GTN Limited
ABN 38 606 841 801
ASX Half-year information
31 December 2016

GTN Limited
Half-year ended 31 December 2016
(Previous corresponding period:
Half-year ended 31 December 2015)

Results for Announcement to the Market

				$ (,000's)
Revenue from ordinary activities	*up*	*12.3%*	*To*	*92,510*
Profit from ordinary activities after tax attributable to members	*up*	*N/A(1)*	*To*	*11,087*
Net profit for the period attributable to members	*up*	*N/A(1)*	*To*	*11,087*

(1) N/A – Not applicable as the previous year period was a loss.

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – Year ended 30 June 2016	None	N/A
Interim FY2017 dividend	$0.056	$0.056

Ex-dividend date: 10 March 2017
Record date: 13 March 2017
Payment date: 31 March 2017

Dividend Reinvestment Plan

GTN Limited has a Dividend Reinvestment Plan (DRP) that will operate in respect of the FY2017 interim dividend, which is expected to be fully underwritten. For the FY2017 interim dividend, GTN intends to provide shares under the DRP through the issue of new shares. The 'Acquisition Price' to be used in determining the number of shares to be provided under the DRP will be calculated by reference to the arithmetic average of the daily volume weighted average market price of GTN ordinary shares sold through a normal trade on the ASX automated trading system during the period of 10 trading days, commencing on 15 March 2017 discounted by 2.5% and then rounded to the nearest whole cent. Shares provided under the DRP will rank equally in all respects with existing fully paid GTN ordinary shares. Election notices from shareholders wanting to commence, cease or vary their participation in the DRP for the FY2017 interim dividend must be received by GTN's Share Registrar by 5.00pm (Australian Eastern Standard Time) on 14 March 2017.

Net tangible assets / (liabilities) per security

	31 December 2016	**31 December 2015**
Net tangible assets/ (liabilities) per security (cents per share)	$0.45	$(0.13)

Directors' Report

The Directors of GTN Limited (the "Company") submit the following report for GTN Limited and its subsidiaries (the "Group") for the half year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors

The following people were Directors of the Company for the entire half year ended 31 December 2016 and up to the date of this report:

- Gary Miles (Chairman) (resigned 28 February 2017)
- William Yde III (Managing Director)
- Mark Anderson
- David Ryan
- Robert Loewenthal

Principal Activities

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

In December 2016 the Group expanded its principal activity to include the United States market via the acquisition of substantially all the assets of Radiate Media LLC.

Review and Results of Operations

The Group reported revenue of $92.5 million for the six month period ended 31 December 2016, an increase of 12.3% from $82.4 million for the same period in the prior year. EBITDA for the six months ended 31 December 2016 was $19.5 million compared to $7.1 million for the six months ended 31 December 2015, an increase of 174.8%. Adjusted EBITDA, which is defined as EBITDA adding back the non-cash interest income related to the long term prepaid affiliation agreement with Southern Cross Austereo which is treated as a financing transaction, foreign exchange gains or losses and transaction costs increased 52.3% to $23.9 million for the current period compared to $15.7 million for the prior half year period.

Excluding the results of the recent U.S. acquisition discussed above and elsewhere in the report, revenue increased 7.5% to $88.6 million, EBITDA increased 190.9% to $20.6 million and Adjusted EBITDA increased 57.8% to $24.8 million for the half year ended 31 December 2016 compared to the half year ended 31 December 2015.

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

Rounding of amounts

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

Distributions and Dividends

Consistent with the forecast provided in the Company's prospectus no dividend was declared for the fiscal year ended 30 June 2016. Since the end of the financial half year ended 31 December 2016 the Directors have declared an interim ordinary dividend of 5.6 cents per fully paid share, fully franked. The interim dividend will be paid on 31 March 2016. The Company intends to enter into a fully underwritten dividend reinvestment plan ("DRP") for the interim dividend.

