	**9,373**	**6,379**
Other comprehensive income		
Current	-	-
Deferred	2	(2)
	2	**(2)**

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Company has an unrecognised deferred tax asset of $19,233 thousand (2017: $5,473 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.

10 Auditor's remuneration

Auditor remuneration details are as follows:

	2018 $	2017 $
Audit and other assurance services		
Auditors of the Company:		
Audit and review of financial statements	810,000	830,000
Other assurance services		
Due diligence	-	123,000
Remuneration from audit and other assurance services	**810,000**	**953,000**
Taxation services		
Auditors of the Company:		
Tax compliance	524,000	441,000
Tax advice on mergers and acquisitions	-	49,000
Due diligence	-	139,000
Remuneration for taxation services	524,000	629,000
Total auditor's remuneration	**1,334,000**	**1,582,000**

*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:

	2018 $'000	2017 $'000
Cash at bank and in hand:		
Cash at bank and in hand	48,649	97,339
Short term deposits	3,583	3,388
Cash and cash equivalents	**52,232**	**100,727**

12 Trade and other receivables

Trade and other receivables consist of the following:

	2018 $'000	2017 $'000
Trade receivables	39,347	54,363
Allowance for doubtful debtors	(666)	(685)
Trade receivables	**38,681**	**53,678**

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 $79 thousand (2017: $79 thousand) has been recorded accordingly within selling, general and administrative expenses.

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

	2018 $'000	2017 $'000
Balance 1 July	(685)	(745)
Amounts written off (uncollectable)	34	205
Impairment reversal (loss)	(79)	(79)
Discontinued operations	64	(66)
Balance 30 June	**(666)**	**(685)**

Trade receivables aging analysis at 30 June is:

	2018 $'000	2017 $'000
Not past due	34,386	37,515
Not more than 3 months	2,378	12,352
More than 3 months	2,583	4,496
Total	**39,347**	**54,363**

13 Other assets

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

	2018 $'000	2017 $'000
Current		
Prepaid station affiliate contracts(i)	1,216	3,444
Prepaids and other current assets	611	1,398
	1,827	**4,842**
Non-Current		
Prepaid station affiliate contract(i)	96,945	97,927
Other assets	270	317
	97,215	**98,244**

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

14 Goodwill

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

	Trade names		Goodwill	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Gross carrying amount				
Balance 1 July	12,341	12,464	97,997	96,258
Discontinued operation	-	-	(2,030)	2,143
Net exchange difference	104	(123)	226	(404)
Carrying amount at 30 June	12,445	12,341	96,193	97,997

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.

	2018 $'000	2017 $'000
Australia	96,051	96,223
Canada	3,869	3,776

United Kingdom	8,718	8,279
Discontinued operation	-	2,060
Goodwill and trade names allocation at 30 June	**108,638**	**110,338**

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	
	2018 Pre-Tax	**2017 Pre-Tax**
Australia	12.2%	10.8%
Canada	15.8%	15.8%
United Kingdom	15.8%	15.8%

	Average Growth Rates			
	Revenue		**EBITDA**	
	2018	**2017**	**2018**	**2017**
Australia	3%	5%	3%	7%
Canada	6%	6%	12%	18%
United Kingdom	(1)%	1%	(7)%	0%

Growth rates

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

Discount rates

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

Cash flow assumptions

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

Significant estimate: Impact of possible changes in key assumptions

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

15 Intangible assets

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

	Station contracts $'000	Advertising contracts $'000	Software $'000	Trade names $'000	Total $'000
Gross carrying amount					
Balance at 1 July 2017	**100,600**	**73,543**	**1,014**	**12,341**	**187,498**
Discontinued operation	(13,160)	(8,708)	(999)	-	(22,867)
Net exchange differences	544	414	(15)	104	1,047
Balance at 30 June 2018	**87,984**	**65,249**	**-**	**12,445**	**165,678**
Amortisation					
Balance at 1 July 2017	(36,349)	(65,730)	(198)	-	(102,277)
Amortisation	(6,254)	-	-	-	(6,254)
Discontinued operation	73	1,445	193	-	1,711
Net exchange differences	110	(964)	5	-	(849)
Balance at 30 June 2018	(42,420)	(65,249)	-	-	(107,669)
Carrying amount 30 June 2018	**45,564**	**-**	**-**	**12,445**	**58,009**
Gross carrying amount					
Balance at 1 July 2016	**88,106**	**65,346**	**-**	**12,464**	**165,916**
Discontinued operation	13,896	9,194	1,055	-	24,145
Net exchange differences	(1,402)	(997)	(41)	(123)	(2,563)
Balance at 30 June 2017	**100,600**	**73,543**	**1,014**	**12,341**	**187,498**
Amortisation					
Balance at 1 July 2016	(29,892)	(65,346)	-	-	(95,238)
Amortisation	(6,221)	-	-	-	(6,221)
Discontinued operation	(533)	(1,051)	(201)	-	(1,785)
Net exchange differences	297	667	3	-	967
Balance at 30 June 2017	(36,349)	(65,730)	(198)	-	(102,277)
Carrying amount 30 June 2017	**64,251**	**7,813**	**816**	**12,341**	**85,221**

