Corpoate Travel Management

2016 – 17

Annual Financial Report

Corporate Travel Management Limited

ABN 17 131 207 611

Annual Financial Report – 30 June 2017

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Chairman and Managing Director's Report

Dear Shareholders,

Introduction

We are pleased to present the 2017 Annual Financial Report of Corporate Travel Management Limited ("CTM" or "the Group"). The Group has had another strong year, its 7th year since the Company listed on the ASX in December 2010.

All CTM regions performed strongly, with growth driven both organically and through acquisitions. CTM also remains well placed to benefit from future upturns in the general economic environment, despite what may appear to be challenging economic conditions in some of the regions in which CTM operates.

The Group continued its expansion into the North American market with the acquisition of 100% of the shares of Boston based Travizon Travel, effective 1 July 2016. With the acquisition of Travizon Travel, the Group has extended its coverage of the USA East Coast.

CTM also acquired 100% of the shares of Redfern Travel and Andrew Jones Travel, both with effect from 1 February 2017. Redfern Travel is a leading UK Travel Management Company (TMC) headquartered in Bradford, UK. Andrew Jones Travel is recognised as the leading TMC in Tasmania, with over 30 years' experience in this market, based in Hobart.

Outstanding performance

In the year to 30 June 2017, CTM's revenue of $324.4m was 24.3% higher than the previous year.

CTM's statutory net profit after tax ("NPAT") of $54.6m for the year to 30 June 2017 compares with $42.1m in the previous year, representing a 29.7% increase. Underlying NPAT was $67.0m, when adding back one-off acquisition costs of $1.4m and non-cash amortisation of client intangibles of $11.1m, representing a 41.6% increase on prior year.

Financial position

CTM is in a sound financial position, with total assets of $740.2m at 30 June 2017, an increase of $168.2m or 29.4% from 30 June 2016. The growth in assets is due to the impact of the Travizon Travel and Redfern Travel acquisitions completed during the year and the continued strong operating performance of the business.

The continued generation of strong cash flows contributed to the Group's sound financial position, with net cash flows from operating activities of $69.3m over the year to 30 June 2017. On a normalised basis, taking into account immediate term timing differences, the operating cash conversion rate is approximately 100%.

The acquisitions of Redfern Travel and Andrew Jones Travel were fully funded by a renounceable entitlement offer, which was completed on 20 January 2017 and was successful in raising approximately $71.1m. The entitlement offer was fully underwritten and the allotment of 4,744,475 shares took place on 24 January 2017.

Total equity of $401.4m at 30 June 2017 compares with $273.4m at 30 June 2016, an increase of $128.0m or 46.8% over the year.

The Group focused on the following key strategic initiatives during the year:

1. **Strong Organic Growth and Acquisitions:**

- Enhancing our value proposition to meet client needs across the CTM global network.
- Organic growth in local, regional and global segments.

2. **Client Facing Innovation:**

- Expanding SMART technology globally by developing new tools for and with our clients.
- Continued to leverage our technology suite in new market segments, including B2B and B2C.

3. **Productivity and Internal Innovation:**

- Internal innovation feedback loops to improve and automate existing client and non-client facing processes.
- Staff empowerment in decisions to drive high staff engagement and client satisfaction outcomes.

Chairman and Managing Director's Report

Financial position (continued)

4. **Leveraging our Scale and Geography:**
- Capitalising on scale and our global network, to develop and optimise supplier performance for our clients.
- Continued to demonstrate that CTM is a valuable partner in the supply chain.

5. **Our People:**
- Continue to attract, retain and develop the industry's brightest talent.
- Empower our team to support our clients' needs.
- Embraced a culture that represents our values and business drivers.

Employees
A competent and motivated workforce is integral to CTM's success. CTM employs over 2,200 employees (full time equivalent).

CTM's culture is founded upon the principle of empowering its people, through good processes and excellent training, to grow, evolve, and deliver the superior service that CTM's clients demand. CTM continues to invest in its people, through its in-house training programs, selective recruitment and a commitment to provide the resourcing to support its people in delivering service excellence to clients.

The Board and the senior management team appreciate the contribution that CTM's staff have made to the Group's strong performance. Their professionalism and commitment have been fundamental to the development of CTM's reputation as a highly valued business partner for its clients.

Positioning for the Future
As we look forward to 2018, CTM remains confident that its customer value proposition remains compelling and that there is enormous untapped potential in each of the markets in which we operate.

CTM's continued investment in innovative client facing technology, particularly the introduction of CTM SMART Technology, coupled with the scale in presence in North America and Europe, has the Company well positioned for growth.

Geographic diversification is important in driving the sustainable performance and managing risk. CTM is leveraged to the world's largest markets, with over 70% of profit expected to be derived outside of Australia. CTM has regional technology hubs in each global region to accelerate client facing technology development and solve regionally specific needs.

CTM's focus remains its clients and staff, to ensure its service offering is both innovative and cost effective, and enabling staff to offer the personalised service and expertise demanded by clients.

Conclusion
We would like to take this opportunity to thank the Board, management team and staff for their efforts, and congratulate them on the continued success of CTM as a leading-edge and profitable corporate travel solutions company.

We would also like to thank CTM's shareholders and, most importantly, CTM's clients for their continuing support.

The Board has declared a dividend of 18 cents per share on 22 August 2017, which will be paid on 5 October 2017 to all shareholders registered on 8 September 2017.

Tony Bellas
Chairman
Corporate Travel Management Limited
22 August 2017

Jamie Pherous
Managing Director
Corporate Travel Management Limited
22 August 2017

Corporate Directory

Directors	Tony Bellas Stephen Lonie Greg Moynihan Jamie Pherous Admiral Robert J. Natter, U.S. Navy (Ret.) Laura Ruffles
Secretary	S. Fleming S. Yeates
Notice of Annual General Meeting	The Annual General Meeting of Corporate Travel Management will be held in Brisbane on Tuesday 24 October 2017 at 9am at the office of McCullough Robertson (Level 11, Central Plaza Two, 66 Eagle Street, Brisbane QLD 4000).
Registered office in Australia	Level 24, 307 Queen Street Brisbane QLD 4000
Share register	Computershare Investor Services Pty Limited 117 Victoria Street West End QLD 4101 Telephone: 1300 782 544
Auditor	PricewaterhouseCoopers Australia 480 Queen Street Brisbane QLD 4000
Stock exchange listing	Corporate Travel Management shares are listed on the Australian Securities Exchange (ASX).
Website address	www.travelctm.com
ABN	17 131 207 611

Directors' Report

The Directors present their report, together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries (CTM or "the Group"), for the financial period ended 30 June 2017.

Directors

The following persons were directors of Corporate Travel Management Limited during the whole of the financial year and up to the date of this report:

- Tony Bellas.
- Jamie Pherous.
- Stephen Lonie.
- Greg Moynihan.
- Admiral Robert J. Natter, U.S. Navy (Ret.).
- Laura Ruffles.

Principal activities

The principal activities of the Group during the year consisted of managing the purchase and delivery of travel services for its clients. There were no significant changes in the nature of the activities of the Group during the year.

Dividends

Dividends paid to members during the financial year were as follows:

	2017 $'000
Final ordinary dividend for the year ended 30 June 2016 of 15.0 cents per fully paid share paid on 6 October 2016	14,928
Interim ordinary dividend for the year ended 30 June 2017 of 12.0 cents per fully paid share paid on 12 April 2017	12,626
Total dividends paid	**27,554**

Since the end of the financial year, the Directors have recommended the payment of a final ordinary dividend of $18,939,825 (18.0 cents per fully paid share), to be paid on 5 October 2017 out of retained earnings at 30 June 2017.

Review of operations

Group overview

The Group continued to engage in its principal activity, being the provision of travel services, the results of which are disclosed in the following financial statements.

Further acquisitions

On 1 July 2016, the Group continued its expansion into the North American market with the acquisition of 100% of the shares of All Performance Associates, Inc., Business Travel, Inc., and Travizon, Inc., which make up Travizon Travel, a travel management group headquartered in Boston MA, USA. With the acquisition of Travizon Travel, the Group has extended its coverage of the USA East Coast.

On 1 February 2017, CTM acquired 100% of the shares of Arizonaco Limited and Portall Travel Limited, trading as Redfern Travel and Andrew Jones Travel Pty Ltd, trading as Andrew Jones Travel:

- Redfern Travel (Redfern) is a leading UK Travel Management Company (TMC), specialising in delivering on-line travel services, through a fully automated and integrated proprietary travel system, headquartered in Bradford, UK. Redfern's key competitive advantage is its proprietary, highly automated, end-to-end integrated system. Redfern's business base is corporate travel, with a high concentration in the UK Government sector and low exposure to Brexit affected industries.
- Andrew Jones Travel (AJT) is recognised as the leading TMC in Tasmania, with over 30 years' experience in this market, based in Hobart. The Tasmanian corporate market is particularly leveraged to expansion in key markets, particularly aquaculture, food and wine, that are now exporting into the expanding Asian markets. AJT also services three of the largest Australian Sporting Bodies and Tasmanian Government departments, which provides CTM with further leverage to grow into these important specialised market segments.

Directors' Report (continued)

Review of operations (continued)

Further acquisitions (continued)
In order to ensure best utilisation of acquired skills and strengths, CTM new business wins are often serviced out of newly acquired offices.

Following these acquisitions, the CTM network provides localised service solutions to clients in more than 70 countries and employs over 2,200 FTE staff.

Group financial performance

CTM's key financial metrics are summarised in the following table:

	2017	2016	Change
	$'000	**$'000**	**%**
Revenue and other income	325,874	264,839	23%
EBITDA adjusted for one-off non-recurring / acquisition costs (adjusted EBITDA)	**98,615**	**69,030**	**43%**
Net profit after tax (NPAT):	57,838	45,743	26%
NPAT - Attributable to owners of CTD	54,556	42,134	29%
One-off non-recurring / acquisition costs (tax effect)	1,376	(1,306)	
Underlying NPAT - Attributable to owners	55,932	40,828	37%
Amortisation of client intangibles	11,100	6,483	
Underlying NPAT - Attributable to owners (excluding acquisition amortisation)	**67,032**	**47,311**	**42%**

The net profit after tax of the Group for the financial period amounted to $54,556,000 (2016: $42,134,000). The result was underpinned by a 24% increase in revenue, and includes a full year contributed results from the acquisition of Travizon Travel and the five months contributed results from the acquisitions of Redfern Travel and Andrew Jones Travel, both acquired on 1 February 2017.

In addition, adjusted EBITDA grew by 42.9% to $98.6m, with the reconciliation to profit before income tax from continuing operations as set out in Note 1 in the Financial Statements. Although recent acquisitions have contributed to this growth, importantly, over $16.0m of the adjusted EBITDA increase has resulted from organic growth. Market adoption of CTM's SMART technology program and further expansion of the CTM's global network were considered to be key contributing factors.

	2017	2016	2015	2014
	$'000	**$'000**	**$'000**	**$'000**
Net profit after tax:				
Attributable to members	54,556	42,134	26,367	15,845
Attributable to minority interest	3,282	3,609	2,727	734
Shareholder funds	281,847	175,231	161,675	99,823
Basic EPS (cents per share)	53.5	43.2	28.1	19.0
Basic EPS growth	24%	54%	48%	28%
Return on equity	19%	24%	16%	16%
Dividend per share - year end	18.0	15.0	10.0	7.5
Dividend per share - interim	12.0	9.0	6.0	4.5
Dividend per share - full financial year	30.0	24.0	16.0	12.0

Review of operations (continued)

Group financial performance (continued)

CTM continues to maintain a strong financial position, with net current assets of $11.0m and total equity of $401.4m. At 30 June 2017, the Group had $45.4m in borrowings, partially to fund the Montrose Travel initial and deferred acquisition payments, and has continued to generate strong operation cash flows.

Current trade and other payables increased during the period by $30.3m, which includes current payables relating to acquisitions of Travizon Travel ($20.5m) and Redfern Travel ($9.7m).

CTM's business growth has been funded through a combination of operating cash flow and short term debt. In addition to the Travizon Travel business acquisition, there has been further capital expenditure of $13.9m during the year, which has been funded from operating cash flow.

The acquisitions of Redfern Travel and Andrew Jones Travel were fully funded by a renounceable entitlement offer, which was completed on 20 January 2017, and was successful in raising approximately $71.1m. The entitlement offer was fully underwritten and the allotment of 4,744,475 shares took place on 24 January 2017.

The Group renegotiated one of its bank facilities during the year, which resulted in further access to capital to assist with continued growth. This facility was utilised to fund the Montrose earnout payment of USD 26.0m in March 2017.

The Company continues to pay dividends at its stated divided policy level, with a final dividend declared at 18 cents per share (full year: 30.0 cents). This dividend represents an increase of 25% on the preceding period.

Total Transaction Value (TTV) (unaudited)

TTV represents the amount at which travel products and services have been transacted across the Group's operations whilst acting as agents for airlines and other service providers, along with revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. TTV is stated net of GST.

	2017 $'000	2016 $'000
TTV net of GST (unaudited)	4,161,943	3,587,063

The Group maintained strong growth in TTV (unaudited), despite the impact from ticket price decline and non-core business sale in Asia and global FX translation, which had an estimated combined negative impact of ($565m).

Constant currency

Due to a significant portion of the Group's operations being outside Australia, the Group is exposed to currency exchange rate translation risk. i.e. the risk that the Group's offshore earnings fluctuate when reported in Australian dollars. The Group's regional results for the 2017 financial year have also been provided on a constant currency basis in the following commentary (i.e. based on the 2017 local currency, the revenue and EBITDA for the regions have been converted at the average rate for the 2016 financial year), to remove the impact of foreign exchange movements from the Group's performance against the prior year. The constant currency comparatives are not compliant with Australian Accounting Standards.

Directors' Report (continued)

Review of operations (continued)

Review of underlying operations

The key financial results by region are summarised in the following table:

	CTM Consolidated			Australia & New Zealand			North America			Asia			Europe			Group		
	Jun-17	Jun-16		Jun-17	Jun-16		Jun-17	Jun-16		Jun-17	Jun-16		Jun-17	Jun-16		Jun-17	Jun-16	
REPORTED AUD	$m	$m		$m	$m		$m	$m		$m	$m		$m	$m		$m	$m	
Revenue	324.4	260.9	24%	91.5	76.9	19%	126.7	77.2	64%	56.7	69.1	(18%)	49.2	37.2	32%	0.3	0.5	
Adj. EBITDA	98.6	69.0	43%	36.3	28.3	28%	35.9	21.2	69%	18.1	21.3	(15%)	18.4	6.1	202%	(10.1)	(7.9)	28%
Adj. EBITDA as a % of Revenue	30.4%	26.4%	15%	39.7%	36.8%	8%	28.3%	27.5%	3%	31.9%	30.8%	4%	37.4%	16.4%	128%			
CONSTANT CURRENCY*																		
Revenue	341.1	260.9	31%	91.5	76.9	19%	131.3	77.2	70%	59.0	69.1	(15%)	59.0	37.2	59%	0.3	0.5	
Adj. EBITDA	104.0	69.0	51%	36.3	28.3	28%	37.2	21.2	75%	18.7	21.3	(12%)	21.9	6.1	259%	(10.1)	(7.9)	28%
Adj. EBITDA as a % of Revenue	30.5%	26.4%	15%	39.7%	36.8%	8%	28.3%	27.5%	3%	31.7%	30.8%	3%	37.1%	16.4%	126%			

** Constant currency reflects June 2016 as previously reported. June 2017 represents local currency converted at FY2016 average foreign currency rates.*

Australia and New Zealand ("ANZ")
Revenue rose by 19.0% to $91.5m. The increased revenue has flowed through to the adjusted EBITDA, which rose by 28.3% to $36.3m with an improved margin of 39.7%, which is up from 36.8% in the prior comparative period. The region continued to benefit from top line growth and productivity initiatives resulting in increased revenue per FTE generation. 80% of all transactions now originate online.

North America
Revenue rose by 64.1% to $126.7m as a result of new business wins and inclusion of the Travizon Travel acquisition from 1 July 2016. The adjusted EBITDA rose by 69.0% to $35.9m and the adjusted EBITDA margin improved from 27.5% in 2016 to 28.3%, due to a combination of client wins, integration success and leveraging scale.

This result was particularly encouraging given the currency depreciation and the effect of the recent US election on general economic activity. On a constant currency basis, revenue for North America increased by 70% and adjusted EBITDA increased by 75% over the previous comparative period.

Europe
The operation in Europe contributed $49.2m in revenue during the year, an increase of 32% on prior year, with inclusion of the Redfern Travel acquisition from 1 February 2017.

Despite the average GBP exchange rate weakening by over 20% year on year, the adjusted EBITDA for the Europe business rose by 202% to $18.4m and the adjusted EBITDA margin increased from 16.4% to 37.4%, benefiting from a large move to CTM's online platforms, automation resulting from the Redfern acquisition and record client wins and retention. On a constant currency basis, revenue increased by 59% and adjusted EBITDA increased by 259% over the previous period.

Redfern's key competitive advantage is its proprietary, highly automated, end-to-end integration system, particularly applicable to the government and large corporate sectors, which CTM continues to leverage across the rest of CTM Europe.

Asia
Revenue declined 17.9% to $56.7m for the financial year. The underlying EBITDA is down 15.0% on the prior comparative period, largely due to a fall in average ticket prices of approximately 14%, which had a negative impact on supplier revenues in the wholesale business. Encouragingly, however, the EBITDA margin increased slightly from 30.8% to 31.9% as the business benefited from productivity gains through enhanced automation.