Directors Holdings of Shares

The aggregate number of Company fully paid shares held directly, indirectly or beneficially by Directors of the Company at the date of this report and 30 June 2016 is as follows:

Director	**28 February 2016**	**30 June 2016**
William Yde III	3,603,408	3,426,717
David Ryan	75,475	68,421
Robert Loewenthal	17,417	15,789
Total	3,696,300	3,510,927

Auditor's Independence Declaration

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

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

Robert Loewenthal
Acting Chairman
GTN Limited
Sydney, Australia
28 February 2017

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Auditor's Independence Declaration

As lead auditor for the review of GTN Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

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

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

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
28 February 2017

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2016

	Notes	31 December 2016 $'000	31 December 2015 $'000
Revenue	6	92,510	82,405
Other income	6	178	162
Interest income on long-term prepaid affiliate contract	6	4,250	-
Network operations and station compensation expenses		(54,056)	(51,300)
Selling, general and administrative expenses		(18,776)	(15,409)
Transaction expenses		(278)	(1,103)
Depreciation and amortisation		(4,711)	(11,913)
Finance costs		(2,695)	(2,907)
Foreign currency transaction gain/(loss)		63	(7,523)
Profit/(loss) before income tax		16,485	(7,588)
Income tax benefit (expense)	8	(5,398)	543
Profit/(loss) for the half year		11,087	(7,045)
Other comprehensive income for the half year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		(604)	6,155
Unrealised gain/(loss) on interest rate hedges		(7)	41
Total other comprehensive income for the half year		(611)	6,196
Total comprehensive income/(loss) for the half year		10,476	(849)
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		5.4	(4.4)
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		5.4	(4.4)

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

Consolidated Statement of Financial Position

	Notes	31 December 2016 $'000	30 June 2016 $'000
Assets			
Current			
Cash and cash equivalents		96,642	49,063
Trade and other receivables		52,559	33,625
Current tax asset		151	-
Other current assets		2,311	1,890
Current assets		151,663	84,578
Non-current			
Property, plant and equipment	11	8,478	6,485
Intangible assets	10	88,856	70,678
Goodwill	9	96,268	92,716
Other assets		98,774	99,099
Non-current assets		292,376	268,978
Total assets		444,039	353,556
Liabilities			
Current			
Trade and other payables		41,788	27,258
Deferred revenue		7,151	544
Current tax liabilities		-	2,320
Provisions		917	855
Current liabilities		49,856	30,977
Non-current			
Trade and other payables		71	68
Financial liabilities		97,192	96,806
Deferred tax liabilities		12,262	10,237
Derivatives	12	11	-
Other liabilities		128	72
Provisions		486	452
Non-current liabilities		110,150	107,635
Total liabilities		160,006	138,612
Net assets		284,033	214,944
Equity			
Share capital		437,561	378,948
Reserves		6,095	6,706
Accumulated losses		(159,623)	(170,710)
Total equity		284,033	214,944

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

Consolidated Statement of Changes in Equity

	Notes	Issued Capital $'000	Common Control Reserve $'000	Foreign Currency Translation Reserve $'000	Hedging Reserve $'000	Equity Based Payments Reserve $'000	Accumulated Losses $'000	Total Equity $'000
Balance at 1 July 2015		**248,717**	**-**	**29,430**	**(799)**	**2,097**	**(127,795)**	**151,650**
Total comprehensive income:								
Net loss		-	-	-	-	-	(7,045)	(7,045)
Preferred equity dividends		13,796	-	-	-	-	(13,796)	-
Other comprehensive income		-	-	6,155	41	-	-	6,196
		13,796	-	6,155	41	-	(20,841)	(849)
Transactions with owners in their capacity as owners:								
Equity based compensation		-	-	-	-	(89)	-	(89)
		-	-	-	-	(89)	-	(89)
Balance at 31 December 2015		**262,513**	**-**	**35,585**	**(758)**	**2,008**	**(148,636)**	**150,712**
Balance at 1 July 2016		**378,948**	**(24,655)**	**29,230**	**-**	**2,131**	**(170,710)**	**214,944**
Total comprehensive income:								
Net income		-	-	-	-	-	11,087	11,087
Ordinary shares issued	4	60,157	-	-	-	-	-	60,157
Costs relating to share issue net of tax	4	(1,544)	-	-	-	-	-	(1,544)
Other comprehensive loss		-	-	(604)	(7)	-	-	(611)
		58,613	-	(604)	(7)	-	11,087	69,089
Transactions with owners in their capacity as owners:								
Equity based compensation		-	-	-	-	-	-	-
		-	-	-	-	-	-	-
Balance at 31 December 2016		**437,561**	**(24,655)**	**28,626**	**(7)**	**2,131**	**(159,623)**	**284,033**