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 2018 and 30 June 2017 was $6,254 thousand and $6,221 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 2017	18,618	741	1,960	21,319
Additions	2,975	112	383	3,470
Discontinued operation	-	-	(508)	(508)
Disposals	(6)	-	-	(6)
Net exchange differences	(384)	(10)	(8)	(402)
Balance 30 June 2018	21,203	843	1,827	23,873
Depreciation and impairment				

Balance 1 July 2017	(12,530)	(599)	(1,422)	(14,551)
Disposals	6	-	-	6
Net exchange differences	176	-	169	345
Depreciation	(2,943)	(64)	(215)	(3,222)
Discontinued operation	-	-	(116)	(116)
Balance 30 June 2018	(15,291)	(663)	(1,584)	(17,538)
Carrying amount 30 June 2018	**5,912**	**180**	**243**	**6,335**

	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 2016	15,987	697	1,561	18,245
Additions	3,187	53	289	3,529
Discontinued operation	-	-	169	169
Disposals	-	-	-	-
Net exchange differences	(556)	(9)	(59)	(624)
Balance 30 June 2017	18,618	741	1,960	21,319
Depreciation and impairment				
Balance 1 July 2016	(10,053)	(533)	(1,174)	(11,760)
Disposals	-	-	-	-
Net exchange differences	335	7	34	376
Depreciation	(2,812)	(73)	(223)	(3,108)
Discontinued operation	-	-	(59)	(59)
Balance 30 June 2017	(12,530)	(599)	(1,422)	(14,551)
Carrying amount 30 June 2017	**6,088**	**142**	**538**	**6,768**

17 Current and deferred tax assets and liabilities

Current taxes can be summarised as follows:

	2018 $'000	2017 $'000
Current tax assets	957	-
Current tax liabilities	(338)	(683)
Net current tax assets/(liabilities)	619	(683)

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

Deferred Tax Assets	1 July 2017 $'000	Recognised in OCI* $'000	Recognised in Profit and Loss $'000	30 June 2018 $'000
Annual leave accrual	360	-	(102)	258
Long service leave provision	432	-	33	465
Audit accrual	-	-	122	122
Superannuation accrued	24	-	3	27
Deferred rent	21	-	(5)	16

Hedging	2	(2)	-	-
Allowance for doubtful debts	99	-	49	148
Foreign exchange differences	6	-	(6)	-
Deferred transaction costs	2,550	-	(1,379)	1,171
Fixed asset depreciation	355	-	365	720
Net tax losses	6,300	-	(1,276)	5,024
	10,149	**(2)**	**(2,196)**	**7,951**
Set-off of deferred tax liabilities pursuant to set-off provisions	**(5,470)**			**(4,035)**
Net deferred tax assets	**4,679**			**3,916**

* Other Comprehensive Income

Deferred Tax Liabilities	**1 July 2017**	**Recognised in OCI***	**Recognised in Profit and Loss**	**30 June 2018**
	$'000	**$'000**	**$'000**	**$'000**
Intangibles	18,113	-	(1,662)	16,451
Deemed U.S. branch attribution	1,988	-	(1,988)	-
Prepaid expenses	2,164	-	2,862	5,026
Other	1	-	-	1
	22,266	**-**	**(788)**	**21,478**
Set-off of deferred tax assets pursuant to set-off provisions	**(5,470)**			**(4,035)**
Net deferred tax liabilities	**16,796**			**17,443**

* Other Comprehensive Income

	2018	**2017**
	$'000	**$'000**
Deferred tax assets consist of:		
Current	667	647
Non-current	7,284	9,502
	7,951	10,149
Deferred tax liabilities consist of:		
Current	-	-
Non-current	21,478	22,266
	21,478	22,266

During the year ended 30 June 2017, CTN recognized previously unrecognized deferred tax assets, primarily related to previous years' net operating losses. This was due to CTN generating taxable income during the period and the expectation that taxable income would continue at least at this amount in the future. Based upon current performance, the net operating losses of CTN would be fully utilized well before the statute of limitations to use the losses, which is 20 years. The balance of the CTN recognized net operating loss at 30 June 2017 was $6,300 thousand.

At 30 June 2018 the Company had a franking balance of $3,346 thousand.

18 Trade and other payables

Trade and other payables recognised consist of the following:

	2018 $'000	2017 $'000
Current		
Trade payables	21,554	20,906
Accrued payroll expenses	4,735	7,045
Accrued expenses and other liabilities	2,057	29,662
	28,346	**57,613**
Non-current		
Other	69	66
	69	**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

	2018 $'000	2017 $'000
Current		
Long service leave provision	1,341	1,167
	1,341	1,167
Non-Current		
Long service leave provision	211	272
Lease restoration	138	137
	349	409
	1,690	**1,576**

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

	2018 $'000	2017 $'000
Deferred revenue	450	5,430
	450	**5,430**

Payments received or amounts invoiced in advance are deferred until earned and such amounts are included as a component of deferred revenue. The decrease in deferred revenue from the year ended 30 June 2017 to 30 June 2018 was primarily due to balances related to the discontinued operation.