The underlying business has continued to grow with circa 14% increase in transactions. During the period, the region also sold its non-core legacy packaged travel business, as CTM looks to focus on its corporate, B2B and B2C opportunities. Specifically, the Group sold its share of ownership in Wincastle Travel (HK) Limited with a gain from sale of $0.9m recorded in the first half of the financial year.

Review of operations (continued)

Strategy and future performance

The Group continues to focus on its key strategic drivers, being:

- Retaining current clients;
- Winning new clients; and
- Innovating client tools and internal processes to enhance service to clients and improve internal productivity.

In the 2017 financial year, the Group executed well on these business drivers, with maintenance of the historically strong client retention numbers, a record year of new client wins and improved productivity in all regions.

A vast proportion of CTM’s cost base is employee costs, which highlights the importance of productivity initiatives. During the year, there has been an increase in productivity, but not through a reduction of service. In fact, service levels have risen as automation has replaced manual processes, providing CTM’s consultants with the time to operate more effectively and for the benefit of clients.

The Group intends to continue to pursue the opportunity for its growth globally through acquisition, as well as pursuing organic growth in each market, underpinned by a focus on client service, supported by the continued investment in new client facing technology and delivery of measurable return on investment (ROI) to its clients.

Material business risks

The Group is subject to both specific risks to its business activities and risks of a general nature.

These strategic risks include:

- Global conflicts, terrorism and pandemics: International travel remains susceptible to the impact of regional conflicts, terrorism and health pandemics.
- Economic conditions: Economic downturns, both globally and regionally, may have an adverse impact on the Group’s operating performance.
- Foreign exchange: The volatility of foreign exchange markets impacts on the Australian dollar results for the Group, which is mitigated by matching funding sources to operating cash flows.
- Financial structure: The Group has acquired a number of businesses, all of which has resulted in the creation of significant intangible assets, the recoverability of which is totally dependent upon future performance, including a dependency on major contracts.
- Information technology: The Group relies heavily on outsourced technology platforms. Whilst all systems are licensed, any disruption to supply or performance of systems may have an immediate and a longer term impact on client and supplier satisfaction.
- Competition: The Group operates in a competitive market, and current competitors or new competitors may become more effective.
- Key personnel: The Group is reliant on talent and experience to run its business. The Group’s ability to retain and attract key people is important to its continued success.

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group during the financial year not otherwise disclosed in this report or the consolidated financial statements.

Events since the end of the financial year

There have been no matters, or circumstances, not otherwise dealt with in this report, that will significantly affect the operation of the Group, the results of those operations or the state or affairs of the Group or subsequent financial years.

Likely developments and expected results of operations

Further information on likely developments in the Group’s operations and the expected results of operations has not been included in this report because the Directors consider that would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group has determined that no particular or significant environmental regulations apply to its operations.

Information on Directors

Mr Tony Bellas, BEcon, DipEd, MBA, FAICD, FCPA – Independent Non-Executive Director - Chairman		
Experience and expertise	Tony Bellas has more than 30 years' experience in both the government and private sectors. Tony Bellas has previously held positions of Chief Executive Officer of Ergon Energy Ltd, CS Energy Ltd, Seymour Group Pty Ltd, and was previously Queensland's Deputy Under Treasurer.	
Listed Company Directorships (including key dates)	ERM Power Limited (since 2009), Shine Corporate Limited (since 2013) and NOVONIX Limited (previously Graphitecorp Ltd) (since 2016). Chairman of not-for-profit company: Endeavour Foundation (since 2016).	
Special responsibilities	Chair of the Board Chair of Nomination Committee Audit Committee member Risk Management Committee member Remuneration Committee member	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited	243,836

Mr Jamie Pherous, BCom, CA – Managing Director		
Experience and expertise	Jamie Pherous founded Corporate Travel Management Ltd (CTM) in Brisbane in 1994. He has built the Group from its headquarters in Brisbane to become the one of the world's largest travel management companies now employing more than 2,000 staff. Prior to establishing CTM, Jamie Pherous was employed by Arthur Andersen, now Ernst & Young, as a Chartered Accountant, specialising in business services and financial consulting in Australia, Papua New Guinea and the United Arab Emirates. Jamie Pherous was also a major shareholder and co-founder of an online hotel booking engine, Quickbeds.com.au, which was sold to The Flight Centre Group in 2003 and is a Director of the Australian Federation of Travel Agents.	
Listed Company Directorships (including key dates)	None.	
Special responsibilities	Managing Director	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited	21,650,000

Mr Stephen Lonie, BCom, MBA, FCA, FFin, FAICD, FIMCA, Senior MACS – Independent Non-Executive Director		
Experience and expertise	Stephen Lonie is a Chartered Accountant, and is a former Managing Partner Queensland of the international accounting and consulting firm, KPMG. He now practices as an independent management consultant and business adviser.	
Listed Company Directorships (including key dates)	MyState Limited (since 2011), Retail Food Group Limited (since 2013) and Apollo Tourism and Leisure Ltd (since 2016).	
Special responsibilities	Chair of Audit Committee Chair of Risk Management Committee Remuneration Committee member Nomination Committee member	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited	254,312

Information on Directors (continued)

Mr Greg Moynihan, BCom, Grad Dip SIA, CPA, SFFIN, MAICD – Independent Non-Executive Director		
Experience and expertise	Greg Moynihan is a former Chief Executive Officer of Metway Bank Limited. He has also held senior executive positions with Citibank Australia and Suncorp Metway. Since leaving Suncorp Metway in 2003, Greg Moynihan has focussed on his commitments as a Non-Executive Company Director, as well as pursuing business interests in the investment management and private equity sectors.	
Listed Company Directorships (including key dates)	Shine Corporate Limited (since 2013) and Ausenco Limited (2008 – 2013).	
Special responsibilities	Chair of Remuneration Committee Nomination Committee member Audit Committee member Risk Management Committee member	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited	254,312

Laura Ruffles – MBA, MAICD, Executive Director, CEO AU/NZ, Global COO		
Experience and expertise	Laura Ruffles is CTM's Chief Executive Officer Australia & New Zealand, Global COO and, in late 2015, was appointed an Executive Director in recognition of her leadership contribution. She has significant local, regional and global industry experience and, in a career of more than 20 years, has led teams across sales, account management, operations and technology. Laura Ruffles is responsible for all aspects of CTM's business performance. She joined CTM in 2010 and has been a key contributor to its successful growth. Prior to joining Corporate Travel Management Laura was a Director at American Express, where she was responsible for managing the small and medium enterprises business function. She is also an Alternate Director of the Australia Federation of Travel Agents.	
Listed Company Directorships (including key dates)	None.	
Special responsibilities	Executive Director, Chief Executive Officer AU/NZ, Global Chief Operating Officer	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited Share appreciation rights over ordinary shares in Corporate Travel Management Limited	98,691 400,000

Admiral Robert J. Natter, US Navy (Ret.) – Independent Non-Executive Director		
Experience and expertise	Robert Natter retired from active military service a decade ago and now has more than 10 years of experience in both the government and private sectors in the North American market. In his Navy career, Robert Natter served as the Commander of the U.S. Seventh Fleet operating throughout Asia and the Indian Ocean; Commander in Chief of the U.S Atlantic Fleet; and the first Commander of U.S. Fleet Forces, overseeing all Continental U.S. Navy bases, facilities and training operations. He is currently Chairman of the U.S. Naval Academy Alumni Association, services on the Board of BAE systems, Inc. (the U.S. based subsidiary of ABE Systems plc) and on the Board of Allied Universal (a privately held US based security company with 140,000 employees). He was on the Board of the National U.S. Navy Seal Museum and was Chairman of G4S Government Solutions Inc.	
Listed Company Directorships (including key dates)	NOVONIX Limited (since 2017)	
Special responsibilities	Remuneration Committee member Nomination Committee member	
Interests in shares and options	Ordinary shares in Corporate Travel Management Limited	143,200

Directors' Report (continued)

Company secretaries

- Mr Steve Fleming (Joint Company Secretary).
- Ms Brooke Connell (Joint Company Secretary, effective 22 July 2016 to 1 March 2017).
- Mrs Suzanne Yeates (Joint Company Secretary, effective 18 April 2017).

Steve Fleming, BBus (Accounting), CA
Steve Fleming is CTM's Global Chief Financial Officer and is responsible for the finance function, treasury management, key stakeholder liaison and strategic planning, in conjunction with the Board and the Managing Director.

Steve Fleming has more than 20 years' experience in commercial finance roles gained with high growth companies across a number of industries and countries, including Abbey National, TrizecHahn, Deutsche Bank and Arthur Andersen. Prior to joining CTM in 2009, Steve Fleming was Group Finance Manager of Super Retail Group Ltd.

Steve Fleming is a member of the Institute of Chartered Accountants in Australia.

Suzanne Yeates, BBus (Accounting), CA
Suzanne Yeates was appointed to the position of Joint Company Secretary on 18 April 2017. Suzanne is a Chartered Accountant, Founder and Principal of Outsourced Accounting Solutions Pty Ltd. She holds similar positions with other public and private companies.

Meetings of Directors

The numbers of meetings of the Group's Board of Directors and of each Board Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each Director were:

Director	Full meetings of directors		Committee meetings							
			Audit		Risk Management		Remuneration		Nomination	
	A	B	A	B	A	B	A	B	A	B
Mr Tony Bellas	8	8	6	6	3	3	4	4	1	1
Mr Stephen Lonie	8	8	6	6	3	3	4	4	1	1
Mr Greg Moynihan	8	8	6	6	3	3	4	4	1	1
Mr Jamie Pherous	7	8	*	*	*	*	*	*	*	*
Admiral Robert J. Natter	8	8	*	*	*	*	4	4	1	1
Ms Laura Ruffles	8	8	*	*	*	*	*	*	*	*

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office or was a member of the Committee during the year.
* Not a member of the relevant Committee.

Remuneration report

The Directors are pleased to present Corporate Travel Management Limited's 2017 remuneration report, outlining key aspects of the Group's remuneration policy and framework, as well as remuneration awarded in the year.

The report is structured as follows:

1. CTM's remuneration framework.
2. Key elements of remuneration.
3. Who is covered by this report.
4. Details of Executive KMP remuneration.
5. Contractual arrangements for Executive KMP.
6. Non-executive director arrangements.
7. Additional required disclosures.

1. CTM's remuneration framework

The following section outlines CTM's remuneration framework and the policies that underpin it. Information is presented in a question and answer format.

Key questions	CTM's approach
Remuneration framework	
1. What is the objective of the Group's executive reward framework?	The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for the delivery of executive rewards. The Board ensures that the approach to executive reward satisfies the following key criteria for good reward governance practices: • Competitiveness and reasonableness; • Alignment to the interests of shareholders; • Performance linkage and alignment of executive compensation; • Transparency; and • Capital management.

2. What are the key elements of the remuneration framework?	The framework is based on the following key elements:
	
	• Alignment to shareholders' interests, which:
	  ○ Has economic profit as a core component of plan design;
	  ○ Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering an appropriate return on assets, as well as focusing the executive on key non-financial drivers of value; and
	  ○ Attracts and retains high calibre executives.
	
	• Alignment to program participants' interests, which:
	  ○ Rewards capability and expertise;
	  ○ Reflects competitive reward for contribution to growth in shareholder wealth;
	  ○ Provides a clear structure for earning rewards; and
	  ○ Provides recognition for individual and team contributions.

Remuneration report (continued)

1. CTM's remuneration framework (continued)

Key questions	CTM's approach	Further info
3. What is the role of the Remuneration Committee?	The Remuneration Committee is a Committee of the Board and its role of is to advise the Board on remuneration and issues relevant to remuneration policies and practices, including for senior executives and Non-Executive Directors. CTM's Corporate Governance Statement provides further information on the role of this Committee.	Section 2
4. What proportion of remuneration is at risk?	The framework provides for a mix of fixed and variable remuneration, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of 'at risk' rewards. The proportion of short-term incentives (STI) and long-term incentives (LTI) (relative to fixed pay) is set at the start of the financial year, along with all relevant KPI's.	Section 4
Remuneration in 2017		
5. How is CTM's performance reflected in this year's remuneration outcomes?	CTM's remuneration outcomes are strongly linked to delivery of return on investment to shareholders over the short and long term. **Short term:** CTM has delivered strong performance in 2017 in terms of EBITDA and financial targets, as well as non-financial strategic targets, which has resulted in corresponding payout of STI at 60-100% for Executive KMP. **Long term:** The three-year performance period for the FY15 LTI completed on 30 June 2017. Based on strong growth in earnings per share (EPS), the performance conditions pertaining to the FY15 share appreciation rights have been achieved. CTM's Board is committed to ensuring executives' remuneration links to return on investment for shareholders and therefore will continue to use EPS growth as the primary performance metric for the FY18 LTI award.	Section 4
6. What are the performance measures for LTI?	Target earnings per share growth of 10% per annum average over a three-year vesting period.	Section 4
7. What changes have been made to the remuneration structure in FY17?	There have been no significant changes to the approach to remuneration in FY17.	
8. Are any changes planned for FY18?	No, there are no significant changes planned for FY18. However, in line with previous years, the Board will review and adjust (if necessary) the threshold and performance levels for the performance objectives applicable to the STI and LTI awards.	

Remuneration report (continued)

2. Key elements of remuneration

The executive remuneration framework has three components:

- Fixed pay;
- Short-term performance incentives (STI); and
- Long-term incentives through participation in the Share Appreciation Rights Plan (LTI).

Additional detail on each of these components is included in the following table.

Key elements of remuneration

Fixed Pay

Fixed pay includes base remuneration and benefits and is structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' reasonable discretion.

Executives are offered a competitive base remuneration package that comprises the fixed component of remuneration and rewards. Base remuneration for executives is reviewed annually, to ensure the executive's remuneration is competitive with the market. An executive's remuneration is also reviewed on promotion.

There is no guaranteed base remuneration increase included in any executives' contracts.

Superannuation contributions are paid in accordance with relevant Government legislation, to employee nominated defined contribution superannuation funds.

STI

Based on a pre-determined profit targets set annually by the Remuneration Committee, a short-term incentive ("STI") pool is available to executives and other eligible participants. Cash incentives/bonuses are payable around 30 September each year. A profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with CTM's approved business plan. The incentive pool is increased for performance above the profit target, in order to provide an incentive for superior performance.

Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance.

STI (continued)

Each year, the Remuneration Committee considers the appropriate targets and key performance indicators ("KPI"s), to link the STI plan and the level of payout if targets are met, including setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

The Remuneration Committee is responsible for assessing whether the KPIs are met. The Remuneration Committee also has absolute discretion to adjust short-term incentives, in light of unexpected or unintended circumstances.

Additional detail on the STI scheme is included in *Section 4: Details of Executive KMP remuneration*.

LTI

The Group has a long term incentive scheme using a Share Appreciation Rights Plan. The Plan is designed to focus executives on delivering long-term shareholder returns.

Under the Plan, participants are granted rights only if performance conditions pertaining to the earnings per share growth are met and the employee is still employed at the end of the three year vesting period.

Participation in the Plan is at the Board's absolute discretion and no individual has a contractual right to participate in the Plan.

Additional detail on the LTI scheme is included in *Section 4: Details of Executive KMP remuneration*.

The combination of these components comprises an executive's total remuneration. The Group intends to continue to review incentive plans during the year ending 30 June 2018, to ensure continued alignment with the Group's financial and strategic objectives.

Remuneration report (continued)

3. Who is covered by this report

This Remuneration Report sets out remuneration information for CTM's Non-Executive Directors, Executive Directors and other key management personnel (KMP) of the Group, which includes the following persons:

Board of Directors	Other Group KMP
Non-Executive Directors Mr Tony Bellas. Mr Stephen Lonie. Mr Greg Moynihan. Admiral Robert J. Natter. **Executive Directors** Mr Jamie Pherous. Ms Laura Ruffles.	Mr Steve Fleming - Global CFO. Mr Larry Lo - CEO - Asia. Mr Chris Thelen - CEO - North America. Ms Debbie Carling - CEO - Europe.

4. Details of Executive KMP remuneration

Remuneration outcomes are disclosed in accordance with Australian accounting standards.

		Fixed remuneration				Variable remuneration			
Name	**Year**	**Cash salary and fees $**	**Non-cash benefits* $**	**Leave# $**	**Super-annuation $**	**Short-term Incentive $**	**Long-term incentive^ $**	**Total $**	**At risk %**
Executive Directors									
Jamie Pherous	**2017**	**448,221**	**9,776**	**(67,634)**	**63,956**	**225,000**	**-**	**679,319**	**33%**
	2016	459,302	6,800	(40,284)	64,629	225,000	-	715,447	31%
Laura Ruffles	**2017**	**538,462**	**11,032**	**(7,182)**	**79,654**	**360,000**	**185,623**	**1,167,589**	**47%**
	2016	516,404	10,634	18,923	69,958	300,000	92,426	1,008,345	39%
Claire Gray[1]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	55,423	-	-	-	-	-	55,423	-
Other key management personnel of the Group									
Steve Fleming	**2017**	**410,024**	**4,723**	**(2,227)**	**31,464**	**167,926**	**107,495**	**719,405**	**38%**
	2016	353,231	7,304	3,703	50,182	140,000	73,581	628,001	34%
Larry Lo	**2017**	**501,629**	**-**	**(5,497)**	**3,071**	**143,323**	**107,477**	**750,003**	**33%**
	2016	505,704	-	1,934	3,185	212,307	31,396	754,526	32%
Chris Thelen[2]	**2017**	**625,775**	**-**	**30,416**	**-**	**211,949**	**40,592**	**908,732**	**28%**
	2016	508,345	-	(11,662)	81,335	-	-	578,018	-
Debbie Carling[2]	**2017**	**251,889**	**-**	**5,560**	**2,519**	**83,963**	**57,336**	**401,267**	**35%**
	2016	-	-	-	-	-	-	-	-
Julie Crotts[2]	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	304,120	-	1,797	2,851	-	20,931	329,699	-
Total Executive KMP	**2017**	**2,776,000**	**25,531**	**(46,564)**	**180,664**	**1,192,161**	**498,523**	**4,626,315**	
	2016	2,702,529	24,738	(25,589)	272,140	877,307	218,334	4,069,459	

[1] Claire Gray resigned as Executive Director on 1 December 2015. The amounts presented in the table represent remuneration to this date.

