



corporate travel  
management

# prospectus 2010

Lead Manager and Underwriter

RBS Morgans Corporate Limited  
ACN 010 539 607 (AFSL 235407)

 **RBS Morgans**

Corporate Travel Management Limited  
ACN 131 207 611





## IMPORTANT NOTICES

Some terms used in this Prospectus are defined in the Glossary.

This Prospectus is dated 3 November 2010. A copy of this Prospectus was lodged with ASIC on that date. Neither ASIC or ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No Shares will be allotted or transferred on the basis of this Prospectus after the expiry date. This Prospectus expires on 3 December 2011.

The Offer is available to Australian residents in each state and territory of Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law. Seek advice on and observe any restrictions. This Prospectus is not an Offer in any place where, or to any person to whom, it would not be lawful to make the Offer.

The Employee Priority Offer under this Prospectus is made to Australian and New Zealand Eligible Employees. The Employee Priority Offer is made to New Zealand Eligible Employees subject to, and in accordance with, the New Zealand Securities Act (Overseas Employee Share Purchase Schemes) Exemption Notice 2002.

No person is authorised to give any information or make representations about the Offer, which is not contained in this Prospectus. Information or representations not contained in this Prospectus must not be relied on as authorised by the Company, or any other person, in connection with the Offer.

This Prospectus provides information for investors to decide if they wish to invest in Corporate Travel Management Limited (CTM). Read this document in its entirety. Examine the assumptions underlying the financial forecasts and the risk factors that could affect the financial performance of CTM. Consider these factors carefully in light of your personal financial circumstances. Seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest. The Offer does not take into account the investment objectives, financial situation or needs of particular investors.

This Prospectus is available electronically at [www.travelctm.com](http://www.travelctm.com). The Application Form attached to the electronic version of this Prospectus must be used within Australia. Electronic versions of this Prospectus should be downloaded and read in their entirety. Obtain a paper copy of the Prospectus (free of charge) by telephoning 07 3210 3307. Applications for Shares may only be made on the Application Form attached to this Prospectus or in its paper copy form downloaded in its entirety from [www.travelctm.com](http://www.travelctm.com).

Under the Corporations Act, CTM must not process Application Forms during the seven day period after the date of lodgement of this Prospectus with ASIC. This period may be extended by ASIC for up to a further seven days. This exposure period enables the Prospectus to be examined by market participants. Application Forms received during the exposure period will not be processed until after the expiry of that period. No preference will be given to Application Forms received during the exposure period.

Monetary amounts shown in this Prospectus are expressed in Australian dollars unless otherwise stated. Photographs used in this Prospectus without descriptions are only for illustration. The people shown are not endorsing this Prospectus or its contents. Diagrams used in this Prospectus may not be drawn to scale. The assets depicted in photographs in this Prospectus are not assets of the Company unless otherwise stated.

### THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

EVENT	DATE
Prospectus date	3 November 2010
Offer opens	16 November 2010
Employee Priority Offer closes	30 November 2010 at 5pm
Offer closes	7 December 2010 at 5pm
Anticipated date of allotment	10 December 2010
Shareholding statements expected to be dispatched	13 December 2010
Anticipated commencement of ASX trading	15 December 2010

**Offer opens date is subject to the exposure period detailed in the Important Notices section above. All dates and times are subject to change. All times are AEST. The Company, in consultation with the Lead Manager and Underwriter, reserves the right to vary these dates and times without prior notice. It may close the Offer early, withdraw the Offer, or accept late Applications. Applicants are encouraged to submit their Application Forms as soon as possible.**

# contents

CTM investment highlights	2
Letter from the Chairman	14
Questions and answers	16
1 Investment summary and details of the Offer	18
2 CTM – the business	24
3 Ownership, management and corporate governance	36
4 Financial information	42
5 Risk factors	52
6 Investigating Accountant's Report	56
7 Material agreements	64
8 Additional information	77
9 Glossary	80
Corporate directory	82

Offer Price	\$1.00
Employee Offer Price	\$0.90
Offer Shares <sup>1</sup>	21,780,000
Amount to be raised under the Offer <sup>2</sup>	\$21.70 million
Market Capitalisation at the Offer Price <sup>3</sup>	\$70.37 million

1. Offer Shares are comprised of 20 million New Shares and 1.78 million Vendor Shares (including approximately 800,000 Employee Priority Offer Shares).
2. Comprised of \$20 million from the New Shares and approximately \$1.7 million from the Vendor Shares.
3. This assumes the Offer Price of \$1.00 per Share. There is no guarantee as to the Company's market capitalisation following listing on ASX or in the future.

PRO FORMA FORECAST FINANCIAL INFORMATION FOR YEAR ENDING 30 JUNE 2011 \$'000s	
TTV <sup>1</sup>	\$491,733
Revenue	\$43,324
EBITDA	\$10,947
EBIT	\$10,205
NPAT	\$7,037
EPS	10 cents
DPS	5 cents
PE Ratio	10x
Dividend Yield <sup>2</sup>	5%

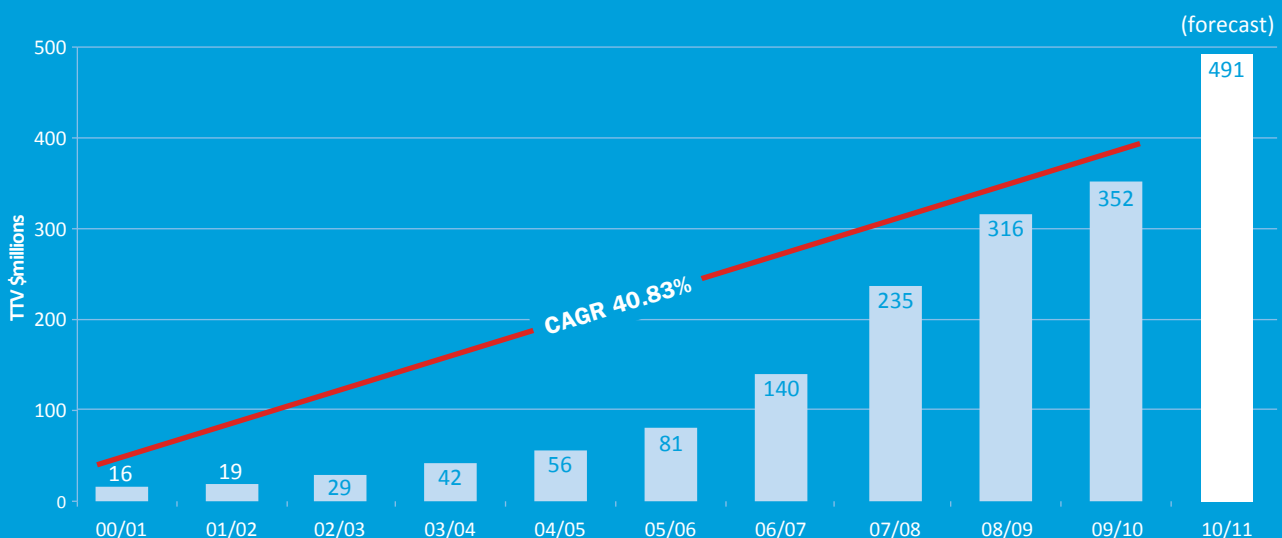
1. Total Transaction Value (TTV) does not represent revenue in accordance with AAS. TTV represents the price at which travel products and services are sold (exclusive of GST), including when CTM acts as agent for various airlines and other service providers, plus revenue from other sources. CTM's revenue is therefore derived from TTV. TTV does not represent CTM's cash flows as some transactions are settled directly between the customer and supplier.
2. Anticipated dividend yield based on offer price of \$1 per share.

# CTM investment highlights

## A DECADE OF STRONG GROWTH

- TTV has grown from \$16 million in FY2001 to a forecast in FY2011 of \$491 million
- 16 consecutive years of organic TTV growth complemented by four successfully integrated acquisitions
- More than 30% compound annual growth in EBITDA over the past 5 years even through the GFC

### TTV Growth (FY2001-FY2010)





# 40%

Forecast

## TTV growth

### EXCITING FUTURE GROWTH PROSPECTS

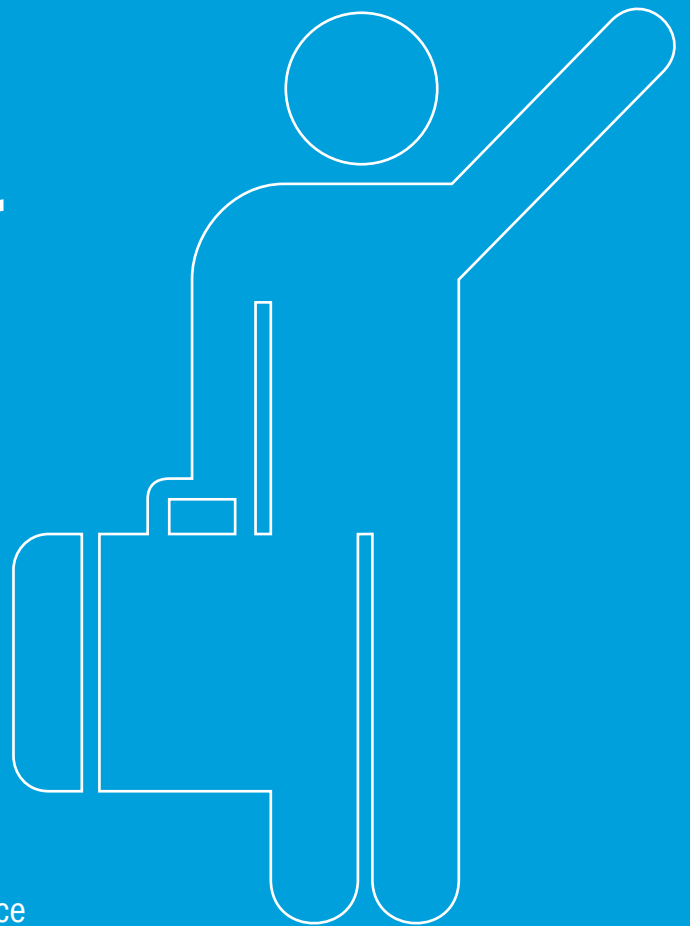
- Forecast 40% TTV growth and 112% NPAT growth in FY2011
- Experiencing a recovery in corporate travel spend post the GFC
- Travelcorp will contribute only in the second half of FY2011 and for the full year FY2012
- The corporate travel market in Australia is estimated to be \$6.6 billion in TTV spend. Australian air passenger movements are estimated to grow at 4.2% per annum over next 21 years
- CTM has only approximately 6% of this growing market
- Scalable business model – leveraging investment in technology, systems and people