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2016

	Notes	December 31 2016 $'000	December 31 2015 $'000
Operating activities			
Receipts from customers		97,650	86,732
Payments to suppliers and employees		(76,016)	(82,011)
Interest received		178	149
Finance costs		(2,298)	(2,181)
Income tax paid		(5,996)	(2,875)
Net cash from (used in) operating activities		**13,518**	**(186)**
Investing activities			
Purchase of property, plant and equipment		(2,212)	(850)
Acquisition of business		(22,027)	-
Net cash used in investing activities		**(24,239)**	**(850)**
Financing activities			
Funds expended for equity raise		-	(551)
Proceeds from offering of stock (net of transaction costs)		58,613	-
Proceeds from borrowings		-	50,914
Deferred financing costs		-	(495)
Repayment of borrowings		-	(50,454)
Net cash from (used in) financing activities		**58,613**	**(586)**
Net change in cash and cash equivalents		47,892	(1,622)
Cash and cash equivalents, beginning of year		49,063	25,880
Exchange differences on cash and cash equivalents		(313)	78
Cash and cash equivalents, end of half year		**96,642**	**24,336**

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

Notes to the Consolidated Financial Statements

1 Basis of preparation of half year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by GTN Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

2 Changes in accounting policies

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

A number of new or amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There may be some changes to the disclosure in the 30 June 2017 annual report as a consequence of these amendments.

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

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

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities.

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

a. Financial assets that are debt instruments will be classified based on: (i) the objective of the entity's business model for managing the financial assets; and (ii) the characteristics of the contractual cash flows.
b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these

investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c. Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
d. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
e. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

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

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

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

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

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

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

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

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

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

AASB 2014-1 Amendments to Australian Accounting Standards

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

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

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.

3 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, a company that provides traffic reporting services and sells advertising on radio and television stations for consideration of approximately $19,567 thousand USD ($24,393 thousand AUD). The acquisition is expected to be the Company's entry into the United States market as the Radiate business is 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

The preliminary assets and liabilities recognized as a result of the acquisition are as follows (purchase accounting has not been completed as of filing of report):

	Fair value $'000
Accounts receivable	13,983
Prepaids	469
Property, plant and equipment	1,224
Station contracts	11,798

Advertiser contracts	9,532
Payables and accrued expenses	(9,550)
Deferred revenue	(6,966)
Net identifiable assets acquired	20,490
Add: goodwill	3,903
	24,393

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

The fair value of the station contracts and advertiser contracts of $21,330 thousand is provisional pending completion of the final valuation of those assets. The station and advertiser contracts are expected to be deductible for United States tax purposes over fifteen years which will differ from the amortization expense recognition for financial reporting. No deferred tax has been recognized related to the acquisition at this date.

Acquisition-related costs

Acquisition related costs of $278 thousand are included in transaction costs in the consolidated statement of profit or loss and other comprehensive income.

Contingent consideration

There is no contingent consideration. However, the Company has 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) is included as a component of trade and other payables in the accompanying consolidated statement of financial position.

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 will be adjusted to the amounts actually received via the holdback mechanism described above.

Revenue and loss contribution

The acquired business contributed revenue of $3,899 thousand and net loss of $1,372 to the group for the period from 5 December 2016 to 31 December 2016. On a pro forma basis, if the acquisition has occurred on 1 July 2016, preliminary consolidated revenue and consolidated profit after tax for the half year ended 31 December 2016 would have been $26,632 thousand and ($3,517) thousand, respectively.

4 Equity Raising

In December 2016, the Company launched a fully underwritten 1 for 9.7 pro rata non-renounceable entitlement offering to its existing shareholders for $60,157 thousand 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 has been recognized as additional issued capital in the consolidated statement of changes in equity. The purpose of the equity raising is to fund the post-acquisition start-up costs of the Company's entry in the United States and a substantial majority of the funds were held in cash at 31 December 2016.

Date		Number of Shares Outstanding
Balance, 1 July 2016		201,212,292
Equity offering		20,743,677
Balance, 31 December 2016		221,955,969

5 Financial risk management

(a) Fair value measurements

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

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016.

31 December 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Total Assets	-	-	-	-
Liabilities				
Derivatives – interest rate collars	-	11	-	-
Total Liabilities	-	11	-	-

at 30 June 2016	Level 1	Level 2	Level 3	Total

	$'000	$'000	$'000	$'000
Assets				
Total Assets	-	-	-	-
Liabilities				
Total Liabilities	-	-	-	-

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the fair value of interest rate collars 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.

