GTN Limited
ABN 38 606 841 801
ASX Half-year information
31 December 2017

GTN Limited
Half-year ended 31 December 2017
(Previous corresponding period:
Half-year ended 31 December 2016)

Results for Announcement to the Market

				$ (,000's)
Revenue from ordinary activities	*up*	*40.4%*	*To*	*129,918*
Loss from ordinary activities after tax attributable to members	*down*	*(428.0)%*	*To*	*(36,365)*
Net loss for the period attributable to members	*down*	*(428.0)%*	*To*	*(36,365)*

Dividends/distributions	Amount per security	Franked amount per security
Final dividend – Year ended 30 June 2017	$0.048	$0.048
Interim FY2018 dividend	$0.00	$0.00

Ex-dividend date: N/A
Record date: N/A
Payment date: N/A

Net tangible assets / (liabilities) per security

	31 December 2017	**31 December 2016**
Net tangible assets/ (liabilities) per security (cents per share)	$0.31	$0.45

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 2017. 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 2017 and up to the date of this report:

- Robert Loewenthal (Chairman)
- William Yde III (Managing Director)
- Mark Anderson
- David Ryan

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, Brazil and United States.

Review and Results of Operations
The Group reported revenue of $129.9 million for the six month period ended 31 December 2017, an increase of 40.4% from $92.5 million for the same period in the prior year. EBITDA for the six months ended 31 December 2017 was $(6.3) million compared to $19.5 million for the six months ended 31 December 2016. 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 decreased to $(2.0) million for the current period compared to $23.9 million for the prior half year period.

Excluding the results of the recent U.S. acquisition which was acquired effective 1 December 2016, revenue increased 5.1% to $93.2 million, EBITDA decreased 1.0% to $20.4 million and Adjusted EBITDA decreased 0.5% to $24.7 million for the half year ended 31 December 2017 compared to the half year ended 31 December 2016.

EBITDA is earnings before interest, tax, depreciation, amortisation and intangible impairment charges. 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, and excluding 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.

During the six month period ended 31 December 2017, the Group recorded an impairment charge of $21.7 million related to the write-down of the goodwill and identifiable intangible assets arising from the Group's USTN acquisition of the assets of Radiate Media. The write down occurred due to the United States operations being significantly behind the projections utilized to determine the preliminary purchase price allocation in December 2016.

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

A final dividend of $0.048 per share was declared for the fiscal year ended 30 June 2017 which was fully franked. The directors have decided to not declare an interim dividend in the current period.

The Directors have decided to suspend the 1H18 interim dividend in order to have the resources available to fund the United States operations. However, the Directors do not intend to suspend future dividends nor raise additional funds to continue to support the United States operations.

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 2017 is as follows:

Director	28 February 2018	30 June 2017
William Yde III	3,603,408	3,603,408
David Ryan	75,475	75,475
Robert Loewenthal	17,417	17,417

Total	3,696,300	3,696,300

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 6.

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

Robert Loewenthal
Chairman
GTN Limited
Sydney, Australia
28 February 2017

Auditor's Independence Declaration

As lead auditor for the review of GTN Limited for the half-year ended 31 December 2017, 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.

Michelle Chiang

MW Chiang
Partner
PricewaterhouseCoopers

Sydney
28 February 2018

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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 2017 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 Securities Exchange.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2017

	Notes	31 December 2017 $'000	31 December 2016 $'000
Revenue	5	129,918	92,510
Other income	5	240	178
Interest income on long-term prepaid affiliate contract	5	4,217	4,250
Network operations and station compensation expenses		(106,789)	(54,056)
Selling, general and administrative expenses		(29,371)	(18,776)
Transaction expenses		-	(278)
Depreciation and amortisation		(6,227)	(4,711)
Finance costs		(2,563)	(2,695)
Foreign currency transaction gain/(loss)		(58)	63
Impairment charge	8,9	(21,744)	-
Profit/(loss) before income tax		(32,377)	16,485
Income tax expense	7	(3,988)	(5,398)
Profit/(loss) for the half year		(36,365)	11,087
Other comprehensive income for the half year, net of income tax:			
Items that may be reclassified to profit or loss			
Foreign currency translation reserve		801	(604)
Unrealised gain/(loss) on interest rate hedges		3	(7)
Total other comprehensive income/(loss) for the half year		804	(611)
Total comprehensive income/(loss) for the half year		(35,561)	10,476
		Cents	Cents
Earnings (loss) per share for profit (loss) from continuing operations attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		(16.2)	5.4
Earnings (loss) per share for profit (loss) attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share		(16.2)	5.4