21 Financial liabilities

	2018	2017

	$'000	$'000
Current		
Current portion of long term debt	-	-
	-	**-**
Non-current		
Long term debt, less current portion	58,294	97,569
	58,294	**97,569**

In February 2016, the Company amended its existing bank loan facilities to increase the total borrowing capacity to $155 million primarily to finance the $100 million long term prepayment of a radio station affiliation agreement. Facility A consisted of a $15 million revolving line of credit, Facility B a $40 million term loan and Facility C a $100 million bullet loan. Deferred financing costs of $3,735 thousand were incurred and are being recognized in finance costs via the effective interest method over the term of the facilities. Part of the proceeds from the IPO were used to repay Facility A and Facility B. Facility B was automatically terminated as part of the repayment. During the year ended 30 June 2018, $40 million of Facility C was repaid and the commitment reduced to $60 million. At 30 June 2018, 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

	2018 $'000	2017 $'000
Interest rate collar contracts	-	5
	-	**5**

(i) Classification of derivatives

Derivatives are classified as hedging instruments.

Effective 9 August 2016, in satisfaction of the interest rate hedging requirements under the Term Loan, the Company's Aus Hold Co subsidiary entered into interest rate collar agreements for $50 million of the Facility C bullet loan. The interest rate collar agreements expired effective 9 February 2018. The interest rate collar agreements set a range of interest rates at which below the floor interest rate (based on one-month BBSY) Aus Hold Co paid the counter party the difference between the floor interest rate and actual interest rate on the nominal amount of the interest rate collar agreements whilst the counter party paid Aus Hold Co any difference between the ceiling interest rate and BBSY. The floor interest rate was 1.55% and the ceiling rate was 2.20%. Aus Hold Co incurred no upfront costs to enter into the interest rate collar agreements and through the term of the interest rate collar agreements neither party was required to make a payment to the other. At 30 June 2017, the fair value of the interest rate collar was $5 thousand in favour of the counter party. Since the interest rate collar agreements had been determined to be effective at inception and as of 30 June 2017, the expense related to the change in fair value (net of taxes) was charged to hedging reserve in other comprehensive income.

(ii) Fair value measurement

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

23 Other liabilities

	2018 $'000	2017 $'000
Other	37	77
	37	**77**

24 Earnings per share

	2018 $'000	2017 $'000
Profit attributable to shareholders from continuing operations	24,831	28,172
Weighted average number of ordinary shares used in calculating basic earnings per share	224,721	213,697
Weighted average number of ordinary shares and potential ordinary share used in calculating diluted earnings per share	224,721	213,697
Basic earnings per share from continuing operations (cents per share)	$0.11	$0.13
Diluted earnings per share from continuing operations (cents per share)	$0.11	$0.13
Basic earnings/(loss) per share (cents per share)	$(0.07)	$0.03
Diluted earnings/(loss) per share (cents per share)	$(0.07)	$0.03

At 30 June 2018 the Company had common stock equivalents of 1,345,703 outstanding in the form of outstanding stock options. However, these common stock equivalents are excluded from the calculation of diluted earnings per share since they are anti-dilutive due to the exercise price of the options exceeding the Company's share price on 30 June 2018.

25 Shareholders' equity

	2018 '000's Ordinary shares	2018 $'000 Issued capital	2017 '000's Ordinary shares	2017 $'000 Issued capital
At beginning of reporting period	224,721	444,981	201,212	378,948
Additional shares issued net of offering costs	-	-	23,509	66,033
At the end of the reporting period	224,721	444,981	224,721	444,981

In December 2016, the Company under took a fully underwritten 1 for 9.7 pro rata non-renounceable entitlement offering to its existing shareholders for 20,744 thousand shares at $2.90 per share. The institutional component was completed on 5 December 2016 and the retail component was completed on 20 December 2016.

The gross proceeds of $60,157 thousand were offset by costs related to the equity raising of approximately $1,544 thousand and the net proceeds were recognized as additional issued capital in the consolidated statement of changes in equity. The purpose of the equity raising was to fund the post-acquisition start-up costs of the Company's entry in the United States and a substantial majority of the funds not expended for that purpose were used to repay debt during the year ended 30 June 2018.

On 31 March 2017, pursuant to its dividend reinvestment plan, the Company issued 2,765 thousand shares at $2.70 per share. The gross proceeds of $7,465 thousand were offset by costs related to the equity raising of approximately $45 thousand and the net proceeds were recognized as additional issued capital in the consolidated statement of changes in equity. The dividend per share was $0.056. The purpose of the equity raising was to fund the post-acquisition start-up costs of the Company's entry in the United States and a substantial majority of the funds not expended for that purpose were used to repay debt during the year ended 30 June 2018.