[2] Chris Thelen ceased as CEO of Europe and became CEO of North America on 1 July 2016. Debbie Carling was appointed CEO of Europe on 1 July 2016. Julie Crotts returned to the position of COO of North America on 1 July 2016.

* Non-cash benefits represents the cost to the Group of providing parking.

Leave represents the movement in the annual leave and long service leave provision balances. The accounting value may be negative, for example, when an Executive's leave balance decreases as a result of taking more than the entitlement accrued during the year.

^ Long-term incentive represents amounts expensed during the year relating to share appreciation rights granted to date and not yet vested.

Remuneration report (continued)

4. Details of Executive KMP remuneration (continued)

Short-term incentive (STI)
The key components of the Group's STI structure as follows:

Purpose	The STI scheme is designed to reward and recognise outstanding employee performance, provided the Group can also demonstrate it has created value for its shareholders.
Participants	All Executive KMP participate in the STI scheme.
Performance conditions	For the year ended 30 June 2017, the key performance indicators (KPIs) linked to STI plans were based on the Group objectives, with the key financial metric being consolidated Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA).
Structure	If the Group achieves a pre-determined EBITDA target set by the Remuneration Committee, a short-term incentive ("STI") pool is available to executives and other eligible participants. Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The average maximum target bonus opportunity for Executive KMP in the 2017 year was approximately 42% (2016: 30%) of base fixed remuneration and benefits.

Payments made under the STI plan are highly correlated with the Group's financial results. The relationship between STI and Corporate Travel Management Ltd's performance over the last 5 years is set out in the following table.

Item	2017	2016	2015	2014	2013 restated
Profit for the year attributable to owners of Corporate Travel Management Ltd ($'000)	54,556	42,134	26,367	15,845	11,268
Basic earnings per share (cents)	53.5	43.2	28.1	19.0	14.9
Dividend payments ($'000)	27,554	18,539	12,609	9,129	7,497
Dividend payout ratio (%)	50.5%	44.0%	47.8%	57.6%	66.5%
Increase / (decrease) in share price %	63.9%	35.8%	60.6%	56.6%	111.3%
Total KMP STI as a percentage of profit / (loss) for the year (%)	2.2%	2.1%	2.7%	0.9%	2.6%

For each short term incentive included in the table on page 17, the percentage split of the available bonus awarded and forfeited is disclosed in the following table.

Name	2017		2016	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Jamie Pherous	90%	10%	100%	-
Laura Ruffles	90%	10%	100%	-
Steve Fleming	80%	20%	80%	20%
Larry Lo	60%	40%	100%	-
Chris Thelen	80%	20%	-	-
Debbie Carling*	100%	-	-	-

* Executive KMP of the Group are included in this disclosure for the period they held the applicable roles.

Remuneration report (continued)

4. Details of Executive KMP remuneration (continued)

Long-term incentive (LTI)

The Group introduced a long-term incentive scheme using a Share Appreciation Rights Plan during the 2013 financial year. The key components of the Plan as follows.

Purpose	The purpose of the LTI scheme at CTM is to provide long-term incentives to senior executives to deliver long-term shareholder returns.
Eligibility	Participation in the plan is at the Board's absolute discretion and no individual has a contractual right to participate in the plan.
Instrument	Awards under this plan are made in the form of Share Appreciation Rights (SARs).
Performance period	Performance is measured over a three-year period. The FY17 grant has a performance period commencing 1 July 2016 and ending 30 June 2019.
Performance hurdles	The SARs are subject to average Earnings per Share (EPS) growth over the performance period, with target performance being set at 10% average EPS growth.
Vesting	The SARs will only vest if the performance hurdles are met and the employee remains in service. Once vested, a participant will be deemed to have automatically exercised all vested SARs and CTM will settle in line with the SARs Plan. Upon vesting, the conversion of a SAR to an equity or cash based settlement, is determined using a formula referencing the relevant share prices of CTM, the number of SARs exercised, and is at the Board's sole discretion. Grants made during FY17 will vest on a scaled basis as follows:

Minimum EPS growth from 1 July 2016 to 30 June 2019	Portion of SARs that become performance qualified
80% achievement of target growth rate (i.e. 8% EPS growth)	50% of SARs
90% achievement of target growth rate (i.e. 9% EPS growth)	75% of SARs
100% achievement of target growth rate (i.e. 10% EPS growth)	100% of SARs

	SARs will become performance qualified on a straight-line basis where average EPS growth falls between 8-10% EPS growth.
Termination/ forfeiture	Upon termination of employment, all unvested SARs will automatically be forfeited by the participant, unless the Board otherwise determines, in its absolute discretion, to permit some or all of the SARs to vest.
Dilution	Dilution that may results from securities being issued under CTM's LTI plan is capped at the limit set out in ASIC Class Order 14/1000, which provides that the number of unissued securities under those plans must not exceed five per cent of the total number of the securities of that class at the time of the relevant offer.
Hedging	Consistent with the *Corporations Act 2001*, participants are prohibited from hedging their unvested performance rights.

Remuneration report (continued)

4. Details of Executive KMP remuneration (continued)

The following table sets out details of the SARs granted to key management personnel during the financial year under the 2017 allocation and vested under the 2014 allocation as well as details of SARs granted under prior year awards that have not yet vested as at 30 June 2017.

	Year of grant	Year in which rights may vest	Number of rights granted	Value per right at grant date	Number of rights vested during the year	Vested %	Forfeited %	Max value yet to vest $
Laura Ruffles	2017	2020	200,000	$1.62	-	-	-	324,734
	2016	2019	100,000	$1.26	-	-	-	125,699
	2015	2018	100,000	$1.06	-	-	-	106,274
	2014	2017	75,000	$0.41	75,000	100%	-	-
Steve Fleming	2017	2020	75,000	$1.62	-	-	-	121,775
	2016	2019	75,000	$1.26	-	-	-	94,274
	2015	2018	100,000	$1.06	-	-	-	106,274
	2014	2017	50,000	$0.41	50,000	100%	-	-
Larry Lo	2017	2020	75,000	$1.62	-	-	-	121,775
	2016	2019	75,000	$1.26	-	-	-	94,274
	2015	2018	100,000	$1.06	-	-	-	106,274
	2014	2017	-	-	-	-	-	-
Chris Thelen	2017	2020	75,000	$1.62	-	-	-	121,775
	2016	2019	-	-	-	-	-	-
Debbie Carling	2017	2020	75,000	$1.62	-	-	-	121,775
	2016	2019	40,000	$1.26	-	-	-	50,280

5. Contractual arrangements for Executive KMP

Each Executive KMP member, including the Managing Director, has a formal contract, known as a service agreement. These service agreements are of a continuing nature and have no fixed term of service. There were no changes to the service agreements for Executive KMP in FY17.

The Group requires Executive KMP to provide six months' written notice of their intention to leave CTM. Termination payments are assessed on a case-by-case basis and are capped by law. As is the case for all employees, KMP employment may be terminated immediately by serious misconduct.

Remuneration report (continued)

6. Non-Executive Director Arrangements

In contrast to Executive KMP remuneration, the remuneration of CTM's Non-Executive Directors is not linked to performance, which is consistent with Non-Executive Directors being responsible for objective and independent oversight of the Group.

Non-executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of Non-Executive Directors. The Chairman is not present at any discussions relating to determination of his own remuneration.

Non-Executive Directors have not received any fees other than those described in this section, and do not receive bonuses or any other incentive payments or retirement benefits. Non-Executive Directors are reimbursed for expenses properly incurred in performing their duties as a Director of CTM.

Directors' fees
The current base fees were last increased with effect from 29 September 2014.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum approved amount currently stands at $700,000 (2016: $600,000).

Details of the remuneration of the Non-Executive Directors of the Group are set out in the following table.

Name	Year	Director fees	Super-annuation*	Total
Tony Bellas	**2017**	**120,000**	**11,400**	**131,400**
	2016	124,615	11,838	136,453
Stephen Lonie	**2017**	**100,000**	**9,500**	**109,500**
	2016	103,846	9,865	113,711
Greg Moynihan	**2017**	**100,000**	**9,500**	**109,500**
	2016	103,846	9,865	113,711
Admiral Robert J. Natter	**2017**	**126,688**	**-**	**126,688**
	2016	88,689	-	88,689
Total Non-Executive Director Remuneration	**2017**	**446,688**	**30,400**	**477,088**
	2016	420,996	31,568	452,564

* Superannuation contributions required under the Australian superannuation guarantee legislation are made and are deducted from the Directors' overall fee entitlements.

Remuneration report (continued)

7. Additional required disclosures (continued)

Equity instruments held by key management personnel

The number of ordinary shares held during the financial year by CTM's directors and KMP is set out in the following table:

Ordinary shares	Balance at 30 June 2016	Purchased	Disposed	Received on vesting of rights	Other changes during the year	Balance at 30 June 2017
Non-Executive Directors						
Tony Bellas	232,752	11,084	-	-	-	243,836
Stephen Lonie	242,752	11,560	-	-	-	254,312
Greg Moynihan	242,752	11,560	-	-	-	254,312
Admiral Robert J. Natter	136,000	7,200	-	-	-	143,200
Executive Directors						
Jamie Pherous	21,500,000	150,000	-	-	-	21,650,000
Laura Ruffles	126,923	726	(80,012)	51,054	-	98,691
Other key management personnel of the Group						
Steve Fleming	28,467	642	(15,000)	34,036	-	48,145
Larry Lo	25,000	-	-	-	-	25,000
Debbie Carling	21,307	-	(10,000)	-	-	11,307
Chris Thelen	905,547	-	-	-	-	905,547

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Shares under option
There are currently no unissued ordinary shares of CTM under option. No share options were granted as equity compensation benefits during the financial year (2016: nil).

Other transactions and balances with key management personnel
The portion of contingent consideration payable to Chris Thelen, in relation to the Chambers Travel acquisition, has been transferred to deferred consideration, and is no longer contingent on meeting earn out thresholds. The total balance of $21.3 million is payable, with $8.7 million being payable within 12 months and $12.6 million after 12 months.

The portion of contingent consideration payable to Debbie Carling, in relation to the Chambers Travel acquisition, has also been transferred to deferred consideration, as earn out thresholds have been met as at 30 June 2017. The balance of $0.5 million is payable within 12 months.

Directors of the Group hold other directorships in public corporations, as detailed in the Directors' Report. Where any of these related entities are clients of the Group, the arrangements are on similar terms to other clients.

Insurance of officers and indemnities

An Officers' Deed of Indemnity, Access and Insurance is in place for Directors, the Company Secretaries and some other key executives. The liabilities covered by the insurance include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Company or its controlled entities. Disclosure of premiums paid is prohibited under the insurance contract.

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 the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

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

Non-audit services

The Group may decide to employ the auditor on assignments in addition to its statutory audit duties, where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to PricewaterhouseCoopers, the auditor of the consolidated entity, for audit and non-audit services provided during the year are set out in note 28.

The Board has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of 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 did not compromise the auditor independence requirements of the Corporations Act 2001 as none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

A copy of the auditors' independence declaration, as required under section 307C of the Corporations Act 2001, is appended to this Directors' Report.

Rounding of amounts

The Group is of a kind referred to in Class Order 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 Class Order to the nearest thousand dollars or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Tony Bellas

Mr Tony Bellas
Chairman

Mr Jamie Pherous
Managing Director

Brisbane, 22 August, 2017

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Auditor's Independence Declaration

As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 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 audit; and

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

This declaration is in respect of Corporate Travel Management Limited and the entities it controlled during the period.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
22 August 2017

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Corporate Governance Statement

The Board and management of Corporate Travel Management Limited are committed to achieving and demonstrating the highest standards of corporate governance. Corporate Travel Management Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 corporate governance statement is dated as at 30 June 2017 and reflects the corporate governance practices in place throughout the 2017 financial year. The 2017 corporate governance statement was approved by the Board on 22 August 2017. A description of the Group's current corporate governance practices is set out in the Group's corporate governance statement which can be viewed at www.travelctm.com/resources/investor-relations/corporate-governance/.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenue	2	324,391	260,945
Other income		1,483	3,894
Total revenue and other income		**325,874**	**264,839**
Operating expenses			
Employee benefits		(175,175)	(147,139)
Occupancy		(12,657)	(14,914)
Depreciation and amortisation	6	(16,157)	(10,562)
Information technology and telecommunications		(20,239)	(13,870)
Travel and entertainment		(5,181)	(4,235)
Administrative and general		(15,396)	(14,441)
Total operating expenses		**(244,805)**	**(205,161)**
Finance costs	6	(3,443)	(1,809)
Profit before income tax		**77,626**	**57,869**
Income tax expense	5	(19,788)	(12,126)
Profit for the year		**57,838**	**45,743**
Profit attributable to:			
Owners of Corporate Travel Management Limited		54,556	42,134
Non-controlling interests	24(b)	3,282	3,609
		57,838	**45,743**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(8,639)	(2,635)
Changes in the fair value of cash flow hedges		360	-
Other comprehensive income for the period, net of tax		**(8,279)**	**(2,635)**
Total comprehensive income for the year		**49,559**	**43,108**
Total comprehensive income for the year attributable to:			
Owners of Corporate Travel Management Limited		46,130	38,369
Non-controlling interests		3,429	4,739
		49,559	**43,108**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
- Basic (cents per share)	3	53.5	43.2
- Diluted (cents per share)	3	52.5	42.8

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	79,217	81,178
Trade and other receivables	10	201,210	168,130
Financial assets at fair value		236	12
Other current assets	20	4,226	4,906
Total current assets		**284,889**	**254,226**
Non-current assets			
Plant and equipment	21	5,262	5,426
Intangible assets	8	441,022	308,090
Deferred tax assets	5	8,982	4,263
Total non-current assets		**455,266**	**317,779**
TOTAL ASSETS		**740,155**	**572,005**
LIABILITIES			
Current liabilities			
Trade and other payables	11	233,049	202,720
Borrowings	14	18,122	14,347
Income tax payable		8,238	7,663
Provisions	12	14,512	12,563
Total current liabilities		**273,921**	**237,293**
Non-current liabilities			
Trade and other payables	11	24,868	28,148
Borrowings	14	27,301	22,833
Provisions	12	2,653	4,745
Deferred tax liabilities	5	10,008	5,543
Total non-current liabilities		**64,830**	**61,269**
TOTAL LIABILITIES		**338,751**	**298,562**
NET ASSETS		**401,404**	**273,443**
EQUITY			
Contributed equity	13(a)	281,847	175,231
Reserves	13(b)	13,519	19,645
Retained earnings	13(c)	90,804	63,802
Capital and reserves attributed to owners of the company		**386,170**	**258,678**
Non-controlling interests – equity	24(b)	15,234	14,765
TOTAL EQUITY		**401,404**	**273,443**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Contributed Equity $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 30 June 2015		**161,675**	**40,207**	**21,609**	**223,491**	**12,420**	**235,911**
Profit for the period as reported in 2016 financial statements		-	42,134	-	42,134	3,609	45,743
Other comprehensive income (net of tax)		-	-	(3,765)	(3,765)	1,130	(2,635)
Total comprehensive income for the year		**-**	**42,134**	**(3,765)**	**38,369**	**4,739**	**43,108**
Transactions with owners in their capacity as owners:							
Shares issued	13(a)	13,556	-	-	13,556	-	13,556
Dividends paid	4	-	(18,539)	-	(18,539)	(2,394)	(20,933)
Share based payments		-	-	1,801	1,801	-	1,801
		13,556	**(18,539)**	**1,801**	**(3,182)**	**(2,394)**	**(5,576)**
Balance at 30 June 2016		**175,231**	**63,802**	**19,645**	**258,678**	**14,765**	**273,443**
Profit for the period as reported in 2017 financial statements		-	54,556	-	54,556	3,282	57,838
Other comprehensive income (net of tax)		-	-	(8,426)	(8,426)	147	(8,279)
Total comprehensive income for the year		**-**	**54,556**	**(8,426)**	**46,130**	**3,429**	**49,559**
Transactions with owners in their capacity as owners:							
Shares issued	13(a)	106,616	-	-	106,616	-	106,616
Dividends paid	4	-	(27,554)	-	(27,554)	(2,960)	(30,514)
Share based payments		-	-	2,300	2,300	-	2,300
		106,616	**(27,554)**	**2,300**	**81,362**	**(2,960)**	**78,402**
Balance at 30 June 2017		**281,847**	**90,804**	**13,519**	**386,170**	**15,234**	**401,404**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		334,806	255,159
Payments to suppliers and employees (inclusive of GST)		(242,836)	(171,228)
Transaction costs relating to acquisition of subsidiary		(771)	(383)
Interest received		197	155
Finance costs		(2,160)	(1,294)
Income tax paid		(19,958)	(12,199)
Net cash flows from operating activities	9	**69,278**	**70,210**
Cash flows from investing activities			
Payment for plant and equipment	21	(1,316)	(4,295)
Payment for intangibles	8	(12,634)	(3,903)
Proceeds from sale of plant and equipment		1	16
Proceeds from sale of financial assets		12	5
Purchase of controlled entities, contingent consideration		(34,308)	(14,890)
Purchase of controlled entities, net of cash acquired	7	(69,418)	(27,031)
Proceeds from sale of controlled entities		394	-
Net cash flows from investing activities		**(117,269)**	**(50,098)**
Cash flows from financing activities			
Proceeds from issue of new shares	13	72,181	-
Share issue transaction costs		(2,003)	(32)
Proceeds from borrowings		57,134	75,571
Repayments of borrowings		(48,039)	(36,262)
Dividends paid to company's shareholders	4	(27,554)	(18,539)
Dividends paid to non-controlling interests in subsidiaries		(2,960)	(2,444)
Net cash flows from financing activities		**48,759**	**18,294**
Net increase / (decrease) in cash and cash equivalents		768	38,406
Effects of exchange rate changes on cash and cash equivalents		(2,729)	2,109
Cash and cash equivalents at beginning of year		81,178	40,663
Cash and cash equivalents at end of year	9	**79,217**	**81,178**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

This section explains the results and performance of the Group. It provides a breakdown of those individual line items in the financial statements, that the Directors consider most relevant in the context of the operations of the Group, or where there have been significant changes that required specific explanations. It also provides detail on how the performance of the Group has translated into returns to shareholders.