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

Consolidated Statement of Financial Position

	Notes	31 December 2017 $'000	30 June 2017 $'000
Assets			
Current			
Cash and cash equivalents		81,318	100,727
Trade and other receivables		60,725	53,678
Current tax asset		908	-
Other current assets		4,421	4,842
Current assets		147,372	159,247
Non-current			
Property, plant and equipment	10	6,700	6,768
Intangible assets	9	60,887	85,221
Goodwill	8	96,189	97,997
Deferred tax assets		4,816	4,679
Other assets		97,746	98,244
Non-current assets		266,338	292,909
Total assets		413,710	452,156
Liabilities			
Current			
Trade and other payables		66,585	57,613
Deferred revenue		3,518	5,430
Current tax liabilities		928	683
Provisions		1,265	1,167
Current liabilities		72,296	64,893
Non-current			
Trade and other payables		65	66
Financial liabilities		97,937	97,569
Deferred tax liabilities		16,655	16,796
Derivatives	11	-	5
Other liabilities		55	77
Provisions		371	409
Non-current liabilities		115,083	114,922
Total liabilities		187,379	179,815
Net assets		226,331	272,341
Equity			
Share capital		444,981	444,981
Reserves		5,437	4,295
Accumulated losses		(224,087)	(176,935)
Total equity		226,331	272,341

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 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		60,157	-	-	-	-	-	60,157
Costs relating to share issue net of tax		(1,544)	-	-	-	-	-	(1,544)
Other comprehensive income		-	-	(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**
Balance at 1 July 2017		**444,981**	**(24,655)**	**26,690**	**(3)**	**2,263**	**(176,935)**	**272,341**
Total comprehensive income:								
Net loss		-	-	-	-	-	(36,365)	(36,365)
Dividends		-	-	-	-	-	(10,787)	(10,787)
Other comprehensive income		-	-	801	3	-	-	804
		-	-	801	3	-	(47,152)	(46,348)
Transactions with owners in their capacity as owners:								
Equity based compensation		-	-	-	-	338	-	338
		-	-	-	-	338	-	338
Balance at 31 December 2017		**444,981**	**(24,655)**	**27,491**	**-**	**2,601**	**(224,087)**	**226,331**

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 2017

	Notes	December 31 2017 $'000	December 31 2016 $'000
Operating activities			
Receipts from customers		131,694	97,650
Payments to suppliers and employees		(132,412)	(76,016)
Interest received		240	178
Finance costs		(2,200)	(2,298)
Income tax paid		(4,882)	(5,996)
Net cash from (used in) operating activities		**(7,560)**	**13,518**
Investing activities			
Purchase of property, plant and equipment		(1,558)	(2,212)
Acquisition of business		-	(22,027)
Net cash used in investing activities		**(1,558)**	**(24,239)**
Financing activities			
Proceeds from offering of stock (net of transaction costs)		-	58,613
Dividends		(10,787)	-
Net cash from (used in) financing activities		**(10,787)**	**58,613**
Net change in cash and cash equivalents		(19,905)	47,892
Cash and cash equivalents, beginning of year		100,727	49,063
Exchange differences on cash and cash equivalents		496	(313)
Cash and cash equivalents, end of half year		**81,318**	**96,642**

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 2017 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 2017 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.

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 is 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 change in credit risk is 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.

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).

Details of the purchase consideration, the net assets acquired and goodwill recognised in the prior financial year 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 assets and liabilities recognized in the prior financial year as a result of the acquisition are as follows:

	Fair value $'000
Accounts receivable	13,983
Prepaids	469
Property, plant and equipment	252
Software	972
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. Refer also to Note 8.