26 Equity based compensation

As of 30 June 2018 and 2017 there were 1,345,703 and 1,614,844 outstanding stock option grants outstanding, respectively under the Company's Long-term Incentive Plan ("the Plan"). Options granted under the Plan vest (subject to performance conditions) on an annual basis over three years (one third after two years and the remaining grant after three years) and expire after five years from the date of the grant. The Plan allows for cashless exercise under which employees surrender shares in lieu of paying the cash exercise price and remitting the required amounts to satisfy tax withholding obligations. The Company does not anticipate incurring cash costs under the Plan (other than de minimus payroll tax withholdings) since it does not currently repurchase shares issued with regards to the Plan.

Stock Options

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

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

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

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

The performance criteria for vesting criteria are as follows:

Performance Metrics	50% subject to performance condition based on the Company's relative total shareholder return (TSR) compared to members of the ASX 300 (excluding financials and resources) over the performance period			
	TSR ranking		**Percentage to vest**	
	Up to and including the 50th percentile		0%	
	Between the 51st and 75th percentile (inclusive)		Pro rata straight line between 50% and 100%	

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

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

	30 June 2018
Grant date	5 April 2017
Expiration date	31 December 2021
Share price at grant date	$2.74
5-day VWAP at grant date	$2.72
Fair value at grant date	$0.695
Exercise price	$2.74
Expected volatility (based on historic and expected volatility of Company's shares)	45.00 %
Expected life	4.75 years
Expected dividends	4.00 %
Risk-free interest rate (based on government bonds)	2.14 %

The Company's outstanding stock options as of 30 June 2018 were as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Fair Value ,000's
Balance, 30 June 2017	1,614,844	$ 2.74	4.5	$ 1,122
Exercisable, 30 June 2017	-	$ -	—	$ -
Grants	-	$ -	—	$ -
Exercised	-	$ -	—	$ -
Forfeitures/expirations	269,141	$ 2.74	—	$ (187)
Balance, 30 June 2018	1,345,703	$ 2.74	3.50 years	$ 935
Exercisable, 30 June 2018	269,141	$ 2.74	3.50 years	$ 187

Based on the following assumptions, the fair value with regards to all options issued and outstanding as of 30 June 2018 is $935 thousand. As of 30 June 2018, there was $339 thousand of unrecognized compensation cost related to non-vested share-based compensation under the Plan. The cost of the unrecognized compensation is expected to be recognized over a weighted average period of 1.0 years on a pro rata basis over the vesting period. This expense is based on an assumption that there will be no non-market forfeitures; this assumption is based on the positions of the grantees of the stock options and the low number of forfeitures under previous long-term incentive plans of members of the Company's group. The expense with regards to stock options for the years ended 30 June 2018 and 2017 is $651 thousand and $132 thousand, respectively and is included in equity-based compensation expenses. The Company recognized $0 of income tax benefit related to share-based compensation for the years ended 30 June 2018 and 2017.

27 Leases

The Company has various non-cancellable, long-term operating leases for its facilities, aviation services, broadcast 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 2018:

	Minimum Lease Payments Due			
	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
30 June 2018	1,533	2,540	-	4,073
30 June 2017	3,435	6,686	30	10,151

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 2018 and 30 June 2017, the Company had a liability of $138 thousand and $137 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 2018	3,761	1,736	-	5,497
30 June 2017	3,569	1,736	-	5,305

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 $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
30 June 2018	39,833	88,879	34,604	163,316
30 June 2017	134,281	265,266	37,355	436,902

The Company had no contingent liabilities at 30 June 2018.

28 Cash flow information

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

	2018 $'000	2017 $'000
Cash flows from operating activities		
Profit (loss) for the period	(15,101)	6,205
Adjustments for:		
Allowance for doubtful accounts	(19)	(60)
Equity based compensation expenses	651	132
Amortisation of deferred borrowing costs	49	51
Fair value movement on derivatives	(5)	5
Depreciation and amortisation	11,078	11,173
Foreign currency loss	79	228
Non-cash impairment charges	21,744	-
Non-cash gain from sale of subsidiary	(24,865)	-
Non-cash station compensation from long-term prepaid affiliate contract	13,142	11,996
Interest income on long-term prepaid affiliate contract	(8,401)	(8,471)
Interest expense from amortisation of original issue discount	676	712
Net changes in working capital:		
Change in trade and other receivables	(2,492)	(6,010)
Change in other assets	2,228	(6,058)
Change in deferred tax assets	763	(4,679)
Change in trade and other payables	12,836	19,342
Change in deferred revenue	(1,795)	(2,080)
Change in current tax liabilities	(1,302)	(1,637)
Change in provisions	114	269
Change in deferred tax liabilities	647	3,017
Change in other liabilities	(40)	5
Net exchange gain/(loss)	-	346
Net cash from operating activities	**9,987**	**24,486**

(b) Net debt reconciliation

	2018 $'000	2017 $'000
Cash and cash equivalents	52,232	100,727
Borrowings repayable after one year	(60,000)	(100,000)
Net (debt)/cash	(7,768)	727
Borrowings repayable after one year consists of:		
Financial liabilities	(58,294)	(97,569)
Deferred loan costs and original issue discount	(1,706)	(2,431)
	(60,000)	(100,000)