This section explains significant aspects of the Group structure and how changes have affected the financial position and performance of the Group.

A core part of the Group's operations is to maintain a strong financial position and low levels of external debt. This section explains how the Group has performed in areas relating to capital management.

This section discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance, and what the Group does to manage these risks.

This section provides information about items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance.

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however are not considered critical in understanding the financial performance of the Group.

Basis of preparation

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of Corporate Travel Management Limited and its controlled entities ("CTM" or "the Group").

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power to direct the activities of the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

b) Foreign currency translation

(i) Functional and presentation currency

Items included in each of the Group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction dates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss in the Consolidated Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss in the Consolidated Statement of Comprehensive Income as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in other comprehensive income.

(iii) Foreign operations

The results and financial position of all the foreign operations that have functional currencies different to the presentation currencies are translated into the presentation currency as follows:

- Assets and liabilities for each Consolidated Statement of Financial Position item presented are translated at the closing rate at the date of that statement;
- Income and expenses for each profit and loss item in the Consolidated Statement of Comprehensive Income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of any net investment in foreign operations and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the profit and loss in the Consolidated Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as the foreign operations' assets and liabilities and translated at the closing rate.

Critical estimates, assumptions and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are considered to be reasonable under the circumstances.

In the process of applying the Group's accounting policies, management is required to exercise judgement. Those judgements involving estimations that may have an effect on the amounts recognised in the financial statements.

The Group makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in this report, as follows:

- Value of intangible assets relating to acquisitions
    - Refer note 7 – Business combinations.

- Impairment of goodwill
    - Refer note 15 – Impairment testing of goodwill.

- Contingent consideration
    - Refer note 7 – Business Combinations.
    - Refer note 11 – Trade and Other Payables.
    - Refer note 22 – Fair Value Measurement.

- Allowance for doubtful debts
    - Refer note 10 – Trade and other receivables.

- Override revenue
    - Refer note 2 – Revenue.

Notes to the Consolidated Financial Statements: Performance

This section explains the results and performance of the Group. It provides a breakdown of those individual line items in the financial statements, that the Directors consider most relevant in the context of the operations of the Group, or where there have been significant changes that required specific explanations. It also provides detail on how the performance of the Group has translated into returns to shareholders.

1. Segment reporting

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers who assess performance and determine resource allocation.

The Chief Operating Decision Makers ("CODM") are Managing Director Jamie Pherous (MD), Global Chief Financial Officer Steve Fleming (CFO) and Global Chief Operating Officer Laura Ruffles (COO).

The CODM considers, organises and manages the business from a geographic perspective. The CODM has identified four operating segments being Travel Services Australia and New Zealand, Travel Services North America, Travel Services Asia, and Travel Services Europe. There are currently no non-reportable segments.

(b) Segment information provided to the Chief Operating Decision Makers

The CODM assess the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of the costs of acquisitions and any acquisition related adjustments during the year.

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2017 is as follows:

2017	Travel services Australia and New Zealand $'000	Travel services North America $'000	Travel services Asia $'000	Travel services Europe $'000	Other* $'000	Total $'000
Total revenue from external parties	**91,502**	**126,647**	**56,700**	**49,238**	**304**	**324,391**
Adjusted EBITDA	**36,328**	**35,883**	**18,064**	**18,364**	**(10,024)**	**98,615**
Interest revenue						197
Interest expense						3,443
Depreciation						1,883
Amortisation						14,274
Income tax expense						19,788
Total segment assets	**110,265**	**248,171**	**144,012**	**226,294**	**11,413**	**740,155**
Total assets include:						
Non-current assets						
- Plant and equipment	2,705	760	455	1,342	-	5,262
- Intangibles	55,745	194,482	37,947	148,834	4,014	441,022
Total segment liabilities	**44,289**	**61,575**	**77,319**	**65,534**	**90,034**	**338,751**

* The other segment includes the Group support service, created to support the operating segments and growth of the global business.

1. Segment reporting (continued)

(b) Segment information provided to the Chief Operating Decision Makers (continued)

2016	Travel services Australia and New Zealand $'000	Travel services North America $'000	Travel services Asia $'000	Travel services Europe $'000	Other* $'000	Total $'000
Total revenue from external parties	**76,876**	**77,256**	**69,119**	**37,230**	**464**	**260,945**
Adjusted EBITDA	**28,266**	**21,212**	**21,256**	**6,117**	**(7,821)**	**69,030**
Interest revenue						155
Interest expense						1,809
Depreciation						2,732
Amortisation						7,830
Income tax expense						12,126
Total segment assets	**101,374**	**209,033**	**168,529**	**90,694**	**517**	**570,147**
Total assets include:						
Non-current assets						
- Plant and equipment	2,729	655	845	1,197	-	5,426
- Intangibles	47,303	152,078	41,047	67,662	-	308,090
Total segment liabilities	**32,665**	**106,760**	**100,444**	**18,282**	**40,411**	**298,562**

(c) Other segment information

(i) Adjusted EBITDA

The reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	2017 $'000	2016 $'000
Adjusted EBITDA	98,615	69,030
Interest revenue	197	155
Finance costs	(3,443)	(1,809)
Depreciation	(1,883)	(2,732)
Amortisation	(14,274)	(7,830)
One off items		
Release of earn out payable	-	2,505
Gain on sale of subsidiary	912	-
Acquisition / non-recurring costs	(2,498)	(1,450)
Profit before income tax from continuing operations	**77,626**	**57,869**

1. Segment reporting (continued)

Accounting policy

AASB 8 Operating Segments requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Makers. The CODM has been identified as a group of executives, which is the steering committee that makes strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level.

2. Revenue

	2017 $'000	2016 $'000
Revenue from the sale of travel services	**323,190**	**259,738**
Revenue from other sources		
Rental income	133	156
Interest	197	155
Other revenue	871	896
	1,201	**1,207**
Total revenue	**324,391**	**260,945**

Accounting policy

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria set out are met. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- *Revenue from sale of travel services*
  Revenue from sale of travel services represents net revenue earned via commissions and fees, and also includes any commission payable by suppliers after completion of the transaction. Commission and fees from the sale of travel services is recognised when a travel booking is received and travel documents are issued. Commission payable by suppliers includes PDC's, which is recognised upon receipt, the point at which it can be reliably measured, and it is probable that future economic benefits will flow to the entity.

  Revenue relating to volume incentives (override revenue) is recognised at the amount receivable when annual targets are likely to be achieved.

- *Rental income*
  Rental income is recognised when the right to receive revenue is established.

- *Interest revenue*
  Interest income is recognised using the effective interest method.

2. Revenue (continued)

Accounting policy (continued)

- *Dividends*
  Revenue is recognised when the Group's right to receive the payment is established.

- *Other revenue*
  Other revenue is recognised when the right to receive the revenue is established.

Critical estimates, assumptions and judgements

- *Override revenue*
  In addition to commission payments, the Group is eligible for override payments from its suppliers. These overrides are negotiated with individual suppliers and will typically include a combination of guaranteed payments and volume incentives. The volume incentives are recognised at the amount receivable when annual targets are likely to be achieved. The override revenue accrual process is inherently judgemental and is impacted by factors which are not completely under Group's control. These factors include:

  - *Year-end differences*
    As supplier contract periods do not always correspond to the Group's financial year, judgements and estimation techniques are required to determine anticipated future flown revenues over the remaining

    .

  - *Timing*
    Where contracts have not been finalised before the start of the contract period, override and commission earnings may have to be estimated until agreement has been reached.

  - *Re-negotiations*
    Periodic re-negotiation of terms and contractual arrangements with suppliers may result in additional volume incentives, rebates or other bonuses being received. These payments may not be specified in existing contracts.

3. Earnings per share

The following information reflects the income and share data used in the basic and diluted earnings per share computations:

	2017 $'000	2016 $'000
Net profit attributable to ordinary equity holders of Corporate Travel Management Limited	54,556	42,134

	2017 Shares	2016 Shares
Weighted average number of ordinary shares used as a denominator in calculating basic earnings per share	101,929,958	97,578,403
Adjustments for calculation of diluted earnings per share:		
Share appreciation rights (i)	1,489,362	831,607
Deferred shares on acquisitions (ii)	567,661	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	103,986,981	98,410,010

3. Earnings per share (continued)

(i) Share appreciation rights

Share Appreciation Rights (SARs) are considered to be potential ordinary shares. They have been included in the determination of diluted earnings per share if the required hurdles would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 23.

(ii) Deferred shares

Deferred shares on acquisitions relates to shares offered as part of the contingent consideration payable component of a business combination. They have been included in the determination of diluted earnings per share if the required hurdles would have been met based on the Group's performance up to the reporting date, and to the extent to which they are dilutive. The deferred shares have not been included in the determination of basic earnings per share.

Accounting policy

Basic earnings per share are calculated as net profit attributable to owners of the Group, adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number or ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit attributable to members of the parent, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element, and adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the conversion into potential ordinary shares.

4. Dividends paid and proposed

Ordinary shares	**2017 $'000**	**2016 $'000**
Final franked dividend paid for the year ended 30 June 2016 of 15.0 cents (2015: 10.0 cents) per fully paid share	14,928	9,712
Interim franked dividend for the year ended 30 June 2017 of 12.0 cents (2016: 9.0 cents) per fully paid share	12,626	8,827
	27,554	**18,539**
Approved by the Board of Directors on 22 August 2017 (not recognised as a liability as at 30 June 2017)		
Final franked dividend for the year ended 30 June 2017 of 18 cents (2016: 15 cents) per fully paid share	**18,940^**	**14,712***

^ This dividend does not include shares issued on 22 August 2017, pursuant to the CTM Share Appreciation Rights Plan. Refer note 23.

* This dividend does not include shares issued post balance sheet date as part of the initial consideration for the acquisition of Travizon Travel.

The final dividend recommended after 30 June 2017 will be fully franked out of existing franking credits, or out of franking credits arising from the payment of income tax in the year ending 30 June 2018.

4. Dividends paid and proposed (continued)

Franking credit balance	2017 $'000	2016 $'000
Franking credits available for subsequent reporting periods based on a tax rate of 30% (2016: 30%)	**6,881**	**7,088**

The above amounts are calculated from the balance of the franking account as at the end of the reporting period, adjusted for franking credits and debits that will arise from the settlement of liabilities or receivables for income tax and dividends after the end of the year.

Accounting policy

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance dates. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

5. Income tax expense

Income tax expense	2017 $'000	2016 $'000
Current income tax		
Current tax on profits for the year	19,633	17,526
Adjustments for current tax of prior periods	(619)	(498)
Deferred income tax		
(Increase) decrease in deferred tax assets	726	(1,652)
Increase (decrease) in deferred tax liabilities	48	(3,250)
Income tax expense	**19,788**	**12,126**
Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting profit before income tax	77,626	57,869
Tax at the Australian tax rate of 30% (2016: 30%)	23,288	17,361
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible amounts	447	206
Other amounts	(481)	913
	(34)	**1,119**
Recognition of temporary differences previously not brought to account	344	(844)
Derecognition of temporary differences previously brought to account	-	(2,744)
Difference in overseas tax rates	(3,192)	(2,309)
Adjustments for current tax of prior periods	(619)	(498)
Research and development tax credit	(45)	(60)
Unrecognised tax losses	46	101
	(3,466)	**(6,354)**
Income tax expense	**19,788**	**12,126**

5. Income tax expense (continued)

Deferred income tax	2017 $'000	2016 $'000
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Provisions	6,087	7,348
Employee benefits	6,779	2,244
Other	30	163
	12,896	**9,755**
Set off against deferred tax liabilities	(3,914)	(5,492)
Net deferred tax assets	**8,982**	**4,263**
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Depreciation / amortisation	10,409	8,297
Accrued income	2,581	1,345
Other	932	1,393
	13,922	**11,035**
Set off against deferred tax assets	(3,914)	(5,492)
Net deferred tax liabilities	**10,008**	**5,543**

Deferred tax assets	At 1 July $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	Sale of an entity $'000	Change in FX rates $'000	At 30 June $'000
2017							
Provisions	7,348	(1,130)	(7)	20	(32)	(112)	6,087
Employee benefits	2,244	404	4,131	-	-	-	6,779
Other	163	-	-	-	(132)	(1)	30
	9,755	**(726)**	**4,124**	**20**	**(164)**	**(113)**	**12,896**
2016							
Provisions	3,561	1,282	(156)	2,625	-	36	7,348
Employee benefits	154	233	1,857	-	-	-	2,244
Other	30	137	-	-	-	(4)	163
	3,745	**1,652**	**1,701**	**2,625**	**-**	**32**	**9,755**

During the period, an adjustment has been made to the opening balance of the deferred tax asset to reflect the future income tax deduction relating to vesting of Share Appreciation Rights. This has resulted in an adjustment of $1,857,000 to the deferred tax asset and share based payments reserve.

5. Income tax expense (continued)

Deferred tax liabilities	At 1 July $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	Sale of an entity $'000	Change in FX rates $'000	At 30 June $'000
2017							
Depreciation / amortisation	8,297	(1,238)	-	3,566	-	(216)	10,409
Accrued income	1,345	1,286	-		-	(50)	2,581
Other	1,393	-	(461)	-	-	-	932
	11,035	**48**	**(461)**	**3,566**	**-**	**(266)**	**13,922**
2016							
Depreciation / amortisation	4,269	672	-	3,298	-	58	8,297
Accrued income	5,241	(3,922)	-	-	-	26	1,345
Other	979	-	431	-	-	(17)	1,393
	10,489	**(3,250)**	**431**	**3,298**	**-**	**67**	**11,035**

Accounting policy

Tax consolidation

Corporate Travel Management Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2008. Corporate Travel Management Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement in order to enable Corporate Travel Management Limited to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities amongst the entities should the head entity default on its tax payment obligations.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group in accordance with their accounting profit for the period, while deferred taxes are allocated to members of the tax consolidated group in accordance with the principles of AASB 112 Income Taxes. Allocations under the tax funding agreement are made at the end of each quarter.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Corporate Travel Management Limited.

The income tax expense (or revenue) for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

5. Income tax expense (continued)

Accounting policy (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using tax rates and laws that have been enacted, or substantially enacted, by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Other taxes
Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

6. Expenses

Profit before income tax includes the following specific expenses:	2017 $'000	2016 $'000
Depreciation and amortisation		
Depreciation of non-current assets – plant and equipment note 21	1,883	2,732
Amortisation of client contracts and relationships – intangibles note 8	11,100	6,483
Amortisation of software – intangibles note 8	2,949	1,338
Amortisation of other intangible assets – intangibles note 8	225	9
	16,157	**10,562**
Finance costs		
Bank loans	1,542	689
Other interest	1,901	1,120
	3,443	**1,809**
Other expense disclosures		
Defined contribution superannuation expense	5,730	3,589
Rental expense relating to operating leases	9,536	11,269

Accounting policy

Depreciation expense

Depreciation is calculated over plant and equipment using the following estimated useful lives and methods:

Item	Years	Method
Plant and equipment:		
Leasehold improvements	3 - 8	Straight line
Computer hardware	2.5 - 3	Straight line
Furniture, fixture and equipment	4 - 10	Diminishing value or straight line

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted, if appropriate, at each financial year end.

Amortisation expense
The useful lives of these intangible assets are assessed to be finite.

A summary of the amortisation policies applied to the Group's intangible assets is as follows:

Item	Method	Internally generated / acquired
Client contracts and relationships	Diminishing value - ranging between three and seventeen years	Acquired
Software	Straight line - ranging between three and five years	Acquired/ Internally generated
Other intangible assets	Straight line - ten years	Acquired

Where amortisation is charged on assets with finite lives, this expense is taken to the profit and loss in the Consolidated Statement of Comprehensive Income in the expense category 'depreciation and amortisation'.

Finance costs
This expense is recognised as interest accrues, using the effective interest method. This method calculates the amortised cost of a financial liability and allocates the interest expense over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount of the financial liability.

This section explains significant aspects of the Group structure and how changes have affected the financial position and performance of the Group.

7. Business combinations

Arizonaco Limited and Portall Travel Limited trading as Redfern Travel ("Redfern")

On 1 February 2017, the Group acquired 100% of the shares of Arizonaco Limited and Portall Travel Limited, trading as Redfern Travel ("Redfern"), a travel management company headquartered in Bradford, UK. The initial cost of the acquisition was $68,397,525 (GBP 41,161,631), paid in both cash $53,173,812 (GBP 32,000,000) and shares $15,223,713 (GBP 9,161,631), with further contingent consideration payable as set out in this note.