# CTM investment highlights

**AN AWARD-WINNING PROVIDER OF INNOVATIVE AND  
COST-EFFECTIVE TRAVEL MANAGEMENT SERVICES TO  
THE CORPORATE MARKET**

## AFTA 'Best Corporate Agency in Australia'

for 6 of the past 7 years and inducted to  
AFTA Hall of Fame in 2010 for continued excellence







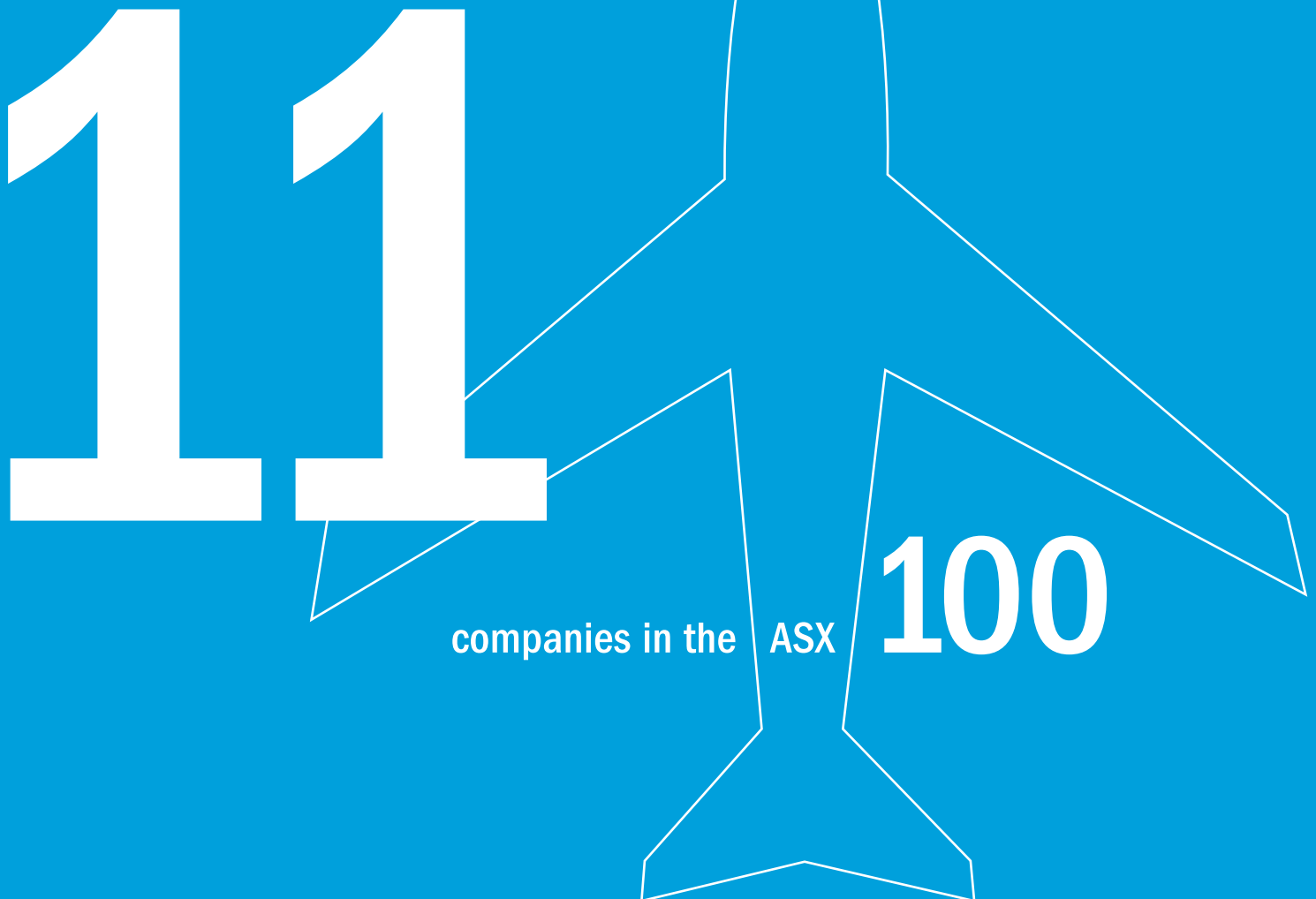
## HIGHLY PERSONALISED SERVICE MODEL IS THE KEY POINT OF DIFFERENCE

- › Business model that is client-focused and tailored to each individual client's needs
- › Flexible service offering with the appropriate blend of technology and expertise
- › Committed to demonstrating a return on investment to clients through diagnostics and strategies to manage travel expenditure

# CTM investment highlights

## TARGETING BLUE CHIP AND CORPORATE CLIENTS THAT VALUE PERSONALISED TRAVEL SERVICES

- Corporate travel manager for 610 of Australia's private and publicly listed companies, including 11 companies in the ASX 100
- No client contributes more than 5% of EBITDA



## **STRONG GROWTH UNDERPINNED BY RETAINING EXISTING CLIENTS, WINNING NEW CLIENTS AND REALISING PRODUCTIVITY EFFICIENCIES**

- Strong track record of winning new client business
- Achieved a client retention rate of 97% per annum of TTV in FY2010
- TTV per employee has increased from \$0.67 million in FY2001 to \$1.33 million in FY2010

Andre Moten  
General Manager Queensland  
9 years CTM

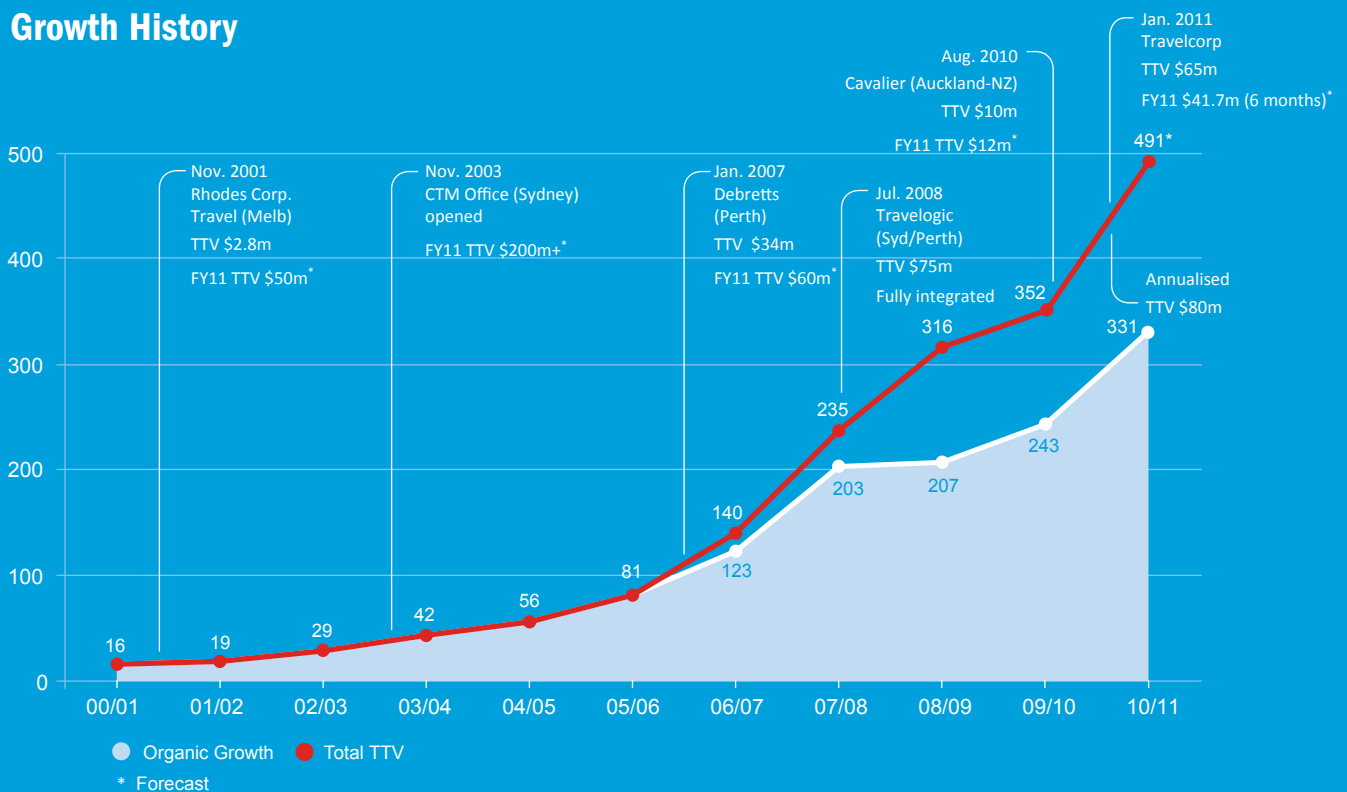


# CTM investment highlights

## PROVEN ABILITY TO INTEGRATE STRATEGIC ACQUISITIONS

- Four strategic acquisitions successfully integrated in the past 10 years
- Fifth acquisition, Travelcorp, to contribute to earnings from 3 January 2011
- Synergies expected from day one
- Further business improvement expected with the introduction of CTM support services