	Cash and cash equivalent $'000	Borrowings due after one year $'000	Net debt/(cash) $'000
Net (debt)/cash as at 1 July 2016	49,063	(100,000)	(50,937)
Cash flows	52,533	-	52,533
Net exchange differences	(869)	-	(869)
Net (debt)/cash as at 30 June 2017	100,727	(100,000)	727
Cash flows	(50,000)	-	(50,000)
Net exchange differences	1,505	-	1,505
Prepayment of debt	-	40,000	40,000
Net (debt)/cash as at 30 June 2018	52,232	(60,000)	(7,768)

29 Related party transactions

As of 30 June 2018 and 2017, the Company had a liability of $69 thousand and $66 thousand, respectively to entities affiliated with the former majority shareholders.

30 Transactions with Key Management Personnel

Key Management Personnel remuneration includes the following expenses:

	2018 $	2017 $
Total short-term employee benefits	2,007,737	2,120,079
Total equity-based compensation	650,764	131,862
Total remuneration	**2,658,501**	**2,251,941**

The Key Management Personnel are all paid in USD so a portion of the change in compensation from the year ended 30 June 2017 to the year ended 30 June 2018 was due to changes in foreign exchange rates between AUD and USD.

31 Parent Entity information

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

	2018 $'000	2017 $'000
Statement of financial position		
Current assets	2,495	50,480
Total assets	363,665	435,926
Current liabilities	458	604
Total liabilities	755	894
Net assets	362,910	435,032
Share capital	444,981	444,981
Accumulated losses – 2017	(9,949)	(9,949)
Accumulated losses – 2018 reserve	(72,122)	-
Total equity	362,910	435,032
Statement of profit or loss and other comprehensive income		

Loss for the year	(61,335)	11,986
Other comprehensive income (loss)	-	-
Total comprehensive income (loss)	(61,335)	11,986

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

Dividends
As set out in Note 36, subsequent to the end of the financial year the Directors have declared the payment of a final 2018 dividend of $0.110 per share (70% franked). This dividend will be paid to holders on record as of 7 September 2018.

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 2018 or 30 June 2017. For information about guarantees given by the parent entity, please see above.

32 Deed of cross guarantee

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

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

(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 years ended 30 June 2018 and 2017 of the closed group consisting of the above companies.

Consolidated statement of profit or loss and other comprehensive income

	2018 $'000	2017 $'000
Revenue	100,769	98,692

Other income	375	474
Interest income on long-term prepaid affiliate contract	8,401	8,471
Network operations and station compensation expenses	(52,672)	(48,345)
Selling, general and administrative expenses	(20,202)	(19,690)
Finance costs	(4,784)	(5,235)
Depreciation and amortisation	(5,460)	(5,434)
Foreign currency transaction loss	(50)	(194)
Impairment charge	(72,346)	-
Profit (loss) before income tax	(45,969)	28,739
Income tax expense	(7,631)	(10,528)
Profit (loss)for the year	(53,600)	18,211
Other comprehensive income for the year, net of income tax		
Unrealised gain (loss) on interest rate swaps	3	(5)
Total other comprehensive income for the year	3	(5)
Total comprehensive profit (loss) for the year	(53,597)	18,206
Summary of movement in consolidated retained earnings		
Accumulated losses at the beginning of the financial year	(39,974)	(46,735)
Profit (loss) for the period	(53,600)	18,211
Dividends	(10,787)	(11,450)
Accumulated losses at the end of the financial year	(104,361)	(39,974)

Set out below is a consolidated balance sheet as at 30 June 2018 and 2017 of the closed group consisting of the above companies.

Consolidated statement of financial position

	2018 $'000	**2017 $'000**
Assets		
Current		
Cash and cash equivalents	27,057	78,369
Trade and other receivables	21,556	19,472
Current tax asset	957	-
Other current assets	1,280	1,169
Current assets	50,850	99,010
Non-current		
Property, plant and equipment	1,472	1,197
Intangible assets	44,512	49,332
Goodwill	86,490	86,660
Investment in subsidiaries	69,928	108,604
Other assets	105,403	107,946
Non-current assets	307,805	353,739
Total assets	358,655	452,749
Liabilities		
Current		
Trade and other payables	17,122	14,839
Deferred revenue	58	59
Current tax liabilities	142	303
Provisions	1,341	1,167
Current liabilities	18,663	16,368
Non-current		
Financial liabilities	58,294	97,569
Deferred tax liabilities	16,226	15,514
Derivatives	-	5
Other liabilities	8	33
Provisions	306	367
Total non-current	74,834	113,488
Total liabilities	93,497	129,856
Net assets	265,158	322,893
Equity		

Share capital	444,981	444,981
Reserves	(75,462)	(82,114)
Accumulated losses	(104,361)	(39,974)
Total equity	265,158	322,893

33 Segment information

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

The segments' revenues are as follows:

	2018	2017
	$'000	$'000
Australia	100,769	98,692
United Kingdom	42,203	40,869
Canada	29,845	28,014
Brazil	12,196	9,714
	185,013	**177,289**

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.