6 Revenue

	December 31 2016 $'000	December 31 2015 $'000
From continuing operations		
Sales revenue		
Sale of advertising commercials – net of agency commissions	92,510	82,405
	92,510	**82,405**
Other income		
Interest	178	149
Other	-	13
	178	**162**
Interest income on long-term prepaid affiliate contract	**4,250**	**-**

7 Expenses

	December 31 2016 $'000	December 31 2015 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Defined contribution superannuation expenses	437	420
Amortisation and depreciation	4,711	11,913
Finance costs of bank loan	2,695	2,907
Rental expenses relating to operating leases	971	881
Foreign exchange losses/(gains)	(63)	7,523

8 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the statutory tax rate at 30% (2015: 35%) and the reported tax expense in profit or loss are as follows:

	December 31 2016 $'000	December 31 2015 $'000
Profit (loss) before tax	16,485	(7,588)

Tax at statutory tax rate	4,946	(2,656)
Taxes on foreign earnings	5,585	2,848
Tax effect of permanent differences	31	(24)
Foreign tax credits	(5,092)	(1,828)
Unrecognized tax losses	(361)	1,116
Foreign jurisdiction tax, net of federal tax benefit	1	1
Other	288	-
Income tax expense (benefit)	**5,398**	**(543)**

	December 31 2016 $'000	**December 31 2015 $'000**
Expense		
Current	3,818	4,722
Deferred	1,580	(5,265)
Income tax expense (benefit)	**5,398**	**(543)**
Other comprehensive income		
Current	-	-
Deferred	4	(22)
	4	**(22)**

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. The Company has an unrecognised deferred tax asset of $10,365 thousand (30 June 2016: $10,395 thousand) in relation to the tax losses in the year as management does not anticipate the Company will make sufficient taxable profits in the foreseeable future to utilise this asset in those jurisdictions.

9 Goodwill

The movements in the net carrying amount of goodwill and trade names (Note 10) are as follows:

	Trade names $'000	**Goodwill $'000**
Gross carrying amount		
Balance 1 July 2016	12,464	92,716
Half-year ended 31 December 2016		
Opening carrying amount	12,464	92,716
Acquired goodwill	-	3,903
Net exchange difference	(66)	(351)
Carrying amount at 31 December 2016	12,398	96,268

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.

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

10 Intangible assets

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

	Station contracts $'000	Advertising contracts $'000	Trade names $'000	Total $'000
Gross carrying amount				
Balance at 1 July 2016	88,106	65,346	12,464	165,916
Acquired intangibles	11,798	9,532	-	21,330
Net exchange differences	(148)	(95)	(66)	(309)
Balance at 31 December 2016	**99,756**	**74,783**	**12,398**	**186,937**
Amortisation and impairment				
Balance at 1 July 2016	(29,892)	(65,346)	-	(95,238)
Amortisation	(3,273)	(42)	-	(3,315)
Net exchange differences	132	340	-	472
Balance at 31 December 2016	(33,033)	(65,048)	-	(98,081)
Carrying amount 31 December 2016	**66,723**	**9,735**	**12,398**	**88,856**

The Company expects to either renew or replace its advertiser contracts and renew its station contracts beyond their expected life. Amortisation expense for the half-years ended 31 December 2016 and 31 December 2015 was $3,315 thousand and $10,634 thousand, respectively. Indefinite life intangible assets (trade names) are also subject to impairment testing as disclosed in the annual financial statements.

11 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 2016	15,987	697	1,561	18,245
Additions	2,129	11	72	2,212
P,P & E of acquired entities	-	-	1,224	1,224
Disposals	-	-	-	-
Net exchange differences	(45)	(2)	19	(28)
Balance 31 December 2016	18,071	706	2,876	21,653
Depreciation and impairment				
Balance 1 July 2016	(10,053)	(533)	(1,174)	(11,760)
Disposals	-	-	-	-
Net exchange differences	(16)	-	(3)	(19)
Depreciation	(1,202)	(41)	(153)	(1,396)
Balance 31 December 2016	(11,271)	(574)	(1,330)	(13,175)
Carrying amount 31 December 2016	**6,800**	**132**	**1,546**	**8,478**