Acquisition-related costs

Acquisition-related costs of $278 thousand were included in transaction costs in the consolidated statement of profit or loss and other comprehensive income for the period ended 31 December 2016.

Revenue and loss contribution

The acquired business contributed revenue of $36,756 thousand and net loss of $(50,009) thousand for the period 1 July 2017 to 31 December 2017.

Comparative period acquisition

Finalisation of provisional accounting did not impact the comparative year consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income or opening retained profits.

4 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 2017 and 30 June 2017.

31 December 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Total Assets	-	-	-	-
Liabilities				
Derivatives – interest rate collars	-	-	-	-

Total Liabilities	-	-	-	-

at 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Total Assets	-	-	-	-
Liabilities				
Derivatives – interest rate collars	-	5	-	5
Total Liabilities	-	5	-	5

(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.

5 Revenue

	December 31 2017 $'000	December 31 2016 $'000
From continuing operations		
Sales revenue		
Sale of advertising commercials – net of agency commissions	129,918	92,510
	129,918	**92,510**
Other income		
Interest	240	178
	240	**178**
Interest income on long-term prepaid affiliate contract	**4,217**	**4,250**

6 Expenses

	December 31 2017 $'000	December 31 2016 $'000
Profit/(loss) before income tax includes the following specific expenses:		
Defined contribution superannuation expenses	483	437
Amortisation and depreciation	6,227	4,711
Impairment charge	21,744	-
Finance costs of bank loan	2,563	2,695
Rental expenses relating to operating leases	1,367	971
Foreign exchange losses/(gains)	58	(63)

7 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% (2016: 30%) and the reported tax expense in profit or loss are as follows:

	December 31 2017 $'000	December 31 2016 $'000
Profit (loss) before tax	(32,377)	16,485
Tax at statutory tax rate	(9,713)	4,946
Taxes on foreign earnings	4,113	5,585
Tax effect of permanent differences	204	31
Foreign tax credits	(5,158)	(5,092)
Unrecognized tax losses	13,484	(361)
Tax rate changes	685	-
Foreign jurisdiction tax, net of federal tax benefit	475	1
Other	(102)	288
Income tax expense	**3,988**	**5,398**

	December 31 2017 $'000	December 31 2016 $'000
Expense		
Current	4,533	3,818
Deferred	(545)	1,580
Income tax expense (benefit)	**3,988**	**5,398**
Other comprehensive income		
Current	-	-
Deferred	(2)	4
	(2)	**4**

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 net deferred tax asset of $18,609 thousand (30 June 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 in those jurisdictions.

8 Goodwill

The movements in the net carrying amount of goodwill and trade names (Note 9) are as follows:

	Trade names $'000	Goodwill $'000
Gross carrying amount		
Balance 1 July 2017	12,341	97,997
Half-year ended 31 December 2017		
Opening carrying amount	12,341	97,997
Impairment	-	(2,030)
Net exchange difference	50	222

Carrying amount at 31 December 2017	12,391	96,189

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 or more frequently should there be indicators of possible impairment. Due to the significant operating losses and revenue lagging behind projections, the Company reviewed the goodwill of its USTN subsidiary and determined that the goodwill was impaired and took a charge during the period ending 31 December 2017.

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

9 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
Net exchange differences	166	138	(15)	50	339
Balance at 31 December 2017	**100,766**	**73,681**	**999**	**12,391**	**187,837**
Amortisation and impairment					
Balance at 1 July 2017	(36,349)	(65,730)	(198)	-	(102,277)
Amortisation	(3,993)	(439)	(167)	-	(4,599)
Impairment charge	(12,210)	(6,822)	(638)		(19,670)
Net exchange differences	282	(690)	4	-	(404)
Balance at 31 December 2017	(52,270)	(73,681)	(999)	-	(126,950)
Carrying amount 31 December 2017	**48,496**	**-**	**-**	**12,391**	**60,887**

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 2017 and 31 December 2016 was $4,599 thousand and $3,315 thousand, respectively. Indefinite life intangible assets (trade names) are also subject to impairment testing as disclosed in the annual financial statements.