	2018	2017
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	38,757	41,602
United Kingdom	3,223	3,914
Canada	6,986	5,194
Brazil	1,827	1,279
Other	(2,653)	(3,133)
Adjusted EBITDA	**48,140**	**48,856**
Foreign exchange loss	(79)	(228)
Less: Interest income on long-term prepaid affiliate contract	(8,401)	(8,471)
EBITDA	39,660	40,157
Depreciation and amortization	(9,476)	(9,329)
Interest income on long-term prepaid affiliate contract	8,401	8,471
Financing costs net of interest income	(4,381)	(4,748)
Profit before taxes and discontinued operations	34,204	34,551

Segment assets and liabilities are classified by their physical location.

	2018	2017
	$'000	$'000
Segment assets		
Total Assets:		
Australia	276,119	283,794
United Kingdom	34,247	31,109
Canada	27,345	22,778
Brazil	5,422	5,686
Total segment assets	**343,133**	**343,367**
Unallocated:		
Deferred tax assets	3,916	4,679
Intercompany eliminations	-	(926)
Others*	8,316	105,036
Total assets	**355,365**	**452,156**
Segment liabilities		
Total liabilities		
Australia	83,302	59,811
United Kingdom	6,825	6,390
Canada	2,675	3,575
Brazil	1,953	1,822
Total segment liabilities	**94,755**	**71,598**
Unallocated:		
Deferred tax liabilities	17,443	16,796
Borrowings	58,294	97,569
Derivatives	-	5
Intercompany eliminations	(70,852)	(76,951)
Others*	7,027	70,798
Total liabilities	**106,667**	**179,815**

*Others for year ended 30 June 2017 includes the assets of the former United States segment, which was sold in March 2018 and is included in discontinued operation in the consolidated statement of profit or loss and other comprehensive income.

34 Business Combination

On 5 December 2016, the Company's United States Traffic Network LLC ("USTN") subsidiary acquired substantially all the assets of Radiate Media LLC ("Radiate"), a company that provided traffic reporting services and sold advertising on radio and television stations for consideration of approximately $18,067 thousand USD ($24,393 thousand AUD). The acquisition was expected to be the Company's entry into the United States market as the Radiate business was similar to that of the Group's existing operations.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	

Cash paid	22,027
Option payments previously paid	338
Purchase price hold-back	2,028
Total purchase consideration	24,393

	Fair value $'000
Accounts receivable	13,983
Prepaids	469
Property, plant and equipment	169
Software	1,055
Station contracts	13,896
Advertiser contracts	9,194
Payables and accrued expenses	(9,550)
Deferred revenue	(6,966)
Net identifiable assets acquired	22,250
Add: goodwill	2,143
	24,393

The goodwill was attributable to Radiate's position as the second largest traffic report service in the United States, which is the largest advertising market in the world. Goodwill related to the acquisition was allocated to the former United States segment. The goodwill was expected to be deductible over fifteen years for United States tax purposes.

The station and advertiser contracts were expected to be deductible for United States tax purposes over fifteen years and differed from the amortization expense recognition for financial reporting. No deferred tax had been recognized related to the acquisition.

Acquisition-related costs

Acquisition related costs of $202 thousand are included in loss from discontinued operation in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017.

Contingent consideration

There is no contingent consideration. However, the Company held back $2,028 thousand from the purchase consideration for post-closing liabilities not identified as of closing. This amount (adjusted for identified differences in the preliminary purchase consideration) was included as a component of trade and other payables in the accompanying consolidated statement of financial position at 30 June 2017.

Acquired receivables

The acquired receivables fair value is $13,983 thousand which consists of gross accounts receivable of $14,393 thousand and an allowance for uncollectible accounts of $410 thousand. The fair value was adjusted to the amounts actually received via the holdback mechanism described above.

Revenue and loss contribution

The acquired business contributed revenue of $35,111 thousand and net loss of $21,967 thousand to the group for the period from 5 December 2016 to 30 June 2017 and is included in discontinued operation on the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2017. On a pro forma basis, if the acquisition has occurred on 1 July 2016, preliminary consolidated revenue and consolidated loss after tax for the year ended 30 June 2017 would have been $57,844 thousand and $24,112 thousand, respectively.

35 Discontinued operation

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

The financial performance and cash flow information presented is for the period 1 December 2016 to 30 June 2017 ("2017") and 1 July 2017 to 13 March 2018 ("2018").