### Growth History



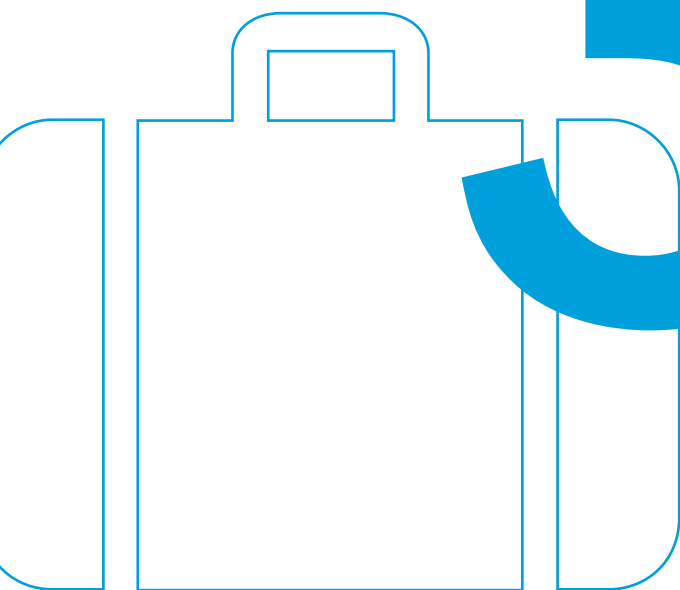
## ENTHUSIASTIC STAFF DEDICATED TO DELIVERING A SUPERIOR SERVICE TO CLIENTS

- Highly motivated client-focused team of more than 300 staff led by an enthusiastic and dedicated senior management team with a wealth of experience within the travel industry and outside
- The interests of the senior management team are aligned with shareholders – no senior management bonuses will be paid if the prospectus forecasts are not exceeded
- Staff remuneration is determined by client-driven measures including accuracy and turnaround times
- Strong Board of Directors with significant corporate and business experience providing invaluable guidance to the senior management team

More than

300

staff



# CTM investment highlights

## MAJORITY OF REVENUE IS FEE FOR SERVICE

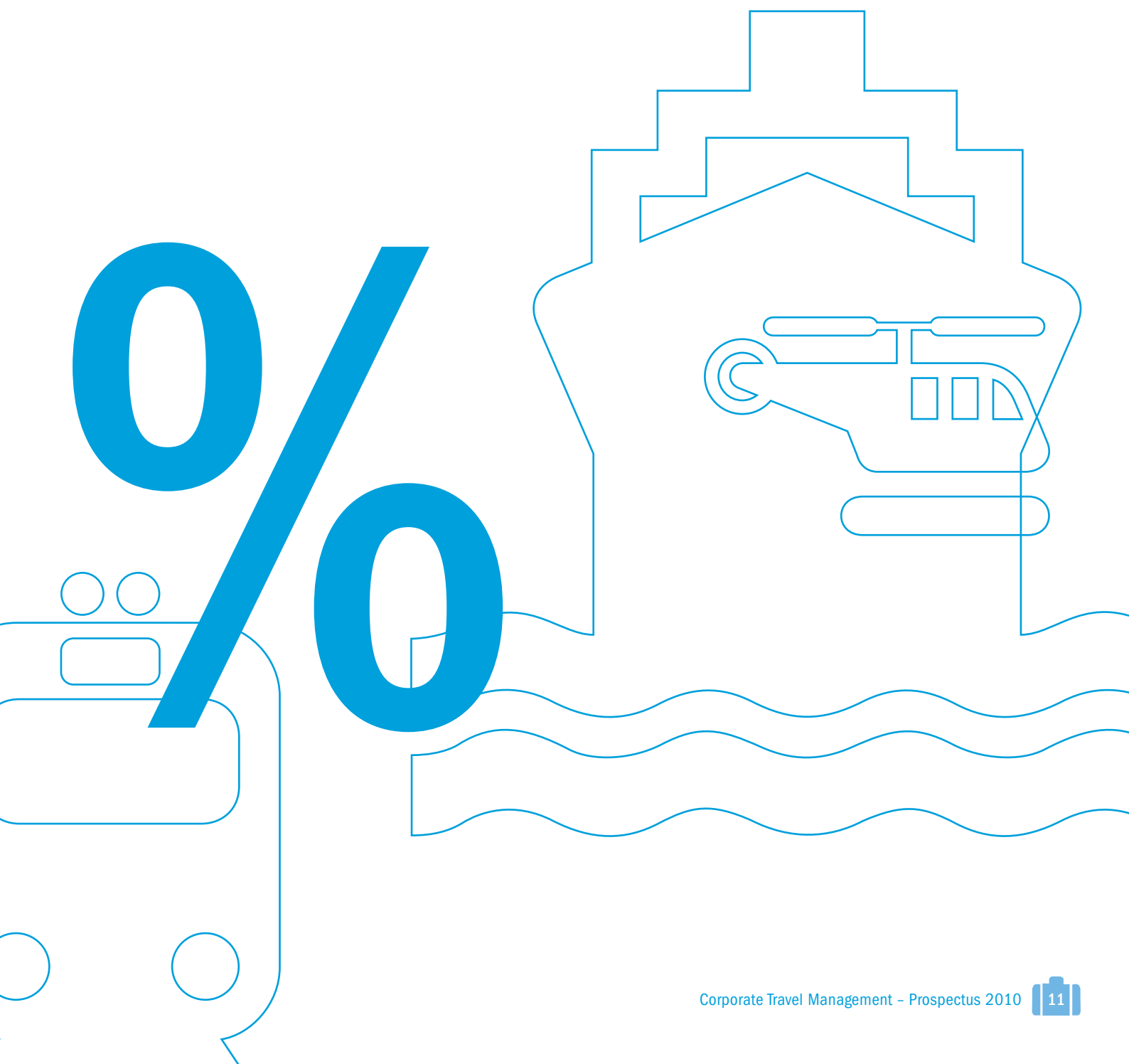
- Core business is providing tailored business travel services
- Model focuses on client's return on investment through diagnostics and strategies to manage travel costs

Forecast NPAT growth of

112

## AN ATTRACTIVE INVESTMENT

- Growing revenue base through increasing travel spend among new and existing clients
- Reliable cash collection with 97% of payments made by credit card
- FY2011 forecast price earnings ratio of 10 times
- FY2011 forecast fully franked dividend yield of 5% on full year profits
- Strong balance sheet





A young woman with long, wavy brown hair is smiling broadly while holding a black telephone receiver to her ear. She is wearing a black top. The background is a bright blue wall. The text is overlaid on the lower half of the image, with each line on a separate blue rectangular background.

A strong track  
record in integrating  
new businesses  
and our skills mean  
CTM is well placed  
to take advantage of  
growth opportunities



# KEY RISKS TO CTM

## ECONOMIC CONDITIONS

The impact of economic conditions upon CTM may be either specific, or of a more general nature. Economic downturns may have a material adverse impact upon CTM's operating performance as a result of a reduction in corporate and leisure travel, including airline, hotel and hire car reservations and business or trade conferences.

## INFORMATION TECHNOLOGY

CTM relies heavily on information technology systems. Key systems are operated under licences and the Company's costs may increase. Licences may be terminated or not renewed. Should these IT systems not be further developed and implemented or upgraded by suppliers when anticipated, it may negatively impact the Company's performance potential and competitive position.

An interruption, loss of or delay of the Company's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures or failure of disaster recovery plans, may impact the Company's short term financial position and may have a longer term impact on client and supplier satisfaction.

## COMPETITION

If the actions of competitors or potential competitors become more effective, or if new competitors enter the market and CTM is unable to counter these actions, the Company's financial performance or operating margins could be adversely affected or CTM may be unable to compete successfully. Competition has also grown through internet based travel providers.

## CLIENT RELATIONSHIPS

Many of CTM's significant clients have specified service level agreements which, if not satisfied, may give rise to contract termination. Diminution in client satisfaction may also lead to contracts being terminated, not being renewed upon expiry, or a reduction in sales levels for ad hoc client arrangements. These events may lead to a significant loss of revenues.

## SUPPLIER RELATIONSHIPS

CTM is dependent on ongoing mutually beneficial relationships with its key suppliers. Termination or failure to renew agreements with key suppliers will impact on gross margins and profitability.

## HOSTILITIES, TERRORISM AND OTHER EXTERNAL EVENTS

CTM may be adversely impacted by international hostilities or war, acts of terrorism, epidemics or outbreaks of disease, political or social instability, natural disasters and weather effects. These events may impact upon travel to specific locations or be of generalised effect.

## OTHER RISKS

- › Key personnel
- › Employee costs and relations
- › Growth
- › Control by Existing Shareholders
- › Regulation
- › Intellectual property
- › Share market investments

A more detailed overview of the risks involved with an investment in CTM is set out in Section 5. Investors should carefully consider the risks of an investment in CTM in light of their personal circumstances (including financial and taxation issues) and seek professional advice as necessary.