The potential undiscounted amounts of future payments that the Group could be required to make, in cash, based on the financial criteria relating to the earn-out period, is as follows:

- Earnout A is payable based on a multiple of earnings before interest, tax, depreciation and amortisation (EBITDA) for the year ending 31 March 2017, with the maximum payment being a capped value of $8,308,408 (GBP 5,000,000);
- Earnout B is payable based on a multiple of EBITDA for the year ending 30 June 2018, and the amount is dependent upon meeting certain revenue and EBITDA targets, with the maximum payment being a capped value of $8,308,408 (GBP 5,000,000).

At the acquisition date, the projected result for the earn-out periods was assessed to determine the acquisition date fair value of this contingent consideration, as set out in the following table.

Purchase consideration	$'000
Initial cash and shares paid *	68,398
Acquisition date fair value contingent consideration – earn-out **	16,098
Working capital adjustment	2,900
Total acquisition date fair value consideration	**87,396**

* 53,173,812 (GBP 32,000,000) in cash and $15,233,713 (GBP 9,161,631) in shares paid on 1 February 2017.

** The contingent consideration has been recognised in the Statement of Financial Position within the Trade and other payables classification. Management has not changed its expectation of contingent consideration payable. Earnout A was paid on 3 July 2017.

The provisional fair values of the assets and liabilities of the Redfern Travel business, acquired as at the date of acquisition, are as follows:

	Fair Value $'000
Cash and cash equivalents	3,798
Trade and other receivables	35,513
Other assets	2,062
Property, plant and equipment	557
Intangible assets: Client contracts and relationships	16,169
Intangible assets: Software	665
Trade and other payables	(36,890)
Provisions	(31)
Income tax payable	(868)
Deferred tax liability	(3,441)
Net identifiable assets / (liabilities) acquired	**17,534**
Goodwill on acquisition	69,862
Net assets acquired	**87,396**

7. Business combinations (continued)

Arizonaco Limited and Portall Travel Limited trading as Redfern Travel ("Redfern") (continued)

The consideration payable for the combination effectively includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of the acquiree, which has resulted in goodwill of $69,862,477 (GBP42,043,238). The full value of the goodwill and client intangibles is not expected to be tax deductible for tax purposes.

Acquisition costs
Acquisition-related costs of $750,847 are included in administrative and general expenses in the Statement of Comprehensive Income.

Acquired receivables
The fair value of the acquired trade receivables is $35,513,286 (GBP 21,371,896). The gross contractual amount for trade receivables due is $35,513,286 (GBP 21,371,896), of which no balances are expected to be uncollectable.

Revenue and profit contribution
The acquired business contributed revenues of $12,470,624 (GBP 7,493,048) and net profit after tax of $6,012,544 (GBP 3,616,565) to the Group for the period 1 February 2017 to 30 June 2017. If the acquisition had occurred on 1 July 2016, consolidated revenue and profit for the year ended 30 June 2017 would have been $337,669,537 and $64,751,793 respectively.

Purchase consideration - cash outflow:
Outflow of cash to acquire subsidiary, net of cash acquired:

Purchase consideration	$'000
Initial cash consideration	53,174
Working capital adjustment paid	1,691
Less: cash balances acquired	(3,798)
Outflow of cash – investing activities	**51,067**

Andrew Jones Travel Pty Ltd trading as Andrew Jones Travel

On 1 February 2017, the Group acquired 100% of the shares of Andrew Jones Travel Pty Ltd, trading as Andrew Jones Travel, a travel management company headquartered in Tasmania, Australia. The initial cost of the acquisition was $5,770,305, paid in both cash $4,625,000 and shares $1,145,305.

The provisional fair values of the assets and liabilities of the Andrew Jones Travel business, acquired as at the date of acquisition, are as follows:

	Fair Value $'000
Cash and cash equivalents	690
Trade and other receivables	1,035
Other assets	3
Property, plant and equipment	287
Intangible assets: Client contracts and relationships	415
Trade and other payables	(1,251)
Notes payable	(26)
Provisions	(227)
Income tax receivable	45
Deferred tax liability	(125)
Net identifiable assets / (liabilities) acquired	**846**
Goodwill on acquisition	4,986
Net assets acquired	**5,832**

7. Business combinations (continued)

Andrew Jones Travel Pty Ltd trading as Andrew Jones Travel (continued)

Purchase consideration	$'000
Initial cash and shares paid *	5,770
Working capital adjustment	62
Total acquisition date fair value consideration	**5,832**

* $4,625,000 in cash and $1,145,305 in shares paid on 1 February 2017.

The consideration paid for the combination effectively includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of the acquiree, which has resulted in goodwill of $4,986,249. The full value of the goodwill and client intangibles is not expected to be tax deductible for tax purposes.

Acquisition costs
Acquisition-related costs of $50,500 are included in administrative and general expenses in the Statement of Comprehensive Income.

Acquired receivables
The fair value of the acquired trade receivables is $1,034,808. The gross contractual amount for trade receivables due is $1,034,808, of which no balances are expected to be uncollectable.

Revenue and profit contribution
The acquired business contributed revenues of $2,304,832 and net profit after tax of $597,170 to the Group for the period 1 February 2017 to 30 June 2017. If the acquisition had occurred on 1 July 2016, consolidated revenue and profit for the year ended 30 June 2017 would have been $326,683,756 and $58,216,353 respectively.

Purchase consideration - cash outflow:
Outflow of cash to acquire subsidiary, net of cash acquired:

Purchase consideration	$'000
Cash consideration	4,625
Less: cash balances acquired	(690)
Outflow of cash – investing activities	**3,935**

Travizon, Inc., All Performance Associates, Inc., and Business Travel, Inc., trading as Travizon Travel (Travizon)

On 1 July 2016, the Group acquired 100% of the shares of Travizon, Inc., All Performance Associates, Inc., and Business Travel, Inc., trading as Travizon Travel (Travizon), a travel management company headquartered in Boston MA, USA. The initial cost of the acquisition was $31,867,698 (US $23,773,302), paid in both cash $14,075,067 (US $10,500,000) and shares $17,792,631 (US $13,273,302), with further deferred consideration payable on 29 September 2017, as set out in this note.

Purchase consideration	$'000
Initial cash and shares paid*	31,868
Deferred consideration payable	20,107
Working capital adjustment	2,488
Total acquisition date fair value consideration	**54,463**

* $14,075,067 (US $10,500,000) in cash and $17,792,631 (US $13,273,302) in shares paid on 1 July 2016.

7. Business combinations (continued)

Travizon, Inc., All Performance Associates, Inc., and Business Travel, Inc., trading as Travizon Travel (Travizon) (continued)

The final fair values of the assets and liabilities of the Travizon Travel business, acquired as at the date of acquisition, are as follows:

	Fair Value $'000
Cash and cash equivalents	5,205
Trade and other receivables	4,482
Other assets	203
Property, plant and equipment	45
Intangible assets: Client contracts and relationships	4,958
Deferred tax asset	20
Trade and other payables	(4,313)
Provisions	(227)
Notes payable	(2,682)
Income tax payable	(280)
Net identifiable assets / (liabilities) acquired	**7,411**
Goodwill on acquisition	47,052
Net assets acquired	**54,463**

The consideration payable for the combination effectively includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of the acquiree, which has resulted in goodwill of $47,051,916 (US$35,100,729). The full value of the goodwill and client intangibles is expected to be tax deductible for USA tax purposes.

Acquired receivables
The fair value of the acquired trade receivables is $4,481,709 (US $3,343,355). The gross contractual amount for trade receivables due is $4,481,709 (US $3,343,355), of which no balances are expected to be uncollectable.

Revenue and profit contribution
The acquired business contributed revenues of $28,385,779 (US $21,435,486) and net profit after tax of $4,828,421 (US $3,646,176) to the Group for the period 1 July 2016 to 30 June 2017.

Purchase consideration – cash outflow:
Outflow of cash to acquire subsidiary, net of cash acquired:

Purchase consideration	**$'000**
Initial cash consideration	14,075
Working capital adjustment paid	1,434
Less: cash balances acquired	(5,205)
Outflow of cash – investing activities	**10,304**

7. Business combinations (continued)

Prior period business combinations

On 1 January 2016, the Group acquired 100% of the shares of SARA Enterprises, Inc., trading as Montrose Travel (Montrose). The accounting for the business combination for the Montrose acquisition has been finalised as at 31 December 2016. This finalisation included an additional $1.4 million being recognised relating to the acquisition payable, which has contributed to an increase in goodwill for same amount. No other measurement period adjustments have been made. During the period $2.6 million was paid relating to the working capital adjustment, which is included in outflow of cash from investing activities on the Consolidated Statement of Cash Flows.

Accounting policy

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is measured as the fair value of the assets acquired, shares issued or liabilities incurred or assumed at the date of exchange, and, for acquisitions prior to 1 July 2009, included costs directly attributable to the combination. For acquisitions after 1 July 2009, acquisition-related costs are expensed in the period in which the costs are incurred, rather than being added to the cost of the business combination, as required by revised AASB 3 Business Combinations.

Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

With limited exceptions, all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred of the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the profit and loss in the Consolidated Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value, as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in other income or other expenses in the Consolidated Statement of Comprehensive Income. Any subsequent adjustment to the final contingent consideration, based on actual results as at 30 June 2017, will be reflected in the Statement of Comprehensive Income.

The Group recognises any non-controlling interest, in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests’ proportionate share of the acquired entity’s net identifiable assets.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Consolidated Statement of Changes in Equity.

Critical estimates, assumptions and judgements

- *Value of intangible assets relating to acquisitions*
  The Group has allocated portions of the cost of acquisitions to client contracts and relationships intangibles, valued using the multi-period excess earnings method. These calculations require the use of assumptions including future customer retention rates and cash flows.

8. Intangible assets

	Client contracts and relationships $'000	Software $'000	Goodwill $'000	Other Intangible assets $'000	Total $'000
Year ended 30 June 2017					
Cost	52,970	21,664	393,551	4,513	472,698
Accumulated depreciation	(23,559)	(7,447)	(313)	(357)	(31,676)
	29,411	**14,217**	**393,238**	**4,156**	**441,022**
Opening net book amount	19,448	8,391	280,107	144	308,090
Additions	-	8,318	-	4,316	12,634
Additions through the acquisition of entities/businesses [note 7]	21,542	665	123,818	-	146,025
Disposals through sale of an entity	-	(15)	(367)	-	(382)
Amortisation charge	(11,100)	(2,949)	-	(225)	(14,274)
Exchange differences	(479)	(193)	(10,320)	(79)	(11,071)
Closing net book amount	**29,411**	**14,217**	**393,238**	**4,156**	**441,022**
Year ended 30 June 2016					
Cost	32,590	12,366	280,425	283	325,664
Accumulated depreciation	(13,142)	(3,975)	(318)	(139)	(17,574)
	19,448	**8,391**	**280,107**	**144**	**308,090**
Opening net book amount	19,503	2,753	215,555	114	237,925
Additions	-	4,389	-	39	4,428
Additions through the acquisition of entities/businesses	6,144	2,755	72,029	-	80,928
Disposals	-	(32)	-	-	(32)
Amortisation charge	(6,483)	(1,338)	-	(9)	(7,830)
Exchange differences	284	(136)	(7,477)	-	(7,329)
Closing net book amount	**19,448**	**8,391**	**280,107**	**144**	**308,090**

Customer contracts

The customer contracts were acquired as part of a business combination (see note 7 for details). They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

Accounting policy

Acquired from a business combination

Intangible assets from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

Software acquired not as part of a business combination

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss in the Consolidated Statement of Comprehensive Income when the asset is derecognised.

8. Intangible assets (continued)

Accounting policy (continued)

Software developed or acquired not as part of a business combination (continued)
For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are then written down to their recoverable amount.

Intangible assets are tested for impairment where an indicator of impairment exists, and, in the case of indefinite life intangibles, annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Goodwill
Goodwill acquired on a business combination is initially measured at cost, being the excess of the consideration transferred for the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is reviewed for impairment, annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired (refer note 15).

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units that are expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Disposed goodwill in this circumstance is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Notes to the Consolidated Financial Statements: Capital

A core part of the Group's operations is to maintain a strong financial position and low levels of external debt. This section explains how the Group has performed in areas relating to capital management.

9. Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	49,192	47,346
Client accounts	30,025	33,832
	79,217	**81,178**

Cash at bank earns interest at floating rates based on daily bank deposit rates: 2017: 0.00%-1.95% (2016: 0.00%-2.20%). The client accounts earn interest at floating rates based on daily bank deposit rates: 2017: 0.00%-1.30% (2016: 0.00%-1.55%). The weighted average interest rate for the year was 0.24% (2016: 0.26%).

No bank overdraft facilities were in place at 30 June 2017, refer note 14.

Accounting policy

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and on hand and short-term deposits, with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Client cash represents amounts from clients held before release to service and product suppliers, with a maturity of three months or less.

For the purpose of the Consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined, net of outstanding bank overdrafts.

Reconciliation of profit after income tax to net cash inflow from operating activities	2017 $'000	2016 $'000
Profit for the year	57,838	45,743
Adjustments for:		
Depreciation and amortisation	16,160	10,562
Make-good provision accretion	4	4
Net exchange differences	73	739
Non-cash interest	1,274	514
Non-cash employee benefits expense	1,366	778
Non-cash release of earn out payable	-	(2,505)
Net (gain) /loss on sale of subsidiary	(912)	-
Net gain/(loss) on disposal of non-current assets	(2)	5
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(2,433)	(2,863)
(Increase) in prepayments	928	(1,377)
(Decrease) in deferred tax balances	841	(2,670)
Decrease in current tax liability / (receivable)	(1,198)	2,916
Increase in payables and provisions	(4,661)	18,364
Net cash flow from operating activities	**69,278**	**70,210**
Disclosure of financing facilities – refer note 14		

10. Trade and other receivables

	2017 $'000	2016 $'000
Current		
Trade receivables (i)	30,775	23,083
Client receivables (i)	158,146	129,848
Allowance for doubtful debts	(2,141)	(1,586)
	186,780	**151,345**
Deposits (ii)	13,125	14,872
Other receivables	1,305	1,913
	201,210	**168,130**

(i) Trade and client receivables are non-interest bearing and are generally on terms ranging from 7 to 30 days.
(ii) Deposits relate to advance deposits to suppliers and deposits made on behalf of clients for leisure travel which will occur at a future date. Supplier deposits within the Westminster Travel business pertains to securing access during high sales periods, which is the business practise in Hong Kong.

As of 30 June 2017, trade and client receivables of $24,605,000 (2016: $28,808,000) were past due but not impaired. Operating units are following up on these receivables with the relevant debtors and are satisfied that payment will be received in full.

	2017 $'000	2016 $'000
The ageing analysis of these trade and client receivables is as follows:		
0 – 31 days	16,463	21,997
31 – 60 days	4,338	3,426
60+ days	3,804	3,385
Balance at 30 June	**24,605**	**28,808**

Other balances within trade, client and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Detail regarding risk exposure relating to credit, market and interest rate risk have been disclosed in note 16.

Fair value
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

Accounting policy

Trade and client receivables, which generally have 7-30 day terms, are recognised initially at fair value and, subsequently, measured at amortised cost using the effective interest method, less an allowance for impairment.

Client receivables result from the provision of travel services to clients. Trade receivables result from other activities relating to the provision of travel services, such as commissions payable by suppliers.

Collectability of trade and client receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

10. Trade and other receivables (continued)

Accounting policy (continued)

The amount of the impairment loss is recognised in the profit and loss in the Consolidated Statement of Comprehensive Income within administration 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 administration expenses in the profit and loss in the Consolidated Statement of Comprehensive Income.

Critical estimates, assumptions and judgements

- *Allowance for doubtful debts*
  The Group determines whether client and trade receivables are collectable on an ongoing basis. This assessment requires estimations of the individual recoverability of each debt and, if considered uncollectable, is subject to an impairment provision.

11. Trade and other payables

	2017 $'000	2016 $'000
Current		
Trade payables (i)	13,156	4,741
Client payables (i)	148,703	134,689
Other payables and accruals (ii)	26,247	24,036
Acquisition payable (iii)	44,943	3,999
Contingent consideration payable (note 22)	-	35,255
	233,049	**202,720**
Non-current		
Other payables and accruals	4,112	1,393
Acquisition payable (iii)	12,596	-
Contingent consideration payable (note 22)	8,160	26,755
	24,868	**28,148**

(i) Trade payables and client payables are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.
(ii) Included within other payables and accruals are amounts due to related parties.
(iii)This balance represents amounts payable relating to business combinations which are no longer contingent on performance hurdles.

Fair value
The carrying value of these payables is assumed to approximate their fair value.

Interest rate risk and liquidity risk
Information regarding interest rate risk and liquidity risk exposure is set out in note 16.

Accounting policy

Trade and other payables and client payables are carried at original invoice amount and represent liabilities for goods and services provided to the Group to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are paid within terms ranging from 7 to 30 days from recognition. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Client payables result from provision of travel services and products to clients. Trade payables result from other activities required to provide those travel services, such as corporate services.