	2018 $'000	2017 $'000
Revenue	49,210	35,111
Network operations and station compensation expenses	(75,555)	(43,911)
Selling, general and administrative expenses	(15,087)	(11,121)
Transaction costs	-	(202)
Depreciation and amortisation	(1,602)	(1,844)

Loss before impairment charge and gain on disposal	(43,034)	(21,967)
Impairment charge	(21,744)	-
Gain on disposal	24,865	-
Loss before income tax	(39,913)	(21,967)
Income tax expense	(19)	-
Loss from discontinued operation	(39,932)	(21,967)

	2018	**2017**
	$'000	**$'000**
Net cash used in operating activities	**(23,777)**	**(8,848)**
Net cash used in investing activities	**(5,917)**	**(22,231)**
Net cash from financing activities*	**28,400**	**32,414**
Exchange differences on cash and cash equivalents	-	(41)
Net increase (decrease) in cash generated by discontinued operation	(1,294)	1,294

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

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

	13 March 2018
	$'000
Cash and cash equivalents	5,730
Trade and other receivables	17,508
Other current assets	1,816
Property, plant and equipment	333
Other assets	28
Total assets	25,415
Trade and other payables	46,846
Deferred revenue	3,185
Intercompany payable*	60,426
Total liabilities	110,457
Net assets	(85,042)

*Intercompany payable eliminated in consolidated statement of financial position.

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

36 Events subsequent to the reporting period

Subsequent to the end of the financial year, on 30 August 2018, the Directors have declared the payment of a final 2018 dividend of $0.110 per share (70% franked). This dividend will be paid to holders on record as of 7 September 2018.

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

Directors' declaration

In the directors' opinion:

(a) The financial statements, set out on pages 29 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 2018 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.

Robert Loewenthal
Chairman

Dated, this 30th day of August 2018

Independent auditor's report

To the members of GTN Limited

Report on the audit of the financial report

Our opinion

In our opinion:

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

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

What we have audited

The Group financial report comprises:

- the Consolidated Statement of Financial Position as at 30 June 2018
- the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year then ended
- the Consolidated Statement of Changes in Equity for the year then ended
- the Consolidated Statement of Cash Flows for the year then ended
- the Notes to the Consolidated Financial Statements, which include a summary of significant accounting policies
- the Directors' declaration.

Basis for opinion

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

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

Independence

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

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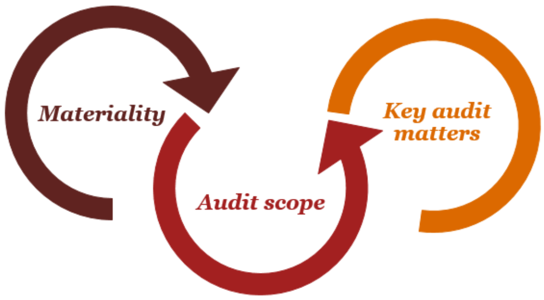
Our audit approach

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

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

GTN is the largest supplier of traffic information reports to radio stations in Australia, Canada, the United Kingdom and Brazil. In March 2018, the Group disposed of its operations in the United States. In exchange for providing these reports, GTN receives commercial advertising spots adjacent to traffic, news and information reports. These spots are bundled together by GTN and sold to Advertisers. The financial report is a consolidation of these 4 geographical operating segments and the United States operations for the period from 1 July 2017 to 13 March 2018.



Materiality

- For the purpose of our audit we used overall Group materiality of $1.7 million, which represents approximately 5% of the Group's profit from continuing operations before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit from continuing operations before tax because, in our view, it is the metric against which the performance of the Group is most commonly measured and is a generally accepted benchmark.

  We selected 5% based on our professional judgement noting that it is also within the range of commonly acceptable profit related thresholds.

Audit Scope

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

involving assumptions and inherently uncertain future events, we focused our audit work on these areas.

Key audit matters

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

Key audit matter	***How our audit addressed the key audit matter***
Impairment of goodwill and indefinite life intangible assets *Refer to:* • *Note 2.9 Goodwill* • *Note 2.13 Impairment testing of goodwill, other intangible assets and property, plant and equipment* • *Note 2.26 Significant management judgement in applying accounting policies and estimation uncertainty* The goodwill and trade names balance is $108.6 million. This is a key audit matter because of the magnitude of the balance and the judgement involved in the assessment of potential impairment as at 30 June 2018. The Group's impairment assessment includes assumptions in the forecasted future results of each cash generating unit (CGU) including terminal growth rate, revenue forecasts and the discount rates applied to future cash flow forecasts.	We performed the following procedures: • evaluated and challenged management's cash flow forecasts and the process by which they were developed. • tested that the forecast cash flows used in the impairment model were consistent with the most up-to-date budgets and business plans formally approved by the directors. • compared previous forecasts to actual results, to assess the performance of the business and the accuracy of management's forecasting. • performed sensitivity calculations by varying the assumptions. We determined the impairment testing result was most sensitive to assumptions for revenue and EBITDA growth rates and discount rates. • compared the recoverable amount of the CGUs in the Group's value in use models to the carrying value of the respective CGUs to the accounting records. • assessed the Group's accounting policy and the adequacy of the Group's disclosures.
Recoverability of long-term prepaid affiliate contract *Refer to:* • *Note 2.24 Long-term prepaid affiliate contract* • *Note 2.26 Significant management judgement in applying accounting policies and estimation uncertainty* This is a key audit matter because of the magnitude of the contract prepayment ($97.9m) and because the assessment of recoverability involves significant judgement.	We assessed the terms of the contract in light of the Group's accounting policies. We evaluated management's assessment of recoverability of the asset held by assessing internal and external information including: • meeting minutes of the directors and key management personnel; • information about the affiliate such as ASX market announcements and latest publically available financial information; • information about the media industry such as