# LETTER FROM THE CHAIRMAN

## DEAR INVESTOR

On behalf of the Directors, it is my pleasure to offer you an opportunity to invest in Corporate Travel Management Limited (CTM), an exciting Company delivering strong earnings growth as a specialist provider of travel management services, primarily to the corporate sector.

Its key asset is its enthusiastic and dedicated professional staff, led by an experienced and highly capable senior management team.

Since being founded in 1994, CTM has demonstrated a strong track record of earnings growth, achieving compound annual growth in earnings (EBITDA) of 30 per cent over the last five financial years, notwithstanding the Global Financial Crisis. This earnings growth has been achieved both organically and through acquisitions, the most recent of which have included Travellogic in 2008 and Cavalier Travel (NZ) earlier this year.

Continuing this trend, CTM has announced the acquisition of Travelcorp, another Sydney-based corporate travel services company with a presence in the Sydney, Melbourne and Perth markets. This acquisition is due to be completed in January 2011, and will further increase CTM's market position in the growing corporate travel management sector.

The Company is offering a total of 21,780,000 Shares under the Offer, to raise approximately \$21.70 million. The Offer comprises 20 million New Shares at \$1.00 per Share and 1.78 million Vendor Shares. Eligible Employees are being invited to participate in the Offer at \$0.90 per Share for up to 800,000 Shares.

The founder, major shareholder and Managing Director, Jamie Pherous is not selling any of his Shares in CTM.

On completion of the Offer, the Company will have a market capitalisation of approximately \$70.37 million.

This Offer is fully underwritten by RBS Morgans Corporate Limited.

The funds raised by this Offer will be used primarily to settle the acquisition of Travelcorp, repay debt relating to previous acquisitions in Perth and New Zealand, and supplement working capital.

This Prospectus contains detailed information regarding CTM's operations, financial performance its financial position, management and key staff.

A detailed summary of the key risks to CTM's business is set out in Section 5, which I encourage you to read and understand before making an investment decision.

On behalf of the Board and management, I commend the Offer to you and look forward to welcoming you as a shareholder of this exciting growth company.

Yours faithfully



**Tony Bellas**  
Chairman



CTM's key asset  
is its enthusiastic  
and dedicated  
professional staff

## QUESTIONS AND ANSWERS

QUESTION	ANSWER	SECTION
<b>WHO IS THE ISSUER OF THIS PROSPECTUS?</b>	Corporate Travel Management Limited.	Sections 2, 3 and 4
<b>WHAT IS THE OFFER?</b>	<p>The Offer is an initial public offer of 21.78 million Shares in CTM, comprising 20 million New Shares and 1.78 million Vendor Shares.</p> <p>Approximately 800,000 Shares have been allocated for the Employee Priority Offer, pursuant to which Eligible Employees will be offered Shares at \$0.90 per Share.</p> <p>CTM will list on ASX following the close of this Offer and you will be able to trade your Shares on ASX.</p>	Section 1
<b>WHY IS CTM MAKING THIS OFFER?</b>	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>(a) assist in funding the acquisition of Travelcorp, a Sydney based travel management company;</li> <li>(b) provide CTM with additional working capital and the flexibility to fund CTM's growth strategy;</li> <li>(c) repay debt; and</li> <li>(d) provide an opportunity for Eligible Employees to invest in CTM.</li> </ul>	Sections 1.1 and 1.3
<b>WHAT IS THE OFFER PRICE OF THE SHARES?</b>	<p>The Shares are being issued at \$1.00 per Share.</p> <p>Shares under the Employee Priority Offer will be issued at \$0.90 per Share (capped at 800,000 Shares in total).</p>	Section 1.1
<b>WHAT RIGHTS AND LIABILITIES ATTACH TO THE SHARES?</b>	<p>The Shares will rank equally in all respects with the Shares held by the Existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's Constitution.</p> <p>Existing Shareholders' Shares will be escrowed (cannot be sold) until 12 months from listing date.</p>	Section 1.6 and 7.2
<b>WHAT RISKS ARE INVOLVED WITH AN INVESTMENT IN THE COMPANY?</b>	<p>An investment in CTM is subject to general and specific risks that could affect its future performance, which include:</p> <ul style="list-style-type: none"> <li>(a) economic downturns may result in a reduction in corporate travel;</li> <li>(b) reliance upon systems and technology;</li> <li>(c) increased competition;</li> <li>(d) client and supplier contractual risk, including termination or non-renewal;</li> <li>(e) international hostilities or war, acts of terrorism, outbreaks of disease and natural disasters and weather;</li> <li>(f) reliance on key personnel; and</li> <li>(g) increasing employee costs and possible deterioration in employee relations.</li> </ul>	Section 5
<b>WHAT IS THE COMPANY'S FINANCIAL POSITION?</b>	The Company's financial position is set out in detail in Section 4.	Section 4

QUESTION	ANSWER	SECTION
<b>IS THE OFFER UNDERWRITTEN?</b>	The Offer is fully underwritten by RBS Morgans Corporate Limited.	Section 1.13 and 7.7
	If CTM does not receive valid applications for the full amount of 21.78 million Shares under this Offer, the Underwriter will subscribe for, or procure subscriptions for, any shortfall.	
<b>WILL I RECEIVE DIVIDENDS ON MY SHARES?</b>	The Directors' current intention is to distribute dividends of approximately 50-60% of reported net profit after tax. The Directors intend to declare interim dividends payable in April and final dividends payable in October of each year. The first dividend following quotation of Shares in the Company on the ASX is expected to be declared in relation to the full year ending 30 June 2011 and paid in October 2011.	Section 1.5
<b>HOW DO I PARTICIPATE IN THE OFFER?</b>	To participate in the Offer, please complete the Application Form attached to this Prospectus and return it with payment of the Application Money before 7 December 2010.  If you have a broker firm allocation, please return your Application Form to your broker.  Please note it is intended that all Shares will be allocated via a broker firm offer.	Section 1.8  Section 1.9
<b>HOW DO EMPLOYEES PARTICIPATE IN THE OFFER?</b>	Eligible Employees must complete the Application Form provided to them following the instructions on the form to select the specially marked box to indicate they are an Eligible Employee, and return it with payment of the Application Monies before 30 November 2010.	Section 1.10
<b>HOW DO I CALCULATE THE APPLICATION MONIES PAYABLE IF I WISH TO PARTICIPATE IN THE OFFER?</b>	The Application Monies are calculated by multiplying the number of Shares you wish to apply for by the Offer Price of \$1.00 per Share.  For the Employee Priority Offer, the Application Monies are calculated by multiplying the number of Shares you wish to apply for by the Offer Price of \$0.90 per Share.	Sections 1.8 and 1.10  Application Form
<b>WHAT IS THE MINIMUM NUMBER OF SHARES FOR WHICH I CAN APPLY?</b>	Applications under the Offer must be for a minimum of 2,000 Shares (total cost of \$2,000) and then in multiples of 500 Shares (\$500).	Section 1.8
<b>WHAT IS THE MINIMUM NUMBER OF SHARES FOR WHICH EMPLOYEES CAN APPLY?</b>	Applications under the Employee Priority Offer must be for a minimum of 1,000 Shares (total cost of \$900) and then in multiples of 500 Shares (\$450).	Section 1.10
<b>FURTHER QUESTIONS?</b>	If you have questions in relation to the Offer, please contact RBS Morgans Limited on 1800 777 946.	
<b>WHO SHOULD EMPLOYEES CONTACT WITH THEIR QUESTIONS?</b>	Eligible Employees with questions in relation to the Employee Priority Offer should contact the Company Secretary on 07 3210 3307.	Section 1.10

## INVESTMENT SUMMARY AND DETAILS OF THE OFFER

### 1.1 OFFER HIGHLIGHTS

This Prospectus offers 21,780,000 Shares to raise approximately \$21.7 million.

A portion of the Offer has been reserved for Eligible Employees. Details of applications for Shares under the Employee Priority Offer are set out in Section 1.10.

<b>OFFER PRICE PER SHARE</b>	\$1.00
<b>EMPLOYEE OFFER PRICE</b>	\$0.90
<b>NEW SHARES</b>	20,000,000
<b>VENDOR SHARES</b>	1,780,000
<b>TOTAL NUMBER OF SHARES OFFERED UNDER THIS PROSPECTUS<sup>1</sup></b>	21,780,000
<b>TOTAL NUMBER OF SHARES ON ISSUE FOLLOWING THE OFFER</b>	70,370,000
<b>AMOUNT TO BE RAISED UNDER THE OFFER<sup>2</sup></b>	\$21,700,000
<b>MARKET CAPITALISATION AT THE OFFER PRICE<sup>3</sup></b>	\$70,370,000

1. Offer Shares are comprised of 20 million New Shares and 1.78 million Vendor Shares (including approximately 800,000 Employee Priority Offer Shares).
2. Comprised of \$20 million from the New Shares and approximately \$1.7 million from the Vendor Shares.
3. This assumes the Offer Price of \$1.00 per Share. There is no guarantee as to the Company's market capitalisation following listing on ASX or in the future.