12. Provisions

Movements in provisions	Employee entitlements $'000	Make-good provision $'000	Provisions for other liabilities and charges $'000	Total $'000
At 1 July 2016	**5,063**	**845**	**11,400**	**17,308**
Acquisition of subsidiary	485	-	-	485
Arising during the year	6,572	16	35,993	42,581
Utilised	(6,317)	(65)	(33,611)	(39,993)
Write back of provision	(66)	-	(2,407)	(2,473)
Disposal through sale of an entity	(13)	(138)	(52)	(203)
Changes due to change in foreign currency	(89)	(20)	(431)	(540)
At 30 June 2017	**5,635**	**638**	**10,892**	**17,165**
2017				
Current	4,263	157	10,092	14,512
Non-current	1,372	481	800	2,653
	5,635	**638**	**10,892**	**17,165**
2016				
Current	3,567	128	8,868	12,563
Non-current	1,496	717	2,532	4,745
	5,063	**845**	**11,400**	**17,308**

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Where the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit and loss in the Consolidated Statement of Comprehensive Income, net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

12. Provisions (continued)

Accounting policy (continued)

Employee benefits
(i) Short term obligations
Liabilities for wages and salaries including non-monetary benefits, expected to be settled within 12 months of the reporting period, are recognised in other payables and accruals in respect of employees' services up to the reporting date. Liabilities for annual leave and accumulated sick leave, expected to be settled within 12 months of the reporting period, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulated sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Other long term obligations
Liabilities for long service leave are recognised in the provision for employee benefits and measured at the present value of expected future payments to be made in respect of services provided by the employees up to the reporting date, using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds, with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations
Contributions to defined contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(iv) Bonus plans
The Group recognises a provision for future bonus payments where it is contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

Make-good provision
In accordance with the Group's contractual obligations under tenancy lease agreements, the Group is required to restore the leased premises on the expiry of the lease term.

Provision for other liabilities and charges
(i) Provision for unclaimed charges
The Group recognises a provision for unclaimed charges, arising from the sale of travel services. This provision pertains to the Asian business, and is common practice in this market. Based on historical data and past experience, management considers the possibility of claims and if appropriate it is written back to the consolidated income statement.

(ii) Provision for fixed price contract
The Group recognises a provision where the estimated cost of fulfilling the obligations on a fixed price contract may exceed the future expected economic benefits, over its remaining term. This exposure is limited to one fixed price contract for a remaining term of two and a half years.

Notes to the Consolidated Financial Statements: Capital

13. Contributed equity, reserves and retained earnings

(a) Contributed equity

Ordinary shares	2017 $'000	2016 $'000
Issued and fully paid	281,847	175,231
	281,847	**175,231**

Ordinary shares entitle the holder to receive dividends as declared and, in the event of winding up the Group, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Movement in ordinary share capital			Number of shares	$'000
	Opening balance as at 1 July 2015		**96,993,356**	**161,675**
1 September 2015	Shares issued	Contingent consideration payment for the TravelCorp LLC business combination.	78,473	824
3 September 2015	Shares issued	Provision of Lightning software purchase.	48,431	525
13 November 2015	Shares issued	Share appreciation rights issue.	78,185	835
4 January 2016	Shares issued	Initial consideration for the Montrose Travel business combination.	880,360	11,559
	Total shares issued		**1,085,449**	**13,743**
	Less: transaction costs arising on share issue			(32)
	Deferred tax credit recognised directly in equity			(155)
	At 30 June 2016		**98,078,805**	**175,231**
	Opening balance as at 1 July 2016		**98,078,805**	**175,231**
1 July 2016	Shares issued	Initial consideration for the Travizon Travel business combination.	1,236,458	17,793
2 September 2016	Shares issued	Share appreciation rights issue.	204,216	3,198
24 January 2017	Shares issued	Capital raising used primarily for the acquisitions of Redfern Travel and Andrew Jones Travel.	4,744,475	71,167
1 February 2017	Shares issued	Initial consideration for the Redfern Travel and Andrew Jones Travel business combinations.	952,795	16,369
30 May 2017	Shares issued	Employee compensation	4,500	99
	Total shares issued		**7,142,444**	**108,626**
	Less: transaction costs arising on share issue			(2,003)
	Deferred tax credit recognised directly in equity			(7)
	At 30 June 2017		**105,221,249**	**281,847**

13. Contributed equity, reserves and retained earnings (continued)

(a) Contributed equity (continued)

Capital management
The Group maintains a conservative funding structure that allows it to meet its operational and regulatory requirements, while providing sufficient flexibility to fund future strategic opportunities.

The Group's capital structure includes a mix of debt (refer note 14), general cash (refer note 9) and equity attributable to the parent's equity holders.

When determining dividend returns to shareholders the Board considers a number of factors, including the Group's anticipated cash requirements to fund its growth, operational plan, and current and future economic conditions. The Group is not bound by externally imposed capital requirements.

While payments may vary from time to time, according to these anticipated needs, the Board's current policy is to return between 50% to 60% of net profit after tax to shareholders.

	2017 $'000	2016 $'000
Total borrowings	45,423	37,180
Total equity	401,404	271,585
Gearing ratio	**11%**	**14%**

(b) Reserves

The following table shows a breakdown of the 'reserves' line item as per the Consolidated Statement of Financial Position, and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided in the following table.

	FX translation $'000	Share based payment $'000	Total $'000
At 30 June 2015	**21,096**	**513**	**21,609**
Currency translation differences – current period	(3,334)	-	(3,334)
Deferred tax	(431)	-	(431)
Other comprehensive income	**(3,765)**	**-**	**(3,765)**
Share-based payment expenses	-	1,801	1,801
At 30 June 2016	**17,331**	**2,314**	**19,645**
Currency translation differences – current period	(8,887)	-	(8,887)
Deferred tax	461	-	461
Other comprehensive income	**(8,426)**	**-**	**(8,426)**
Share-based payment expenses	-	2,300	2,300
At 30 June 2017	**8,905**	**4,614**	**13,519**

13. Contributed equity, reserves and retained earnings (continued)

(b) Reserves (continued)

Nature and purpose of other reserves

Foreign currency translation
Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is recognised in the Consolidated Statement of Comprehensive Income when the net investment is sold.

Share-based payments
The share-based payments reserve is used to recognise the grant date fair value of deferred shares granted to employees but not yet vested.

(c) Retained earnings

Movements in retained earnings were as follows:	2017 $'000	2016 $'000
Balance at 1 July	**63,802**	**40,207**
Net profit for the year	54,556	42,134
Dividends	(27,554)	(18,539)
Balance at 30 June	**90,804**	**63,802**

Accounting policy
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

14. Borrowings

A breakdown of the existing borrowings balance is set out in the following table:

	2017 $'000	2016 $'000
Current Borrowings	18,122	14,347
Non-current Borrowings	27,301	22,833
Total Borrowings	**45,423**	**37,180**

Borrowings drawn at 30 June 2017 relates to:
- Acquisition payments of $37.0 million (2016 $32.3 million); and
- Short term temporary funding for working capital cashflow needs globally of $8.4 million (2016 $4.9 million).

Financial facilities
On 5 January 2017, the Group renegotiated one of its facilities and entered into a Club Facility with HSBC bank and the Commonwealth Bank of Australia. This multi-currency facility replaces the existing core facility of $75.8 million, and includes lines of credit up to $148.8 million. Security has been provided over CTM Group assets and subsidiary shareholding to a Security Trustee for the benefit of the financiers.

14. Borrowings (continued)

Financial facilities (continued)

Redfern Travel Group has provided a fixed and floating charge over its assets to a local bank as security for a £7 million working capital facility ($11.8 million). In addition, the Group has further facilities of $9.3 million available in Asia, which are utilised for bank guarantees required for supplier bonding purposes.

The available facilities are multi-currency, but have been expressed in their Australian dollar equivalent for purposes of this disclosure.

The unused portion of the Group's total facilities at 30 June 2017 is set out in the following table:

	$'000
Unused	76,322
Used	93,590
Total facilities	**169,912**

Included within the used portion of the total facilities listed above are bank guarantees of $48.2 million. See note 17 for the total amount of bank guarantees for the Group.

Accounting policy

All loans and borrowings are initially recognised at the fair value of consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at cost.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs

Borrowing costs are recognised as an expense using the effective interest method. The Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised, including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in the Consolidated Statement of Comprehensive Income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

This section discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance, and what the Group does to manage these risks.

15. Impairment testing of goodwill

For the purposes of impairment testing, the cash generating unit has been defined as the lowest level of travel services operations to which goodwill relates, where individual cash flows can be ascertained for the purposes of discounting future cash flows.

	2017 $'000	2016 $'000
The carrying amount of goodwill allocated to the cash generating unit:		
Travel services - Australia and New Zealand	46,884	41,900
Travel services - North America	186,669	144,715
Travel services - Asia	26,568	28,046
Travel services - Europe	133,117	65,446
	393,238	**280,107**

The recoverable amount of the cash generating unit has been determined based on financial budgets set for the next financial year and management's cash flow projections for subsequent years.

	Travel services			
	Australia and New Zealand	North America	Asia	Europe
2017				
Pre-tax nominal discount rate applied to the cash flow projection	16.06%	16.48%	12.59%	11.96%
Cash flows beyond the next financial year, up to year 5, are extrapolated using an average growth rate of:				
Revenue (years 2 – 5)	3.50%	3.50%	3.50%	5.00%
Operating expenses (years 2 – 5)	3.00%	2.50%	3.00%	3.00%
Terminal multiple of EBITDA in year 5	6.81	7.84	9.37	10.67
2016				
Pre-tax nominal discount rate applied to the cash flow projection	16.10%	15.11%	12.58%	13.56%
Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:				
Revenue (years 2 – 5)	3.50%	3.50%	3.50%	5.10%
Operating expenses (years 2 – 5)	3.00%	2.50%	3.00%	3.00%
Terminal multiple of EBITDA in year 5	6.35	7.18	8.82	8.11

Key assumptions used for value-in-use calculations for the years ended 30 June 2017 and 30 June 2016

The following key assumptions were applied to the cash flow projections when determining the value-in-use:

- *Pre-tax discount rates* - reflect specific risks relating to the relevant segments and the countries in which they operate.
- *Budgeted revenue* – the basis used to determine the amount assigned to the budgeted sales volume is the average value achieved in the year immediately before the budgeted year, expected client retentions, adjusted for growth and other known circumstances.
- *Budgeted operating expenses* – the basis used to determine the amount assigned to the budgeted costs is the average value achieved in the year immediately before the budgeted year, adjusted for growth and other known circumstances.
- *Terminal multiple* – calculated based on a multiple of estimated Year 5 earnings before interest, tax, depreciation and amortisation.

15. Impairment testing of goodwill (continued)

Sensitivity to changes in assumptions

Management recognises that there are various reasons the estimates used in these assumptions may vary. For cash generating units, there are possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. The changes required to each of the key assumptions to cause the carrying value of a unit to exceed its recoverable amount are shown as follows:

	Possible change considered	Change required to indicate an impairment
Growth rates – Travel services – Australia and New Zealand		
Revenue	Reduction in yield, rates, client retention	Decrease to (6.30%)
Operating expenses	Higher labour and / or other support costs	Increase to 14.42%
Growth rates – Travel services – North America		
Revenue	Reduction in yield, rates, client retention	Decrease to (1.14%)
Operating expenses	Higher labour and / or other support costs	Increase to 8.12%
Growth rates – Travel services – Asia		
Revenue	Reduction in yield, rates, client retention	Decrease to (1.71%)
Operating expenses	Higher labour and/or other support costs	Increase to 9.10%
Growth rates – Travel services – Europe		
Revenue	Reduction in yield, rates, client retention	Decrease to (10.70%)
Operating expenses	Higher labour and/or other support costs	Increase to 13.38%

Accounting policy

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

For the purposes of impairment testing, the cash generating unit has been defined as the lowest level of travel services operations to which goodwill relates, where individual cash flows can be ascertained for the purposes of discounting future cash flows.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those cash flows from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

15. Impairment testing of goodwill (continued)

Critical estimates, assumptions and judgements

- *Impairment of goodwill*
  The Group determines whether goodwill is impaired on an annual basis. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated.

16. Financial risk management

The Group's principal financial instruments comprise deposits with banks, overdraft facilities and borrowings.

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks, which are summarised in the note. The Group is not exposed directly to commodity trading risks.

(a) Interest rate risk

As at 30 June 2017, the Group had interest bearing borrowings of $45.4 million, therefore the Group's income and operating cash flows would be impacted by changes in market interest rates. Interest rate risk is managed by way of proactive action by management and advisors. At balance date CTM has no interest rate cap, swap or options in place and has managed interest rate risk by fixing interest payable for short terms of 1 - 6 months on material borrowings. Under the terms of CTM's financing arrangements, interest payable is determined using an appropriate base for the currency borrowed.

Changes in US LIBOR for example could therefore affect CTM in the medium or long term and accordingly, various strategies to mitigate interest payable may be adopted should material volatility or rates increases be forecast.

The Group has interest bearing assets (cash and cash equivalents) with a short turnover period. The interest earned from these assets is not considered material to the Group.

(b) Credit risk

The Group trades only with creditworthy third parties and the Group's policy is that all clients which wish to trade on credit terms are subject to credit verification procedures, and subsequent risk limits, which are set for each individual client in accordance with the Group's policies. For some client receivables, the Group may also obtain security in the form of deposits. In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is considered reasonable.

With respect to credit risk arising from the other financial assets of the Group, comprising of cash and cash equivalents, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

16. Financial risk management (continued)

(b) Credit risk (continued)

The Group's cash (refer note 9), is held at financial institutions with the following credit ratings:

	2017 $'000	Moody's Investor Service Rating
Australia and New Zealand	10,787	Aa3-A1
North America	22,287	Aa1-A2
Asia	23,683	Aa1-Baa3
Europe	22,460	Aa3-A-
Total	**79,217**	

Client and Trade receivables are held with predominantly un-rated entities.

(c) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and hire purchase contracts.

The Group manages liquidity risk by monitoring cash flows and estimating future operational draws on cash reserves. The following table reflects all contractually fixed repayments and interest resulting from recognised financial liabilities as at 30 June 2017.

The Group's financial liabilities comprise of trade and other payables, borrowings, and no derivative financial instruments are held. The respective undiscounted cash flows for the respective upcoming fiscal years are included in the following table. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2017.

The remaining non-derivative contractual maturities of the Group's financial liabilities are:

	Contractual cash flows		Carrying amount	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
1 year or less	232,783	202,481	233,049	202,720
1 – 5 years	24,368	27,753	24,868	28,148
Over 5 years	-	-	-	-
Total Trade and Other Payables	**257,151**	**230,234**	**257,917**	**230,868**
1 year or less	18,122	14,347	18,122	14,347
1 – 5 years	27,301	22,833	27,301	22,833
Over 5 years	-	-	-	-
Total Borrowings	**45,423**	**37,180**	**45,423**	**37,180**

17. Financial risk management (continued)

(d) Foreign exchange risk

The Group operates internationally and is subject to foreign exchange risk arising from exposure to foreign currencies.

The Group adopts various procedures and policies to manage foreign currency risk where practicable. These procedures include the use of natural hedges arising from trading operations and subsidiaries' results, forecasting of future cash flows by currency, and can include the use of forward exchange contracts where abnormal transactions outside of operating activities could give rise to a material exposure – e.g. initial and contingent consideration payments made in relation to acquisitions (note 11). Additionally, the Group has a multi-currency debt facility which allows for borrowings in the relevant entity's functional currency. At 30 June 2017, there are two forward exchange contracts in place to hedge the deferred consideration payments for Chris Thelen as part of the Chambers acquisition.

The following table includes the financial assets and liabilities denominated in currencies other than the functional currency of the respective entities and presents the Group's exposure to foreign exchange risk at the end of the reporting period, expressed in Australian dollars.

2017	Cash and cash equivalents $'000	Trade and other receivables $'000	Related party loans $'000	Trade and other payables $'000	Borrowings $'000	Total $'000
USD	1,874	5,014	15,018	(5,864)	-	16,042
HKD	346	147	(21,339)	(90)	-	(20,936)
GBP	60	-	1,592	(182)	-	1,470
NZD	2	-	1,457	(1)	-	1,458
JPY	170	-	-	(1,635)	-	(1,465)
Others	957	368	1,610	(1,793)	-	1,142
Total	**3,409**	**5,529**	**(1,662)**	**(9,565)**	**-**	**(2,289)**

Based on the 2017 balances, a 10% stronger/(weaker) Australian dollar against the currencies held, would result in Profit & Loss impact of $196,486/($240,150).

2016	Cash and cash equivalents $'000	Trade and Other receivables $'000	Related party loans $'000	Trade and Other payables $'000	Borrowings $'000	Total $'000
USD	10,577	7,807	3,918	(5,290)	-	17,012
HKD	440	410	-	(42)	-	808
GBP	64	-	-	(266)	(3,244)	(3,446)
NZD	2	27	1,270	(20)	-	1,279
JPY	35	202	-	(3,788)	-	(3,551)
Others	1,892	532	772	(4,119)	-	(923)
Total	**13,010**	**8,978**	**5,960**	**(13,525)**	**(3,244)**	**11,179**

Notes to the Consolidated Financial Statements: Unrecognised Items

This section provides information about items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance.

17. Contingent liabilities

Guarantees / Letter of credit facilities

The Group has provided bank guarantees and letters of credit in relation to various facilities with vendors and in accordance with local travel agency licensing and International Air Transport Association regulations. Guarantees provided by the parent are held on behalf of other Group entities. Refer note 14 for details of security provided for the financing facilities.

Guarantees provided for:	2017 $'000	2016 $'000
Various vendors	50,199	42,050
Total	**50,199**	**42,050**

There were no other contingencies as at reporting date (2016: $nil).