Key audit matter	*How our audit addressed the key audit matter*
The contract is to provide a service over 30 years which has been paid for upfront. Management's assessment of recoverability of the asset held includes consideration of factors including the 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).	*'IBISWorld Industry Report J5610 - Radio Broadcasting in Australia'*. We assessed the disclosure for compliance with the Group's accounting policies.
Valuation, Completeness and Accuracy of Income taxes *Refer to:* • *Note 2.15 Income Taxes* • *Note 2.26 Significant management judgement in applying accounting policies and estimation uncertainty* We consider this to be a key audit matter due to the multiple tax jurisdictions in which the Group operates and the judgement involved in recognition of deferred tax balances.	We worked with our internal taxation experts from both Australia and other PwC network firms in the audit of balances relating to the Group's consolidated tax position. This included: • assessment of uncertain tax positions and challenge of management's position with consideration being given to applicable tax law, relevant case law and alternate positions. • evaluating management's assessment of the recoverability of deferred tax balances and assessment of indicators of impairment or non-recoverability based on consideration of factors such as taxable income status. • testing the accuracy of deferred tax balances and income tax expense recognised by management in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2018, including the Chairman and Chief Executive Officer's Letter, "About GTN", Corporate Governance, Directors' Report, Shareholder Information and Corporate Directory, but does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 19 to 27 of the annual report for the year ended 30 June 2018.

In our opinion, the remuneration report of GTN Limited for the year ended 30 June 2018 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

MW Chiang
Partner

Sydney
30 August 2018

SHAREHOLDER INFORMATION AS AT 30 JULY 2018

Number of security holders and securities on issue

Quoted equity securities

GTN has 224,720,643 fully paid ordinary shares on issue which are held by 312 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	87	33,696	0.01
1,001 – 5,000	123	230,257	0.10
5,001 – 10,000	27	220,908	0.10
10,001 – 100,000	54	1,601,247	0.71
100,001 and over	21	222,634,535	99.07
Total	**312**	**224,720,643**	**100**

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of fully paid ordinary shares is 36.

204 fully paid ordinary shares comprise a marketable parcel at GTN's closing share price of $2.45 as at 30 July 2018.

Substantial shareholders

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

Fully paid ordinary shares

Name	Number of Shares	Current Interest	Notice Date
Smallco Investment Manager Limited	13,702,318	6.10%	29/06/2018
GTCR Gridlock II (Cayman), L.P. (**GTCR**)	89,063,081	39.6%	22/05/2018
SG Hiscock & Co Limited	13,065,423	5.81%	18/05/2018
Renaissance Smaller Companies Pty Ltd	16,042,555	7.14%	18/05/2018
Devon Funds Management Limited	14,238,765	6.34%	18/05/2018
CBA and related bodies corporate	12,895,691	5.74%	18/05/2018
Investment Services Group Limited	11,324,319	5.04%	13/03/2018
Harbour Asset Management Limited	11,467,352	5.103%	08/12/2017

Twenty largest shareholders

Fully paid ordinary shares

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

Rank	Name	30 Jul 2018	%IC
1	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	89,070,542	39.64
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	48,126,928	21.42
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	30,499,923	13.57
4	CITICORP NOMINEES PTY LIMITED	18,005,902	8.01
5	NATIONAL NOMINEES LIMITED	11,844,829	5.27
6	BNP PARIBAS NOMS (NZ) LTD	10,311,967	4.59

7	ANACACIA PTY LIMITED		5,035,058	2.24
8	MR WILLIAM L YDE III		3,603,408	1.60
9	BNP PARIBAS NOMS PTY LTD		2,203,750	0.98
10	MIRRABOOKA INVESTMENTS LIMITED		990,625	0.44
11	CS THIRD NOMINEES PTY LIMITED		723,738	0.32
12	ANACACIA PTY LTD & WATTLE FUND A/C		513,660	0.23
13	MRS EVA XIRADIS		398,959	0.18
14	COFLINK PTY LIMITED		315,000	0.14
15	WILLRYAN PTY LIMITED		200,000	0.09
16	INVESTMENT CUSTODIAL SERVICES LIMITED		168,500	0.07
17	MR PAUL XIRADIS & MRS EVA XIRADIS		163,258	0.07
18	COMCERC INVESTMENTS PTY LTD		124,824	0.06
19	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD DRP		118,664	0.05
20	CERTUS CAPITAL PTY LTD		110,000	0.05
		Total	**222,529,535**	**99.02**
		Balance of register	**2,191,108**	**0.98**
		Grand total	**224,720,643**	**100.00**

On-market buy-back

There is no current on-market buy-back.

Corporate Directory

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

ABN 38 606 841 801