SUMMARY FINANCIAL INFORMATION				
\$'000s	ADJUSTED (AUDITED) 2008	ADJUSTED (AUDITED) 2009	AUDITED 2010	FORECAST 2011
TTV <sup>1</sup>	234,778	316,280	351,470	491,733
Revenue	23,800	27,941	31,547	43,324
EBITDA	5,882	2,107	5,619	10,947
EBIT	5,423	1,505	4,976	10,205
NPBT	4,993	1,217	4,736	10,193
NPAT	3,436	428	3,317	7,037
Earnings per Share (basic)				10 cents
Dividend per share <sup>2</sup>				5 cents
Price earnings ratio				10x
Dividend yield <sup>3</sup>				5%

1. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services are sold (exclusive of GST), including when CTM acts as agent for various airlines and other service providers, plus revenue from other sources. CTM's revenue is therefore derived from TTV. TTV does not represent CTM's cash flows as some transactions are settled directly between the customer and supplier.
2. The FY2011 dividend will be paid out of full year profits and is expected to be fully franked.
3. Anticipated dividend yield based on offer price of \$1.00 per Share.

This forecast financial information is a summary only. You should read Section 4 (Financial Information) and Section 5 (Risk factors) in full.

## 1.2 IMPORTANT DATES

EVENT	DATE
Prospectus date	3 November 2010
Offer opens	16 November 2010
Employee Priority Offer closes	30 November 2010 at 5pm
Offer closes	7 December 2010 at 5pm
Anticipated date of allotment	10 December 2010
Shareholding statements expected to be dispatched	13 December 2010
Anticipated commencement of ASX trading	15 December 2010

**Offer opens date is subject to the exposure period detailed in the Important Notices section. All dates and times are subject to change. All times are AEST. The Company, in consultation with the Lead Manager and Underwriter, reserves the right to vary these dates and times without prior notice. It may close the Offer early, withdraw the Offer, or accept late Applications.**

## 1.3 PURPOSE OF THE OFFER AND UTILISATION OF FUNDS

The purpose of the Offer is to:

- assist in funding the acquisition of Travelcorp, a Sydney based travel management company;
- provide CTM with additional working capital and the flexibility to fund CTM's growth strategy;
- repay debt; and
- provide an opportunity for Eligible Employees to invest in CTM.

The indicative sources and uses of funds are as follows:

SOURCE	\$ MILLIONS
Issue of New Shares <sup>1</sup>	20.0
Vendor Sell Down <sup>2</sup>	1.7
<b>Total Sources of Funds Raised</b>	<b>21.7</b>
USE	\$ MILLIONS
Acquisition Funding <sup>3</sup>	15.0
Repayment of Debt	2.6
Working Capital	1.0
Cost of Offer	1.4
Payments to Vendors	1.7
<b>Total Uses of Funds Raised</b>	<b>21.7</b>

- \$20 million raised from the issue of 20 million New Shares at the \$1.00 Offer Price.
- Vendor Sell Down of 1.78 million Vendor Shares, including up to 800,000 Shares under the Employee Priority Offer at \$0.90 Employee Offer Price.
- Refer to Section 4.8.2.

The Company has sufficient working capital to carry out its objectives, detailed in this Prospectus.

The terms of the Travelcorp acquisition are summarised in section 7.9. In the event the Travelcorp acquisition does not complete, CTM intends to seek alternative complementary acquisitions consistent with the growth strategy outlined in this Prospectus.

## 1.4 SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of CTM at the date of this Prospectus and on completion of the Offer:

SHAREHOLDER	CURRENT SHARES	POST OFFER SHARES	POST OFFER %
<b>DIRECTOR SHAREHOLDERS</b>			
Jamie Pherous <sup>1</sup>	26,599,728	26,599,728	37.80
Claire Gray	5,424,999	5,424,999	7.71
<b>VENDOR SHAREHOLDERS</b>			
Steven Craig Smith	5,399,746	5,174,999	7.35
Matthew Dalling <sup>2</sup>	4,892,736	4,623,039	6.57
Matthew Cantelo <sup>3</sup>	4,889,706	4,593,039	6.53
Andre Moten <sup>4</sup>	1,502,713	963,319	1.37
Lyndall McCabe <sup>5</sup>	1,117,406	667,911	0.95
<b>OTHER SHAREHOLDERS</b>			
Other Shareholders	542,966	542,966	0.77
<b>SHAREHOLDERS UNDER THE PROSPECTUS</b>			
Eligible Employees <sup>6</sup>	–	800,000	1.14
New investors		20,980,000	29.81
<b>Total</b>	<b>50,370,000</b>	<b>70,370,000</b>	<b>100%</b>

1 Shareholding legally and beneficially held by Jamie Pherous' related entity Pherous Holdings Pty Ltd ACN 106 590 050.

2 Shareholding includes shares held by Matthew Dalling's related entity Matimo Pty Ltd ACN 128 618 146 as trustee for Matimo Trust.

3 Shareholding includes shares held by Matthew Cantelo's related entity Doobie Investments Pty Ltd ACN 129 274 264 as trustee for Halle Trust.

4 Shareholding held by Andre Eric Ross Moten as trustee for the Moten Family Trust.

5 Shareholding held by Lyndall Cori McCabe as trustee for the CJ & LC McCabe Trust.

6 Represents the maximum amount of Shares to be offered at a discount under the Employee Share Offer.

It is the intention of the three Non-Executive Directors of CTM to each apply for 200,000 Shares under the Offer at the Offer Price.

The Existing Shareholders have entered into voluntary restriction agreements with the Company restricting them from dealing in the Shares held by them at the date of this Prospectus, until 12 months after the Company's Shares are entered into the official list and commence trading on ASX. Details of these arrangements are set out in Section 7.15.

consider relevant. The Directors give no assurances about the payment of dividends, the extent of payout ratios or the future level of franking of dividends.

The Directors' current intention is that final dividend payable in October 2011 will be fully franked.

## 1.5 DIVIDEND POLICY

The Directors' current intention is to distribute approximately 50-60% of reported net profit after tax as dividends. The Directors intend to declare interim dividends payable in April and final dividends payable in October of each year. The first dividend following quotation of shares in the Company on ASX is expected to be declared in relation to the full year ending 30 June 2011 and paid in October 2011.

Payment of dividends by the Company will depend upon the availability of distributable earnings, and the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors

## 1.6 RIGHTS ATTACHING TO SHARES

The Shares will rank equally in all respects with the Shares held by the Existing Shareholders. The rights and liabilities attaching to all Shares are detailed in the Company's Constitution. A summary of the major provisions of the Constitution is set out in Section 7.2.

## 1.7 TIMETABLE

All dates and times are subject to change. All times are AEST. The Company, in consultation with the Lead Manager and Underwriter, reserves the right to vary these dates and times without prior notice, including the right to close the Offer early, to withdraw the Offer, or to accept late Applications.



## 1.8 HOW TO APPLY FOR SHARES

Applications may only be made on the Application Form attached to or accompanying this Prospectus or in its paper copy form as downloaded in its entirety from [www.travelctm.com](http://www.travelctm.com). Detailed instructions on how to complete the Application Form are set out on the reverse of the Application Form.

The Offer Price is \$1.00 per Share. Applications must be for a minimum of 2,000 Shares (\$2,000) and then in multiples of 500 Shares (\$500).

Complete a paper copy of the Application Form (the Company will not accept Application Forms electronically) and send it, with payment in Australian currency, by the Closing Date to:

**Post:**

**RBS Morgans Limited  
GPO Box 202  
Brisbane QLD 4001**

**Delivery:**

**RBS Morgans Limited  
Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000**

Cheques or bank drafts must be made payable to 'Corporate Travel Management – Share Offer' and should be crossed and marked 'Not Negotiable'. If you have received a 'firm' allocation of Shares from your broker, please follow the instructions in Section 1.9.

Applicants with questions on how to complete the Application Form, or who require additional copies of the Prospectus, can contact RBS Morgans Limited on 1800 777 946 or the Company Secretary on 07 3210 3307 or visit the website [www.travelctm.com](http://www.travelctm.com) to download a copy of the Prospectus.

## 1.9 BROKER FIRM APPLICANTS

If you have received a 'firm' allocation of Shares from your broker, your application and payment procedures will differ in two important respects from those described above:

- (a) your application cheque must be made payable to the broker (not to 'Corporate Travel Management – Share Offer'); and
- (b) your completed Application Form and cheque must be delivered to the broker directly (not to the Share Registry).

Applicants who receive a firm allocation of Shares must lodge their Application Form and Application Monies with the relevant broker in accordance with the relevant broker's directions in order to receive their firm allocation. Your broker will act as your agent in submitting your application.

The Company, the Share Registry and the Lead Manager and Underwriter take no responsibility for any acts or omissions by your broker in connection with your Application, Application Form or Application Monies.

The procedure should be explained to you in further detail by your broker. If you have a firm allocation of Shares and are in any doubt about what action to take, you should immediately contact the broker who has made you the firm offer.

## 1.10 EMPLOYEE PRIORITY OFFER

A total of 800,000 Shares have been reserved for Eligible Employees. The allocation of Shares under the Employee Priority Offer will be at the discretion of the Company. Any Shares not taken up under the Employee Priority Offer by the Employee Closing Date will be allocated at the discretion of the Lead Manager and Underwriter in consultation with the Company.

The Employee Priority Offer is to Eligible Employees who are either Australian or New Zealand residents at the date of this Prospectus. This Offer is personal to the Eligible Employee and may not be transferred.

The Employee Offer Price for Applicants under the Employee Priority Offer is \$0.90 per Share. Applications under the Employee Priority Offer must be for a minimum of 1,000 Shares (at a cost to the Eligible Employee of \$900), and thereafter in multiples of 500 Shares (\$450).