18. Commitments

(a) Operating lease commitments – Group as lessee

The Group has entered into commercial leases for the rental of premises. These leases have an average life of between one and eight years. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2017 $'000	2016 $'000
Within one year	8,060	9,943
After one year but not more than five years	14,244	20,619
More than five years	1,675	3,076
Total	**23,979**	**33,638**

(b) Capital commitments

There is no significant capital expenditure contracted as at the end of the reporting period but not recognised as liabilities.

Accounting policy

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a rights to use the asset.

Operating lease payments, which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term. Incentives for entering into operating leases are recognised on a straight-line basis over the term of the lease. Lease income from operating leases, where the Group is a lessor, is recognised in income on a straight-line basis over the lease term.

19. Events occurring after the reporting period

There have been no matters, or circumstances, not otherwise dealt with in this report, that will significantly affect the operation of the Group, the results of those operations or the state or affairs of the Group or subsequent financial years.

Notes to the Consolidated Financial Statements: Other Items

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however are not considered critical in understanding the financial performance of the Group.

20. Other current assets

	2017 $'000	2016 $'000
Prepayments	4,226	4,906
	4,226	**4,906**

21. Plant and equipment

	Furniture, fixtures and equipment $'000	Computer equipment $'000	Leasehold improvements $'000	Other $'000	Total $'000
Year ended 30 June 2017					
Cost	5,124	7,598	5,269	447	18,438
Accumulated depreciation	(4,254)	(5,843)	(2,725)	(354)	(13,176)
	870	**1,755**	**2,544**	**93**	**5,262**
Opening net book amount	621	1,310	3,315	180	5,426
Additions	377	810	129	12	1,328
Additions through the acquisition of entities/ businesses [note 7]	223	528	138	-	889
Transfers/reallocations	195	(195)	-	-	-
Disposals through sale of an entity	(82)	(14)	(249)	(75)	(420)
Depreciation charge	(388)	(687)	(724)	(84)	(1,883)
Exchange differences	(76)	3	(65)	60	(78)
Closing net book amount	**870**	**1,755**	**2,544**	**93**	**5,262**
Year ended 30 June 2016					
Cost	3,894	3,988	5,274	476	13,632
Accumulated depreciation	(3,273)	(2,678)	(1,959)	(296)	(8,206)
	621	**1,310**	**3,315**	**180**	**5,426**
Opening net book amount	1,071	804	1,649	173	3,697
Additions	463	660	3,091	108	4,322
Additions through the acquisition of entities/ businesses	-	-	149	-	149
Transfers/reallocations	(536)	542	(6)	-	-
Disposals	211	(174)	(31)	(3)	3
Depreciation charge	(565)	(610)	(1,431)	(126)	(2,732)
Exchange differences	(23)	88	(106)	28	(13)
Closing net book amount	**621**	**1,310**	**3,315**	**180**	**5,426**

No additions during the year (2016: $nil) were financed under lease agreements.

21. Plant and equipment (continued)

Accounting policy

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the item. All other repairs and maintenance costs are charged to the profit and loss in the Consolidated Statement of Comprehensive Income during the reporting period in which they are incurred.

Impairment of non-financial assets, other than goodwill and intangible assets
At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition
An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset, calculated as the difference between the net disposal proceeds and the carrying amount of the asset, is included in the Statement of Comprehensive Income in the year the asset is derecognised.

22. Fair value measurement

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level according to the following 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 or indirectly (level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following information represents the Group's assets and liabilities measured and recognised at fair value at 30 June 2017:

Liabilities: Level 3 – Contingent Consideration $8,160,000 (30 June 2016: $62,010,000).

The following table presents the changes in level 3 instruments for the year ended 30 June 2017:

	Contingent Consideration $'000
Opening balance 1 July 2016	62,010
Additions	15,999
Transfer to Acquisition payable (i)	(69,930)
Foreign exchange movement	(510)
Discount unwind	591
Closing balance 30 June 2017	**8,160**

22. Fair value measurement (continued)

(i) The balance transferred to Acquisition payable during the period consists of, the Montrose Travel contingent consideration ($36.2 million), Chambers Travel contingent consideration ($25.5 million) and Redfern Travel contingent consideration ($8.2 million), which are no longer contingent on performance hurdles. The Montrose earn out was paid in March 2017. Also refer to Note 11 Trade payables and Note 25 Related party transactions in relation to the Chambers deferred consideration balance.

There were no changes made to any of the valuation techniques applied as of 30 June 2017.

Fair value measurements using significant unobservable inputs (level 3)

Valuation inputs and relationships to fair value quantitative information about the significant unobservable inputs used in level 3 fair value measurements is summarised as follows:

Description:	Contingent consideration
Fair Value at 30 June 2017:	$8,160,000
Valuation technique used:	Discounted cash flows
Unobservable inputs:	Forecast EBITDA and revenue
Discount rate:	2.06%

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using a model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.

  An increase/(decrease) in the discount rate by 100 bps would (decrease)/increase the fair value by ($138,000)/$141,000.

- Forecast EBITDA, the entity's knowledge of the business and how the current economic environment is likely to impact it.

  If forecast EBITDA were 5% higher or lower, the fair value would increase/decrease by $Nil/($4,509,000).

Fair values of other financial instruments

At 30 June 17 there are two forward exchange contracts in place to hedge the deferred consideration payments for Chris Thelen, as a part of the Chambers acquisition. The foreign exchange contracts have been accounted for using hedge accounting and designated at the inception of the transaction as cash flow hedges. The forward contracts are assessed at fair value and the effectiveness of the hedge is tested at each reporting date. The fair value is assessed to be $0.4 million at 30 June 2017 and recognised through Other comprehensive income.

The Group also has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. For these instruments, their carrying value was considered to be a reasonable approximation of their fair value.

Valuation processes

The finance department of the Group performs the valuations of assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held between the CFO, AC, and the finance team at least once every six months, in line with the Group's reporting dates.

23. Share-based payments

Share appreciation rights

The establishment of the CTM Share Appreciation Rights (SARs) Plan was approved by the Board on 19 October 2012. The SARs Plan is designed to provide long-term incentives for senior executives to deliver long-term shareholder returns. Under the plan, participants are granted SARs which only vest if certain performance standards are met, and the employee remains in service. Participation in the plan is at the Board's absolute discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Once vested, a participant will be deemed to have automatically exercised all vested SARs and CTM will settle its obligation in line with the SARs Plan. There is no consideration payable by the participant upon exercising of vested SARs. When exercised, the conversion of a SAR to an equity or cash based settlement, is determined using a formula referencing the relevant share prices of CTM, the number of SARs exercised, and is at the Board's sole absolute discretion.

Grants made during 2017 will vest on a scaled basis as follows:

- 50% vest at 80% target achievement;
- 75% vest at 90% target achievement; and
- 100% at 100% target achievement.

For equity based settlements, the calculation is as follows:

Equity Settlement Amount = ((SMV – BP) / SMV) x PQSR

For cash based settlements, the calculation is as follows:

Cash Settlement Amount = (SMV – BP) x PQSAR

Where:

Equity Settlement Amount – is the number of shares to be issued or transferred to the relevant participant in equity settlement of the performance qualified SAR at exercise;

Cash Settlement Amount – is the amount paid to a participant in cash settlement of a performance qualified SAR at exercise;

SMV – the Subsequent Market Value is the market value of a CTM Ltd share as at the performance qualification date in connection with that SAR;

BP – the Base Price of the SAR as determined by the Board; and

PQSAR – is the total number of performance qualified SARs with the same Base Price held by the relevant participant.

SARs granted under the plan carry no dividend or voting rights.

The following table summarises the SARs granted under the plan and number of SARS expired during the period:

	2017 Number of SARS	2016 Number of SARS
As at 1 July	2,185,000	1,475,000
Granted during the year	1,582,500	965,000
Exercised during the year	(300,000)	(125,000)
Forfeited during the year	(350,000)	(130,000)
As at 30 June	**3,117,500**	**2,185,000**
Vested and exercisable at 30 June	**-**	**-**

23. Share-based payments (continued)

Share appreciation rights (continued)

SARs outstanding at the end of the year have the following expiry date and share base prices:

Grant date	Expiry date	Base price	SARS 30 June 2017	SARS 30 June 2016
1 July 2013	1 July 2016	$5.00	-	300,000
1 July 2014	1 July 2017	$7.00	865,000	940,000
1 July 2015	1 July 2018	$8.80	50,000	50,000
1 July 2015	1 July 2018	$11.50	795,000	895,000
1 July 2016	1 July 2019	$15.33	1,407,500	-
			3,117,500	**2,185,000**

On 22 August 2017, 600,600 shares will be issued upon vesting of 865,000 SARs. In addition to the share issue, 1,460,000 SARs will be granted, pursuant to the CTM SARs plan.

Fair value of SARs granted

The assessed fair value at grant date of the SARs granted during the year ended 30 June 2017 was $1.62 per SAR (2016 - $1.26). The fair value at grant date has been determined using a Black-Scholes pricing model that takes into account the share price at the time of the grant, the exercise price, the term of the SAR, the expected dividend yield, the expected price volatility of the underlying share and the risk free interest rate for the term of the SAR.

The fair value model inputs for SARs granted during the year ended 30 June 2017 included:

- SARs are granted for no consideration and vest based on Corporate Travel Management Limited's Earnings per Share growth over a 3 year vesting period.
- Base price: $15.33 (2016 - $11.50).
- Grant Date: 1 July 2016 (2016 - 1 July 2015).
- Expiry Date: 1 July 2019 (2016 - 1 July 2018).
- Share Price at Grant Date: $14.20 (2016 - $10.64).
- Expected price volatility of the Group's shares: 25% (2016 - 25%).
- Expected dividend yield: 3.0% (2016 - 3.0%).
- Risk-free interest rate: 1.52% (2016 - 1.95%).

The expected price volatility is based on the historic volatility, based on the remaining life of the SARS, adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from SARS

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense relating to share appreciation rights is $1,366,000 (2016: $778,000).

Accounting policy

Share-based compensation benefits are provided to employees by way of a SARs. The fair value of SARs granted is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of SARs that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, CTM revises its estimates of the number of SARs that are expected to vest based on the non-market vesting conditions. CTM recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

24. Interests in other entities

(a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2017 are set out in the following table. Unless otherwise stated, each entity has share capital consisting solely of ordinary shares that are held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Subsidiaries that provide travel services and contribute more than 5% of the Group's net profit before tax or 5% of the Group's net assets are considered material to the Group.

Name of entity	**Place of business/ country of incorporation**	**Ownership interest held by The Group**		**Ownership interest held by non-controlling interest**		**Principal activities**
		2017 %	2016 %	2017 %	2016 %	
Corporate Travel Management Group Pty Ltd*	Australia	100	100	-	-	Travel services
Corporate Travel Management North America Inc	United States of America	100	100	-	-	Travel services
Westminster Travel Limited	Hong Kong	75.1	75.1	24.9	24.9	Travel services
Corporate Travel Management (United Kindom) Limited	United Kingdom	100	100	-	-	Travel services
Redfern Travel Ltd	United Kingdom	100	-	-	-	Travel services

* This subsidiary has been granted relief from the necessity to prepare financial reports in accordance with Class Order 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 27.

24. Interests in other entities (continued)

(b) Non-controlling interests (NCI)

The following table summarises the financial information for Wealthy Aim Investments Limited ("Westminster Travel"), which has a non-controlling interest which is material to the Group.

The Westminster Travel Group includes non-controlling interests which are not material to the Group.

The amounts disclosed are before inter-company eliminations.

Summarised Statement of Financial Position	2017 $'000	2016 $'000
Current assets	126,882	146,395
Current liabilities	(74,699)	(98,569)
Current net assets	**52,183**	**47,826**
Non-current assets	16,277	18,496
Non-current liabilities	(1,088)	(1,409)
Non-current net assets	**15,189**	**17,087**
Net assets	**67,372**	**64,913**
Accumulated NCI	**15,304**	**14,649**

Summarised Statement of Comprehensive Income	2017 $'000	2016 $'000
Revenue	57,832	68,754
Profit for the period	14,836	15,552
Other comprehensive income	2,430	(2,348)
Total comprehensive income	**17,266**	**13,204**
Profit / (loss) allocated to NCI	**3,189**	**3,611**
Dividends paid to NCI	**2,568**	**2,394**

Summarised Statement of Cash Flows	2017 $'000	2016 $'000
Cash flows from operating activities	12,038	33,029
Cash flows from investing activities	(175)	(656)
Cash flows from financing activities	(11,966)	(28,405)
Net increase / (decrease) in cash and cash equivalents	**(103)**	**3,968**

25. Related party transactions

(a) Parent entities

The ultimate parent entity within the Group is Corporate Travel Management Limited.

(b) Subsidiaries

Interest in subsidiaries are set out in note 24.

(c) Key management personnel compensation

	2017 $	2016 $
Short-term	4,440,380	4,027,580
Post-employment	211,064	303,708
Long-term benefits	(46,564)	(27,599)
Share-based payments	498,523	218,334
	5,103,483	**4,522,023**

Detailed remuneration disclosures are provided in the Remuneration Report on pages 14-22.

(d) Transactions with other related parties

The following transactions occurred with related parties:	2017 $'000	2016 $'000
Expenses		
Payment for rent and outgoings in relation to an office lease paid to a party related to Mr Jamie Pherous	-	114
Payment for rent in relation to an accommodation lease paid to Mr Chris Thelen	47	57
Other		
Working capital advance	-	109

(e) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2017 $'000	2016 $'000
Other payables		
Key management personnel (i)	21,798	22,271
Other related parties	76	580

(i) The payable represents the present value of the deferred consideration payable to Chris Thelen ($21.3 million) and Debbie Carling ($0.5 million), as a part of the acquisition of Chambers Travel Group Limited – refer to note 11.

25. Related party transactions (continued)

(f) Terms and conditions

Directors for the Group hold other directorships as detailed in the Directors' Report. Where any of these related entities are clients of the Group, the arrangements are on similar terms to other clients.

All transactions were made on normal commercial terms and conditions and at market rates.

Outstanding balances are unsecured and are repayable in cash.

26. Parent entity financial information

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

Statement of Financial Position	2017 $'000	2016 $'000
Current assets	1,068	3,506
Total assets	**352,332**	**255,286**
Current liabilities	29,973	28,332
Total liabilities	**15,243**	**28,819**
Net assets	**337,089**	**226,467**
Shareholders' equity		
Issued capital	302,250	195,635
Reserves	13,429	10,136
Retained earnings	21,410	20,696
Shareholders' equity	**337,089**	**226,467**
Profit for the year	**28,267**	**27,370**
Total comprehensive income	**28,267**	**27,370**

(b) Guarantees entered into by the parent entity

The parent entity is party to the overall financing arrangements and related security as detailed in note 14 and note 17.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2017 or 30 June 2016.

(d) Contractual commitments

The parent did not have any contractual commitments at 30 June 2017 or 30 June 2016.

26. Parent entity financial information (continued)

Accounting policy

The financial information for the parent entity, Corporate Travel Management Limited, has been prepared on the same basis as the consolidated financial statements, except as follows:

(i) Investments in subsidiaries
Investments in subsidiaries are accounted for at cost in the financial statements of Corporate Travel Management Limited.

(ii) Tax consolidation legislation
Corporate Travel Management Limited and its wholly-owned Australian controlled entities have implemented tax consolidation legislation. The head entity, Corporate Travel Management Limited and the controlled entities 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, Corporate Travel Management Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Corporate Travel Management Limited for any current tax payable assumed and are compensated by Corporate Travel Management Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Corporate Travel Management Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' 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 the tax consolidated entities are recognised as current amounts receivable from 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 recognised as a contribution to or distribution from wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for in the parent company and consolidated financial statements

27. Deed of cross guarantee

Corporate Travel Management Limited, Corporate Travel Management Group Pty Ltd, Floron Nominees Pty Ltd, Sainten Pty Limited, Travelogic Pty Limited, WA Travel Management Pty Ltd, Travelcorp Holdings Pty Ltd, Travelcorp (Aust) Pty Ltd, ETM Travel Pty Ltd and Corporate Travel Management (New Zealand), Corporate Travel Management North America Limited, Corporate Travel Management North America, Inc, Sara Enterprise, Inc., are parties to a Deed of Cross Guarantee, under which each company guarantees the debts of the other companies.

By entering into the Deed, the wholly owned Australian entities have been relieved from the requirement to prepare a Financial report and Directors' Report under Class Order 2016/785 (as amended) issued by the Australian Securities and Investments Commission.

These 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 Corporate Travel Management Limited, they also represent the 'extended closed Group'.

The following table presents a consolidated income statement, a Consolidated Statement of Comprehensive Income and a summary of movements in consolidated retained earnings for the year ended 30 June 2017 of the closed Group.