Due to the significant operating losses and revenue lagging behind projections, the Company reviewed the intangible assets (software, station contracts, advertiser contracts) of its USTN subsidiary and determined that the intangibles were impaired and took a charge during the period ending 31 December 2017.

10 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	1,234	51	273	1,558
Disposals	-	-	-	-

Net exchange differences	76	2	8	86
Balance 31 December 2017	19,928	794	2,241	22,963
Depreciation and impairment				
Balance 1 July 2017	(12,530)	(599)	(1,422)	(14,551)
Disposals	-	-	-	-
Net exchange differences	(70)	(1)	(13)	(84)
Depreciation	(1,416)	(30)	(182)	(1,628)
Balance 31 December 2017	(14,016)	(630)	(1,617)	(16,263)
Carrying amount 31 December 2017	**5,912**	**164**	**624**	**6,700**

11 Derivatives

	December 31 2017 $'000	June 30 2017 $'000
Current		
Interest rate collar	-	-
	-	**-**
Non-current		
Interest rate collar	-	**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 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 2017 neither party has been required to make a payment to the other. At 31 December 2017, the fair value of the interest rate collar was $0 thousand. Since the interest rate collar agreements have been determined to be effective at inception and as of 31 December 2017, the expense related to the change in fair value (net of taxes) has been charged to hedging reserve in other comprehensive income.

12 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 2017 $'000	31 December 2016 $'000
Australia	50,100	47,756
United Kingdom	19,928	21,058

Canada	15,341	14,727
Brazil	7,793	5,070
United States	36,756	3,899
	129,918	**92,510**

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 2017	31 December 2016
	$'000	$'000
Adjusted EBITDA by Segments		
Australia	19,196	20,211
United Kingdom	1,424	2,267
Canada	3,912	3,197
Brazil	1,734	442
United States	(26,688)	(861)
Other	(1,603)	(1,328)
Adjusted EBITDA	**(2,025)**	**23,928**
Foreign exchange gain (loss)	(58)	63
Transaction expenses	-	(278)
Less: Interest income on long-term prepaid affiliate contract	(4,217)	(4,250)
EBITDA	(6,300)	19,463
Depreciation and amortization	(6,227)	(4,711)
Interest income on long-term prepaid affiliate contract	4,217	4,250
Financing costs net of interest income	(2,323)	(2,517)
Impairment charge	(21,744)	-
Profit (loss) before taxes	(32,377)	16,485

Segment assets and liabilities are classified by their physical location.

	31 December 2017	31 December 2016
	$'000	$'000
Segment assets		
Total Assets:		
Australia	282,491	278,247
UK	33,029	30,165
Canada	26,224	25,732
United States	25,317	43,353
Brazil	6,276	5,558
Total segment assets	**373,337**	**383,055**
Unallocated:		
Deferred tax assets	4,816	-
Intercompany eliminations	(711)	(1,183)
Other	36,268	62,167
Total assets	**413,710**	**444,039**

Segment liabilities		
Total liabilities		
Australia	60,918	55,764
UK	6,993	6,270
Canada	3,769	6,081
United States	96,443	44,787
Brazil	1,771	1,674
Total segment liabilities	**169,894**	**114,576**
Unallocated:		
Deferred tax liabilities	16,655	12,262
Borrowings	97,937	97,192
Derivatives	-	7
Intercompany eliminations	(102,538)	(67,930)
Others	5,431	3,899
Total liabilities	**187,379**	**160,006**

13 Events subsequent to the reporting period

No matters or circumstances have arisen since the end of the financial half 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:

1. The financial statements and notes set out on pages 8 to 21 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 2017 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
Chairman

Dated 28th day of February 2018

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 2017, the consolidated statement of changes in equity, consolidated statement of cash flows and consolidated statement of profit or loss and other comprehensive income for the half-year ended on that date, selected explanatory notes and the directors' declaration for GTN Limited. 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 2017 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 2017 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

MW Chiang
Partner

Sydney
28 February 2018