Eligible Employees should complete and lodge the Application Form and select the specially marked box indicating they are an Eligible Employee in accordance with the instructions on the guide to the Application Form. An Application Form must be accompanied by a cheque or bank draft in Australian Dollars and drawn on an Australian branch of an Australian bank. Cheques must be made payable to 'Corporate Travel Management – Share Offer' and crossed 'Not Negotiable'.

Completed Application Forms and Application Monies for Shares under the Employee Priority Offer must be returned by the Employee Closing Date of 30 November 2010 to:

Employee Priority Offer  
c/- Company Secretary  
Corporate Travel Management Limited  
PO Box 12005 George Street  
Brisbane QLD 4003

Eligible Employee Applicants with questions on how to complete the Application Form should contact the Company Secretary on 07 3210 3307.

### 1.11 ALLOCATION OF SHARES

The Lead Manager and Underwriter, in consultation with the Company will allocate Shares to Applicants under the Offer at its discretion. It is intended that all Shares (other than the Employee Priority Offer) will be allocated via a broker firm offer.

### 1.12 THE LEAD MANAGER AND UNDERWRITER

The Company may allocate all, or a lesser number, of Shares for which an application has been made, accept a late application or decline an Application. Where Applications are scaled back, there may be a different application of the scale-back policy to each Applicant.

Where no allocation is made to a particular Applicant or the number of Shares allocated is less than the number applied for by an Applicant, surplus Application Monies will be returned to that Applicant. No interest will be paid on refunded Application Monies. Any interest earned on Application Monies is the property of the Company.

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible after the Closing Date. It is the responsibility of Applicants to confirm the number of Shares allocated to them prior to trading in Shares. Applicants who sell Shares before they receive notice of the Shares allocated to them, do so at their own risk.

If the Company's application for admission to ASX is denied, or for any reason this Offer does not proceed, all Application Monies will be refunded in full without interest.

### 1.13 UNDERWRITING

The Offer is fully underwritten by RBS Morgans Corporate Limited.

Further details of the Underwriting Agreement, including the circumstances in which the Lead Manager and Underwriter may terminate its obligations, are set out in Section 7.7.

### 1.14 VALIDITY OF APPLICATION FORMS

An Application Form may only be distributed with, attached to or accompany a complete and unaltered copy of this Prospectus.

By completing and lodging an Application Form received with this Prospectus, the Applicant represents and warrants that the Applicant has personally received a complete and unaltered copy of this Prospectus prior to completing the Application Form.

The Company will not accept a completed Application Form if it has reason to believe the Applicant has not received a complete copy of the Prospectus or it has reason to believe that the Application Form has been altered or tampered with in any way.

An Application Form is an irrevocable acceptance of the Offer.

### 1.15 ASX LISTING

An application will be made to ASX no later than seven days after the date of this Prospectus for the Company to be admitted to ASX, and for official quotation of the Shares. Acceptance of the application by ASX is not a representation by ASX about the merits of the Company or the Shares. Official quotation of Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants.

CTM has reserved the ASX code 'CTD'.

It is expected that trading of the Shares on ASX will commence on or about 15 December 2010.

If permission is not granted for official quotation of the Shares on ASX within three months of the date of this Prospectus, all Application Monies received will be refunded without interest as soon as practicable in accordance with requirements of the Corporations Act.

### 1.16 CHESS

The Company will apply for the Shares to participate in CHESS. Applicants who are issued Shares under this Offer will receive shareholding statements in lieu of share certificates. The statements set out the number of Shares issued to each successful Applicant.

The shareholding statement will also provide details of the Shareholder's HIN (in the case of a holding on the CHESS sub-register) or SRN (in the case of a holding on the issuer sponsored sub register).

In future, Shareholders need to quote their HIN or SRN, as applicable, in all dealings with a stockbroker or the Share Registry. Further statements will be provided to Shareholders showing changes in their shareholding during a particular month. Additional statements may be requested at any time, although the Company reserves the right to charge a fee.

### 1.17 WITHDRAWAL

The Company reserves the right to withdraw the Offer, at any time before the allotment of Shares. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.

### 1.18 TAXATION CONSIDERATIONS

The taxation consequences of an investment in the Company will depend upon the Investor's particular circumstances. Investors should make their own enquiries about the taxation consequences of an investment in the Company. If you are in doubt as to the course you should follow, you should consult your accountant, stockbroker, lawyer or other professional adviser.

### 1.19 FOREIGN SELLING RESTRICTIONS

No action has been taken to register or qualify the Shares or the Offer in any jurisdiction outside Australia, or otherwise to permit a public offering of the Shares outside Australia.

The Prospectus does not constitute an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each Applicant warrants and represents that:

- (a) the Applicant is an Australian citizen or resident in Australia, is located in Australia at the time of the Application and is not acting for the account or benefit of any person in the United States or any other foreign person; or
- (b) the Applicant is a New Zealand Eligible Employee, resident in New Zealand at the time of the Application and is not acting for the account or benefit of any person in the United States or any other foreign person; and
- (c) the Applicant will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia or to a United States person, except in transactions exempt from registration under the US Securities Act 1933 as amended, and in compliance with all applicable laws in the jurisdiction in which the Shares are offered and sold.

### 1.20 RISK FACTORS

An investment in the Company is subject to both general and specific risks that could affect its future performance. Some of the risks are described in Section 5. Before deciding to invest in the Company, prospective investors should read the entire Prospectus and, in particular, should consider the assumptions underlying the financial forecasts in Section 4, the sensitivity analysis in Section 4.10 and the risk factors in Section 5.

### 1.21 SUMMARY ONLY

This summary is not intended to provide full details of the investment opportunity. Investors must read this Prospectus in full to make an informed investment decision.

## CTM – THE BUSINESS

### 2.1 CORPORATE TRAVEL INDUSTRY OVERVIEW

CTM operates almost exclusively in the corporate travel sector.

Based on available industry data, the Directors understand the Australian corporate travel market to be valued at approximately \$6.6 billion in annual Total Transaction Value (TTV). CTM has a market share of approximately 6%.

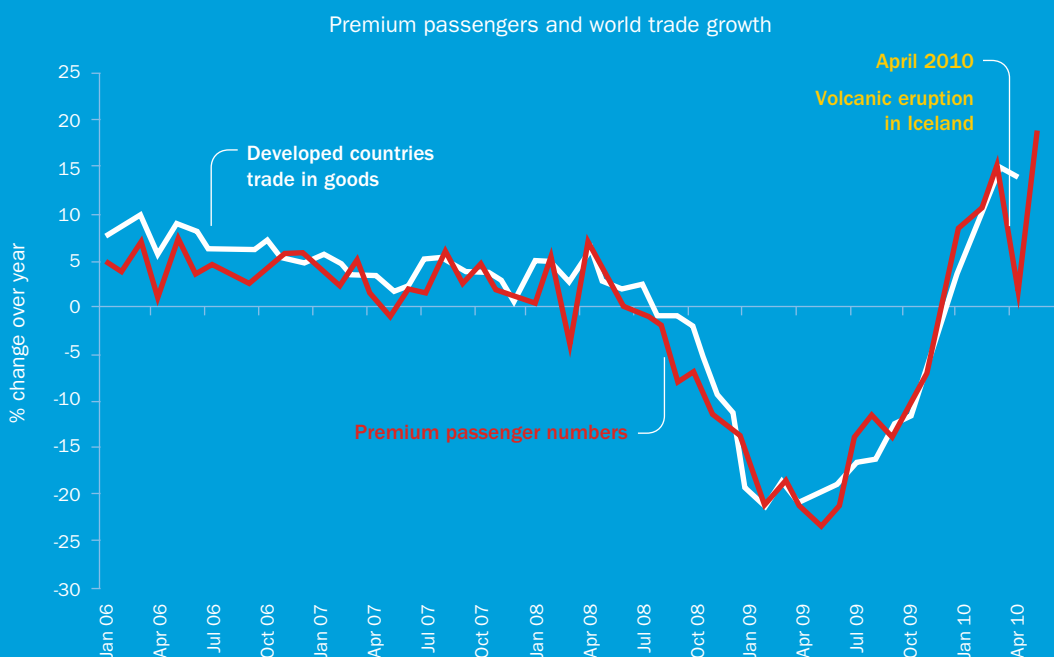
The sector is expected to benefit from forecast growth in aircraft and passenger movements.

The Bureau of Infrastructure, Transport and Regional Economics has forecast the number of air passenger movements through Australian capital city airports will increase by an average of 4.2% per year over the next 21 years, from 98.3 million passengers

in FY2009 to 235 million in FY2030. The number of aircraft movements through Australian capital city airports is expected to increase by an average of 2.2% per year over the next 21 years, from 1.1 million in FY2009 to 1.7 million in FY2030, an overall increase of 60%. (*Bureau of Infrastructure, Transport and Regional Economics, Aircraft movements through capital city airports to 2029-30*)

World trade and economic activity are key drivers of growth in corporate travel. The graph below shows a strong correlation between business activities in the world's developed countries and demand for premium air travel. As the global economy recovers from the impact of the Global Financial Crisis (GFC), the Directors consider that demand for corporate air travel will also increase.

### Premium passengers and world trade growth



Source: IATA, CPB Netherlands

There are a number of benefits which arise for CTM from operating in the corporate travel sector, compared to general travel agencies. These include:

- Reduced exposure to global travel market shocks;
- Reduced exposure to internet direct competitors;
- Reduced exposure to foreign exchange sensitivities; and
- No requirement for 'high street' shop-front locations.