(a) Consolidated Statement of Comprehensive Income

	2017 $'000	2016 $'000
Revenue	225,683	160,957
Other income	403	2,983
Total revenue and other income	**226,086**	**163,940**
Operating expenses		
Employee benefits	(119,940)	(87,753)
Occupancy	(6,088)	(6,467)
Depreciation and amortisation	(9,730)	(6,685)
Information technology and telecommunications	(17,189)	(11,376)
Travel and entertainment	(3,833)	(2,363)
Administrative and general	(9,818)	(5,422)
Total operating expenses	**(166,598)**	**(120,066)**
Finance costs	(2,645)	(1,273)
Profit before income tax	**56,843**	**42,601**
Income tax expense	(14,850)	(8,509)
Profit for the year	**41,993**	**34,092**
Other comprehensive income		
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(3,230)	9,730
Changes in the fair value of cash flow hedges	360	-
Other comprehensive income for the period, net of tax	**(2,870)**	**9,730**
Total comprehensive income for the year	**39,123**	**43,822**

27. Deed of cross guarantee (continued)

(b) Consolidated Statement of Financial Position

	2017 $'000	2016 $'000
ASSETS		
Current assets		
Cash and cash equivalents	32,091	46,623
Trade and other receivables	66,618	57,635
Financial assets at fair value	236	12
Other current assets	1,732	1,735
Total current assets	**100,677**	**106,005**
Non-current assets		
Plant and equipment	3,177	3,384
Intangible assets	244,922	199,382
Investment in related parties	175,656	94,649
Deferred tax assets	9,012	2,151
Related party receivable	-	5,205
Total non-current assets	**432,767**	**304,771**
TOTAL ASSETS	**533,444**	**410,776**
LIABILITIES		
Current liabilities		
Trade and other payables	85,450	100,473
Borrowings	18,095	14,347
Income tax payable	2,691	(255)
Provisions	4,742	3,874
Related party payable	59,470	23,931
Total current liabilities	**170,448**	**142,370**
Non-current liabilities		
Trade and other payables	1,186	1,393
Borrowings	-	22,833
Provisions	1,927	3,801
Deferred tax liabilities	4,975	6,669
Total non-current liabilities	**8,088**	**34,696**
TOTAL LIABILITIES	**178,536**	**177,066**
NET ASSETS	**354,908**	**233,710**
EQUITY		
Contributed equity	281,847	175,231
Reserves	11,474	11,331
Retained earnings	61,587	47,148
TOTAL EQUITY	**354,908**	**233,710**

28. Auditors' remuneration

The auditor of the Group is PricewaterhouseCoopers.

	2017 $	2016 $
PricewaterhouseCoopers Australia:		
Audits and review of the financial reports of the entity and any other entity in the consolidated Group	531,419	493,597
Other services in relation to the entity and any other entity in the consolidated Group:		
Tax compliance	220,578	179,047
Other advisory services	72,127	33,270
Total remuneration of PricewaterhouseCoopers Australia	**824,124**	**705,914**
Other PricewaterhouseCoopers network firms:		
Other services in relation to the entity and any other entity in the consolidated Group:		
Audit and review of the financial report	471,027	439,088
Tax compliance	43,639	207,770
Tax services – acquisitions	-	5,490
Other services	6,071	40,722
Total remuneration of PricewaterhouseCoopers network firms	**520,737**	**693,070**
Non-PricewaterhouseCoopers firms:		
Services in relation to the entity and any other entity in the consolidated Group:		
Audit and review of the financial report	101,703	133,206
Tax compliance	285,524	-
Total remuneration of Non-PricewaterhouseCoopers firms	**387,227**	**133,206**

29. Summary of significant accounting policies

(a) 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*. Corporate Travel Management Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000), unless otherwise stated.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities, fair value through Statement of Comprehensive Income.

(b) New and amended standards

There are no new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 that materially affect the amounts recognised in the current period or any prior period and are not likely to affect future periods. The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective in the current year.

29. Summary of significant account policies (continued)

(b) New and amended standards (continued)

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending 30 June 2017 and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out in the following table.

Title of standard	Summary and impact on the Group's financial statements	Mandatory application date / date of adoption by the Group
AASB 9 *Financial instruments*	The new standard simplifies the model for classifying and recognising financial instruments and aligns hedge accounting more closely with common risk management practices. The new standard also introduces a new expected-loss impairment model that will require entities to account for expected credit losses at the time of recognising the asset. The Group has undertaken a preliminary assessment of the potential impact of this new standard and at this stage, does not expect there to be a material impact on the Group's results.	Mandatory for financial year ending 30 June 2019. At this stage, the Group does not intend to adopt the standard before its effective date.
AASB 15 *Revenue from contracts with customers*	The AASB has issued a new standard for the recognition of revenue, which replaces virtually all revenue recognition requirements, including those as set out in AASB 118 Revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer, so the notion of control replaces the existing notion or risk and rewards. The Group has undertaken a preliminary assessment of the potential impact of this new standard and at this stage, does not expect there to be a material impact on the Group's results.	Mandatory for financial year ending 30 June 2019. At this stage, the Group does not intend to adopt the standard before its effective date.
AASB 16 *Leases*	AASB 16 addresses the classification, measurement and recognition of almost all leases. The changes will primarily affect the accounting by lessees and will result in almost all leases being recognised on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for almost all leases. The only exceptions are short-term and low-value leases. As at the reporting date, the Group has operating lease commitments of $23.9 million. Refer note 18. The Group has conducted a preliminary assessment of the forecast impact of AASB 16 on the Group's profit, balance sheet and cash flows. Upon adoption of AASB 16, the Group expects a material increase in both lease liabilities and right-of-use assets. The Group EBITDA is expected to be materially positively impacted as lease costs are reclassified as interest and depreciation, although the impact on the Group's profit is not expected to be material.	Mandatory for financial year ending 30 June 2020. At this stage, the Group does not intend to adopt the standard before its effective date.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with policies adopted by the Group.

(c) Rounding of amounts

The Company is of a kind referred to in Class Order 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 Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Directors' Declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 26 to 78 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 2017 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 extended closed Group identified in note 27 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 27.

Note 29 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Tony Bellas

Mr Tony Bellas
Chairman

Mr Jamie Pherous
Managing Director

Brisbane, 22 August 2017

Independent auditor's report

To the members of Corporate Travel Management Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Corporate Travel Management 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 2017 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 2017
- the consolidated statement of 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 Accounting Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* 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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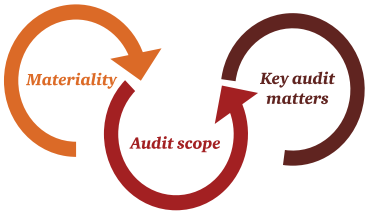
Our audit approach

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.

The Group provides travel management solutions to the corporate market and operates in four broad geographic regions, being Australia & New Zealand ("ANZ"), North America, Asia and Europe. The regional finance functions report to the Group finance function in Brisbane, Australia where consolidation is performed.



Materiality

- For the purpose of our audit we used overall Group materiality of $3.9 million, which represents approximately 5% of the Group's profit 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 before tax as the benchmark because the Group is a profit oriented entity and because, in our view, it is one of the metrics against which the performance of the Group is most commonly measured and it is a generally accepted benchmark in the travel industry.
- We selected 5% based on our professional judgement noting that it is also within the range of commonly acceptable profit related thresholds in the industry.

Audit scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- In establishing the overall approach to the Group audit, we determined the type of audit work that needed to be performed by us, as the Group engagement team, and by component auditors in Hong Kong and the UK operating under our instruction. We structured our audit as follows:
  - We engaged component auditors in Hong Kong and the UK to perform audit procedures over the Asia and Europe regions respectively.
  - We performed audit procedures over the North America region, which included us visiting the Houston based finance function.
  - We also performed audit procedures over the Australia & New Zealand region, in addition to auditing the consolidation of the Group's regional reporting units into the Group's financial report.
- For the work performed by component auditors in Hong Kong and the UK, we determined the level of involvement we needed to have in the audit work at these locations to be satisfied that sufficient audit evidence had been obtained as a basis for our opinion on the Group financial report as a whole. This included active dialogue throughout the year through discussions, issuing written instructions, receiving formal interoffice reporting, as well as attending final clearance meetings with local management. Members of our Group audit team undertook site visits to each of the four regions during the year ended 30 June 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements 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 key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition *Refer to Note 2 Revenue* The Group's provision of travel services to clients drives a number of revenue streams. The recognition of revenue from these sources is largely dependent on the terms of the underlying contracts with the customer, the supplier, or both. Contracts can be complex and bespoke in terms of their fee structures, the range and mix of services provided, as well as potential for late adjustments and renegotiations of contractual terms. In addition, judgement is involved in the recognition of revenue related to volume incentives ("overrides") as revenue is accrued based on estimated Total Transaction Value ("TTV") for the period, with reference to terms stipulated in supplier agreements. We focused on revenue recognition due to the materiality of the revenue balance as a whole and on the revenue streams 'fees and commissions' and 'overrides' in particular. This was because of their relative significance to the overall revenue balance, the bespoke nature of the agreements and (in the case of overrides) the judgement involved in accurately recognising revenue.	Our procedures in relation to the recognition of revenue from all revenue streams included, amongst others: • Understanding the Group's revenue recognition processes • Testing a sample of transactions recognised in the general ledger to supporting documentation, including cash receipts per the bank statements • Utilising data analytic techniques for selected geographical locations to identify revenue transactions recognised through manual journal entries and testing a sample of manual journal revenue transactions. In addition, we performed the following procedures specific to the below revenue streams, on a sample basis: *Overrides* • Testing the mathematical accuracy of the Group's underlying revenue calculations • Comparing the percentages and TTV inputs used in the underlying calculations to percentages stipulated in the signed overrides agreements, and known TTV data supplied by a third party • Testing a sample of overrides payments received during the year to bank statements *Fees & Commissions* • Utilising data analytic techniques to reconcile the total recognised revenue for fees and commissions for selected geographical locations to recorded total cash received for those selected locations • Agreeing a sample of recorded fees and commissions transactions to signed customer agreements, invoices and bank statements.

Accounting for business combinations

Refer to Note 7 Business combinations

The Group completed three acquisitions during the year ended 30 June 2017:

- Travizon Travel ("Travizon") in Boston, USA on 1 July 2016
- Redfern Travel ("Redfern") in Bradford, UK on 1 February 2017
- Andrew Jones Travel ("AJT") in Tasmania, Australia on 1 February 2017.

We determined that the accounting for business combinations was a key audit matter for the FY17 audit due to the materiality of the value of the transactions, net assets acquired and resultant goodwill arising on the acquisitions, as well as the level of judgement involved in the Purchase Price Allocation ("PPA") calculations.

The key areas of judgement included:

- The value of deferred and contingent consideration liabilities recognised at acquisition date
- The fair value of the acquired assets and liabilities recognised at acquisition date
- The valuation of customer relationship and customer contract intangible assets at acquisition date
- Disclosure of acquisition details in the financial statements as at 30 June 2017.

Our procedures in relation to the accounting for acquisitions included, amongst others:

- Testing of the initial consideration paid for each of the three acquisitions to the bank statements and the purchase agreements
- Obtaining purchase agreements for each of the three acquisitions to determine the level of deferred consideration, and whether any consideration is contingent on future events
- Assessing the contingent consideration liability recognised by the Group at acquisition date, and the measurement and disclosure of related 'earn out' criteria for the Redfern acquisition by reference to the terms of the purchase agreement
- Assessing the discount rates applied in the Group's calculations of deferred and contingent consideration liabilities by comparing to our independently developed calculation of discount rates
- Testing a sample of acquired working capital balances to post acquisition date payments and receipts
- Assessing the Group's valuation methodology for the recognition of customer relationship and customer contract intangible assets and the key assumptions therein, including forecast future financial performance and discount rates
- Performing sensitivity analysis on these assumptions
- Assessing the mathematical accuracy of the Group's calculation of the resulting goodwill arising on the PPA calculation
- Considering the completeness of the recognition of intangible assets by reference to the purchase contract and intangible assets recognised in previous acquisitions by the Group
- Assessing the accuracy and completeness of business combination disclosures in the financial statements.

Post-acquisition measurement of deferred and contingent consideration

Refer to Note 7 Business combinations, Note 11 Trade and other payables and Note 22 Fair value measurement

It is common that, for acquisitions made by the Group, elements of the consideration are deferred to financial years after the initial acquisition and (in some cases) are contingent on future events, including financial performance based "earn out" calculations.

At 30 June 2017, the Group had deferred and contingent consideration liabilities relating to acquisitions made in the current and previous financial periods.

We focused on the post-acquisition measurement of these liabilities as at 30 June 2017 due to the judgement involved in assessing the likelihood of the contingent events being met, the discounting to be applied, as well as the disclosure requirements for such liabilities.

Our procedures in relation to the post-acquisition measurement of deferred and contingent consideration as at 30 June 2017 included, amongst others:

- Obtaining the original purchase agreements, and any subsequent agreements entered into, to determine whether the deferred consideration is non-contingent or contingent upon future events at balance date
- Testing the mathematical accuracy of the Group's underlying calculations
- Evaluating the Group's assumptions for discount rates used in the calculations
- Assessing the classification of liabilities between current and non-current at 30 June 2017, with reference to agreed or estimated payment terms.

Specific procedures for contingent consideration liabilities included, amongst others:

- Comparing the contingent criteria (or 'earn out') used in the Group's underlying calculations to the terms stipulated in the purchase agreements and any subsequent agreements
- Evaluating the financial forecasts used by the Group to estimate if "earn out" performance hurdles in the future are likely to be met, including comparison to Board approved budgets
- Testing that the amounts accrued as a liability were consistent with the outcome of the Group's calculations, and consistent with the financial performance of the business from other audit procedures
- Reviewing whether reclassifications from contingent consideration to deferred consideration were appropriate based on whether "earn out" criteria had been met or alternative contractual terms had been agreed
- Assessing the accuracy and completeness of contingent consideration disclosures in the financial statements as at 30 June 2017.

Impairment assessment on the Group's goodwill balances

Refer to Note 15 Impairment testing of goodwill

At 30 June 2017, the Group recorded $441.0m of intangible assets, of which $393.2m related to goodwill. These assets are allocated between four cash generating units ("CGUs"), being Australia & New Zealand, North America, Europe and Asia.

As required by Australian Accounting Standards, at 30 June 2017 management performed an impairment assessment over the goodwill balance by calculating the 'value in use' for each CGU, using a discounted cash flow model.

Given the level of judgement involved in estimating the key assumptions in the valuation models, including forecast performance, growth rates and discount rates, and the materiality of the goodwill recognised on the Group's balance sheet, we determined that this was a key audit matter.

No impairment charge was recorded by the Group in the current financial year.

Our procedures in relation to the impairment assessment of goodwill included, amongst others:

- Assessing the appropriateness of the Group's determination of its CGUs
- Testing the mathematical accuracy of the underlying calculations in the Group's discounted cash flow valuation models
- Comparing the cash flow forecasts for FY18 used in the models to the Board approved budget for FY18
- Comparing the FY17 actual results with prior year forecasts to assess the historical accuracy of the Group's forecasting processes
- Evaluating the key assumptions in the cash flow models, including long term growth rates and discount rates
- Performing sensitivity analysis to assess the impact of reasonably possible changes in the assumptions used in the valuation models, including the discount rates, growth rates, and FY18 forecast.

Based on our procedures we found that headroom remained between the carrying value of each CGU's assets (including goodwill) and management's calculation of the value in use, and as such no impairment of goodwill was identified.

We also compared the Group's net assets as at 30 June 2017 of $401m to its market capitalisation of $2,414m at 30 June 2017, and noted the $2,013m of implied headroom in the comparison.

Other information

The directors of the Company are responsible for the other information. The other information comprises the Chairman and Managing Director's Report, Corporate Directory, Directors' Report, Corporate Governance Statement and Shareholder Information in the annual report for the year ended 30 June 2017, 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 14 to 22 of the directors' report for the year ended 30 June 2017.

In our opinion, the remuneration report of Corporate Travel Management Limited, for the year ended 30 June 2017 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

Michael Shewan
Partner

22 August 2017

Shareholder Information

The shareholder information set out below was applicable at 18 July 2017.

a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Number of shareholders
1 – 1,000	6,680
1,001 – 5,000	4,203
5,001 – 10,000	573
10,001 – 100,000	386
100,001 and over	52
	11,894

There were 195 holders of less than a marketable parcel of ordinary shares.

b) Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed as follows:

	2017 Number held	Percentage of issued shares
Pherous Holdings Pty Ltd	21,650,000	20.58%
HSBC Custody Nominees (Australia) Ltd	18,303,335	17.40%
J P Morgan Nominees Australia Limited	9,877,088	9.39%
Citicorp Nominees Pty Limited	4,163,534	3.96%
National Nominees Limited	3,315,489	3.15%
Claire Lesley Gray	2,967,759	2.82%
BNP Paribas Noms Pty Ltd	2,189,854	2.08%
Steven Craig Smith	1,584,338	1.51%
Matthew Michael Cantelo	1,498,520	1.42%
Matimo Pty Ltd	1,279,350	1.22%
Ms Helen Logas	1,136,764	1.08%
BNP Paribas Nominees Pty Ltd	959,016	0.91%
Doobie Investments Pty Limited	924,936	0.88%
Christopher Alexander Thelen	905,547	0.86%
Mr Matthew Dalling	899,171	0.85%
National Nominees Limited	558,467	0.53%
Shamiz Pty Ltd	526,893	0.50%
Citicorp Nominees Pty Limited	441,416	0.42%
Joseph D McClure and Julie A McClure	440,180	0.42%
Andrea McClure – MYSZA	440,180	0.42%
	74,061,837	**70.40%**

Shareholder Information (continued)

c) Equity security holders (continued)

Unquoted equity securities

	Number on issue	Number of holders
Share Appreciation Rights	3,117,500	34

d) Substantial holders

Substantial holders (including associate holdings) in the Company are set as follows:

	Number held	Percentage Issued shares
Pherous Holdings Pty Ltd	21,650,000	20.58%
HSBC Custody Nominees (Australia) Ltd	18,303,335	17.40%
J P Morgan Nominees Australia Limited	9,877,088	9.39%
UBS Group AG	7,529,852	7.16%
Hyperion Asset Management Limited	5,019,113	5.04%

e) Voting rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares voting rights

On a show of hands, every member present at a meeting in person or by proxy shall have one vote. Upon a poll, each share shall have one vote. There are currently no options held.

Share Appreciation Rights
Share appreciation rights have no voting rights.