12 Derivatives

	December 31 2016 $'000	June 30 2016 $'000
Current		
Interest rate collar	-	-

	-	-
Non-current		
Interest rate collar	11	-
	11	**-**

(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 expire 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 pays 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 pays Aus Hold Co any difference between the ceiling interest rate and BBSY. The floor interest rate is 1.55% and the ceiling rate is 2.20%. Aus Hold Co incurred no upfront costs to enter into the interest rate collar agreements and through 31 December 2016 neither party has been required to make a payment to the other. At 31 December 2016, the fair value of the interest rate collar was $11 thousand in favour of the counter party. Since the interest rate collar agreements have been determined to be effective at inception and as of 31 December 2016, the expense related to the change in fair value (net of taxes) has been charged to hedging reserve in other comprehensive income.

13 Segment information

The Company's management analyses the company's performance by geographic area and has identified five reportable segments: Australia, Brazil, Canada, United Kingdom and United States.

The segments' revenues are as follows:

	31 December 2016	31 December 2015
	$'000	**$'000**
Australia	47,756	44,149
United Kingdom	21,058	24,729
Canada	14,727	10,861
Brazil	5,070	2,666
United States	3,899	-
	92,510	**82,405**

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

	31 December 2016	31 December 2015
	$'000	**$'000**
Adjusted EBITDA by Segments		
Australia	20,211	13,573
United Kingdom	2,267	2,588
Canada	3,197	557
Brazil	442	(433)

United States	(861)	-
Other	(1,328)	(576)
Adjusted EBITDA	**23,928**	**15,709**
Foreign exchange gain (loss)	63	(7,523)
Transaction expenses	(278)	(1,103)
Less: Interest income on long-term prepaid affiliate contract	(4,250)	-
EBITDA	19,463	7,083
Depreciation and amortization	(4,711)	(11,913)
Interest income on long-term prepaid affiliate contract	4,250	-
Financing costs net of interest income	(2,517)	(2,758)
Profit (loss) before taxes	16,485	(7,588)

Segment assets and liabilities are classified by their physical location.

	31 December 2016	**31 December 2015**
	$'000	**$'000**
Segment assets		
Total Assets:		
Australia	278,247	182,675
UK	30,165	32,829
Canada	25,732	20,718
United States	43,353	-
Brazil	5,558	3,076
Total segment assets	**383,055**	**239,298**
Unallocated:		
Deferred tax assets	-	9,485
Intercompany eliminations	(1,183)	(1,917)
Other	62,167	1,003
Total assets	**444,039**	**247,869**
Segment liabilities		
Total liabilities		
Australia	55,764	68,870
UK	6,270	18,759
Canada	6,081	27,066
United States	44,787	-
Brazil	1,674	5,493
Total segment liabilities	**114,576**	**120,188**
Unallocated:		
Deferred tax liabilities	12,262	19,052
Borrowings	97,192	50,432
Derivatives	7	758
Intercompany eliminations	(67,930)	(104,074)
Others	3,899	10,801
Total liabilities	**160,006**	**97,157**

14 Events subsequent to the reporting period

Certain of the Group's US subsidiaries have been joined to legal proceedings filed against Radiate Media, LLC ("**Radiate**"), Michael Haake ("**Haake**") and Ivan Shulman ("**Shulman**") by TTWN Media Networks, LLC ("**TTWN**"), a major competitor of Radiate. The Company completed the acquisition of substantially all of the assets of Radiate on 5 December 2016.

TTWN is claiming tortious interference by Radiate, Shulman and the Group's subsidiaries and alleges that they induced Haake, a former employee of TTWN, to violate the terms of his employment contract with TTWN in order to allow Radiate and Haake to prematurely enter into an employment relationship and wrongfully compete with TTWN.

TTWN is seeking both damages and injunctive relief. The potential liability of the Group under the claim is currently unquantifiable. The Company denies the causes of action against it and intends to vigorously defend these proceedings.

Directors' declaration

In the directors' opinion:

1. The financial statements and notes set out on pages 9 to 23 are in accordance with the *Corporations Act* 2001, including:

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

   (b) giving a true and fair view of the Company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date and

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

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

Robert Loewenthal
Acting Chairman

Dated 28th day of February 2017

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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of GTN Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for GTN Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GTN Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michelle Chiang

MW Chiang
Partner

Sydney
28 February 2017