CTM considers a range of factors will influence the types of services corporate organisations expect from travel management companies, including:

- Technology – Travel management companies need to maintain a competitive balance of increasing automation with 'high touch' personal service;

- Corporate social responsibility – Organisations are increasingly embracing carbon reduction initiatives and the need to balance these with financial imperatives; and
- Corporate efficiency – Organisations are focused on minimising travel costs and maximising return on investment in travel and the provision of tools to help manage these imperatives.

The corporate travel market in Australia comprises a small number of large global travel companies and a large number of small travel companies. CTM's major domestic and international competitors in the Australian market are set out in the diagram below.



Only a small number of companies successfully operate in this expanding corporate travel market with key success factors including market specialisation, industry knowledge, supplier relationships, global presence, capital investment in human resources and technology, and client retention.

Australian travel industry regulation requires participation in the Travel Compensation Fund (**TCF**) in order to conduct business as a travel agent. CTM participates in the TCF. CTM is also a member of the International Air Transport Association (**IATA**) and the Travel Agents Association of New Zealand (**TAANZ**).

## 2.2 COMPANY OVERVIEW

CTM is an award-winning provider of innovative and cost-effective travel management services to the corporate market. The Company employs more than 300 staff and has established a national footprint in Australia with offices in Brisbane, Sydney, Melbourne, Perth and the Gold Coast. CTM has recently established an international presence, having acquired its first international office in Auckland, New Zealand.

CTM is a member of the GlobalStar Alliance, a worldwide network operating in approximately 66 countries. The GlobalStar Alliance allows CTM to provide a seamless international service for its clients and provides access to leading technologies.

The success of CTM has been based on three key drivers:

- Retaining existing clients – 97% client retention rate of TTV in FY2010;
- Winning new client business – Attracting clients who want an alternative to the traditional large providers;
- Improving productivity – Productivity and technology efficiencies improve service to CTM clients and reduce overheads.

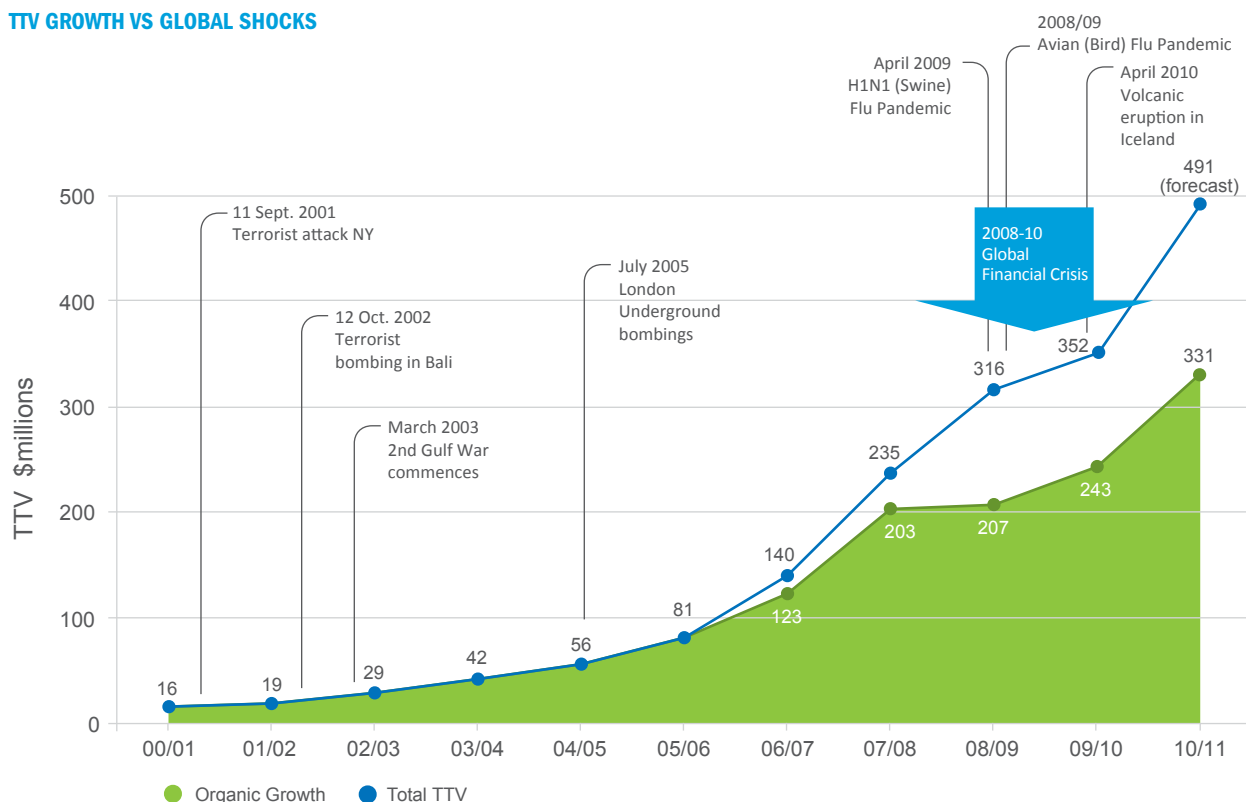
CTM has enjoyed significant growth since it was founded in 1994. Over the past decade, CTM has grown from TTV of \$16 million for FY2001 to forecast TTV of \$491 million for FY2011. This growth has been underpinned by strong organic expansion complemented by four strategic acquisitions, each of which has been successfully integrated.

CTM's core business is the provision of travel management services to the corporate market. It operates on a fee for service model, which includes the following services:

- (a) expert business travel advice and services;
- (b) bookings;
- (c) ticketing;
- (d) travel management data, diagnostics and recommendations; and
- (e) ancillary services.

The Company has attracted and retained highly-experienced and qualified staff and provides services to clients ranging in size from emerging companies to leading multinational brands and some blue chip organisations among the ASX Top 100. The Company's focus on the corporate travel market means it has been less susceptible to recent global shocks such as the influenza pandemics and terrorism threats.

### TTV GROWTH VS GLOBAL SHOCKS



This focus on the corporate market also means that CTM is not exposed to the overheads required to maintain the retail presence of a traditional travel agency business.

The majority of CTM's revenue is sourced from service fees per transaction rather than the traditional reliance of travel agents on commission payments from suppliers. This more closely aligns CTM to its clients' goals of managing travel costs while providing valuable travel services.

CTM has identified a range of limitations in the way corporate travel management services have traditionally been provided to clients. Key issues include:

- (a) limited flexibility to acknowledge the highly individualised needs of corporate clients and individual travellers within those companies;
- (b) call centre services make it difficult to understand clients' needs;
- (c) lack of account management services to fully understand and address corporate travel requirements;
- (d) limited range of product options from which to tailor less expensive and more personalised itineraries; and
- (e) limited accountability or diagnostics to substantiate savings or quantify return on investment to the client.

CTM's highly-differentiated model was developed to address these issues, providing a client-focused, flexible service offering with the appropriate blend of technology and expertise, underpinned by a personal service approach. CTM is also committed to demonstrating a return on investment to clients through diagnostics and strategies to reduce travel expenditure.

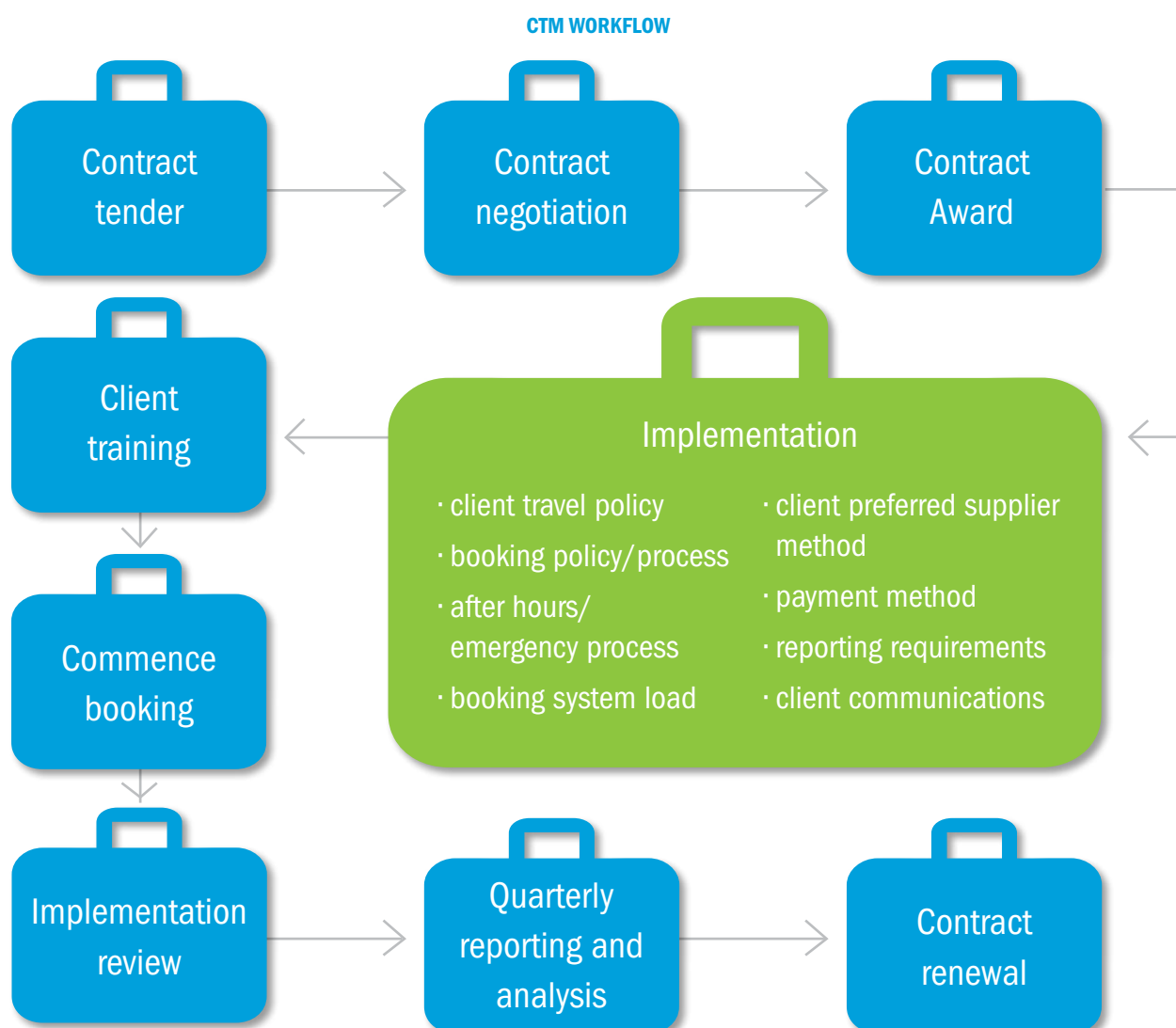
CTM provides value to its clients by:

- (a) delivering highly-personalised, efficient and innovative travel services;

- (b) providing reductions in travel costs to generate a positive return on investment from CTM services; and
- (c) providing a tailored, end-to-end travel service for clients:
  - (i) integrated, client-focused technology solutions including pre-trip authorisation, on-line booking, auto-reporting and expense management tools;
  - (ii) flexible services tailored to meet the client's corporate travel policies and the individual requirements of the traveller; and
  - (iii) proven capabilities in providing safe and efficient solutions for clients with complex travel requirements or facing challenging circumstances.

CTM's client relationships from contract negotiation through to successful contract renewal typically follow a number of stages as shown in the following diagram.

The contract sets out a service level agreement based on the client's travel requirements and policies. CTM consultants work closely with clients to implement appropriate processes and systems. An initial implementation review ensures CTM is able to consistently deliver agreed service levels. CTM then reports regularly to clients on performance in terms of travel expenditure, service levels and other agreed measures.





A portrait of Jamie Pherous, a middle-aged man with short brown hair, smiling. He is wearing a dark pinstripe suit jacket over a light purple and white striped shirt. The background is a blurred office interior with a window.

Jamie Pherous  
Founder and Managing Director

CTM's clients benefit  
from effective  
personal service and  
integrated technology  
solutions that deliver  
cost competitive  
outcomes



### Award-winning business model

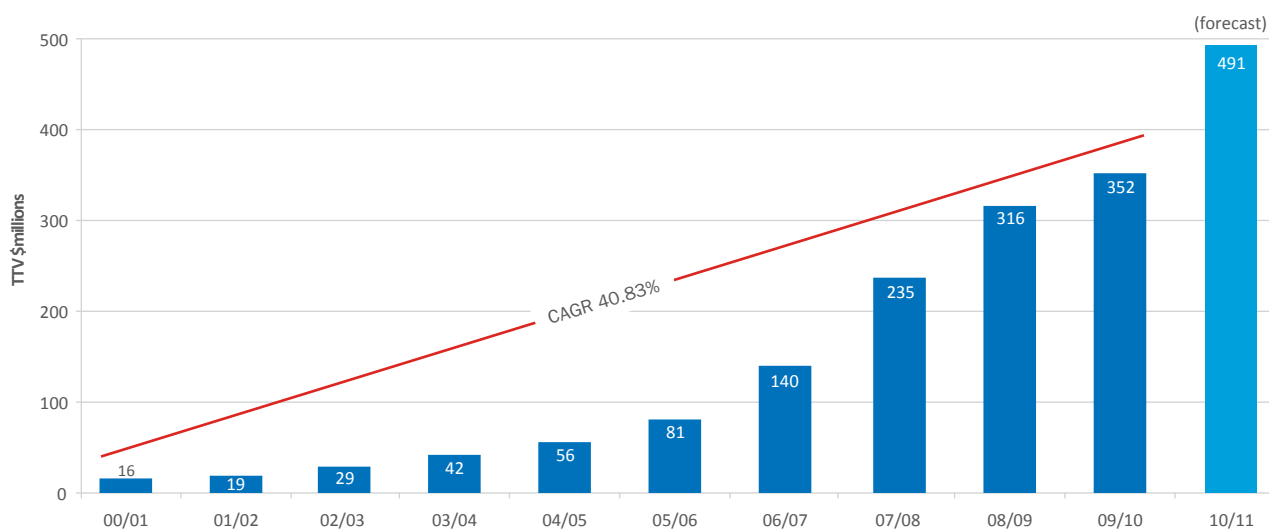
In recognition of its business model and service standards, CTM has been the recipient of numerous industry awards. CTM received the Australian Federation of Travel Agents (AFTA) award for Australia's best corporate travel company six times over seven years between 2004 and 2010, culminating in the Company being admitted to the AFTA Hall of Fame. CTM was selected for this award by travel industry suppliers and peers based on criteria including client service, continuous improvement, staff development, goal setting and strategic planning, marketing and market success.

### 2.3 HISTORY

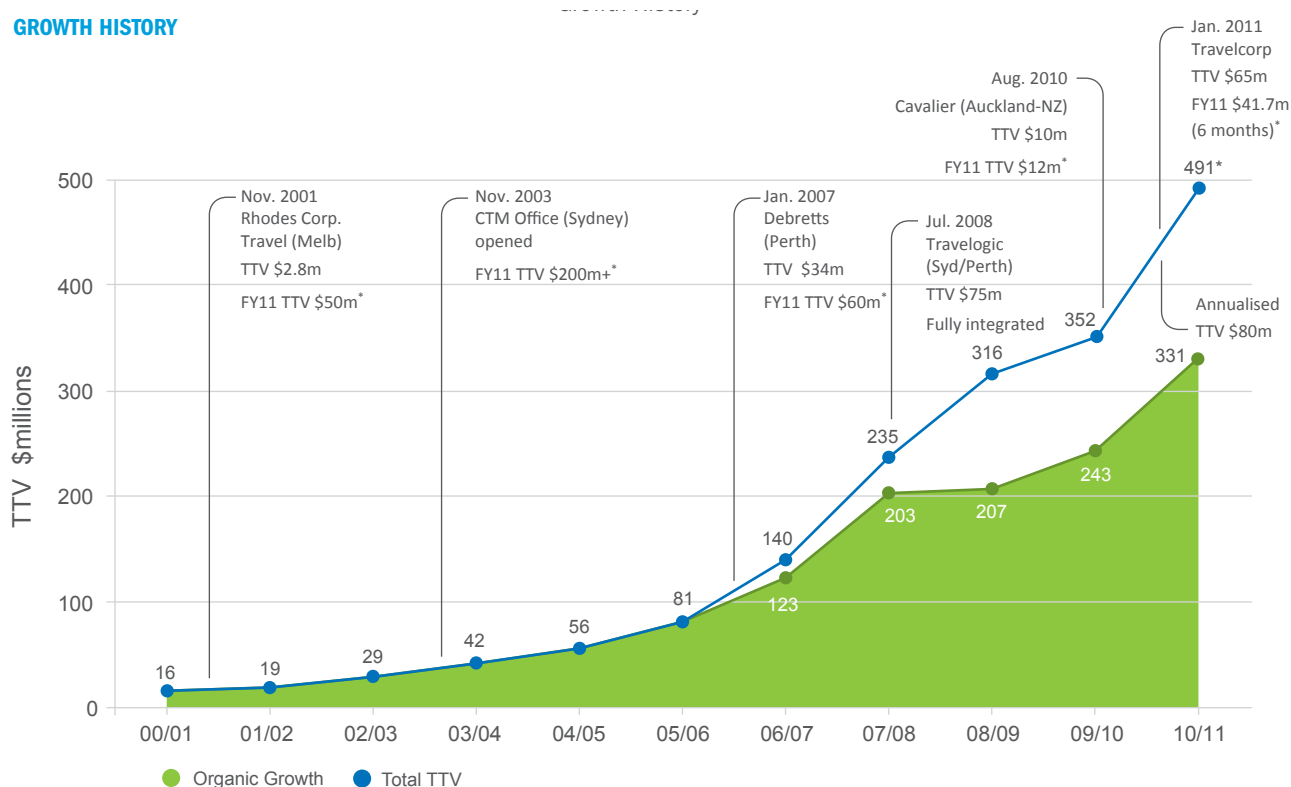
CTM's proven and focused business model has consistently generated strong TTV and earnings growth since the Company was founded in May 1994. Over the past nine years to FY2010, the Company has achieved year on year compound growth in TTV of 40.83%.

CTM has expanded from its Brisbane base to open or acquire offices in Sydney, Melbourne, Perth, the Gold Coast and Auckland in New Zealand. CTM has acquired and successfully integrated four travel management businesses over this period and has recently announced its fifth acquisition, Sydney-based Travelcorp.

### TTV GROWTH (FY2001-FY2010)



### GROWTH HISTORY



## GROWTH MILESTONES

May 1994

**CTM FOUNDED WITH TWO STAFF**  
Brisbane

Dec 1999

**CTM'S FIRST EXPANSION**  
Gold Coast office opened

Nov 2001

**CTM ENTERS MELBOURNE MARKET**  
Acquisition of Rhodes Corporate Travel

Nov 2003

**CTM ENTERS SYDNEY MARKET**  
Sydney office opened

Jan 2007

**CTM ENTERS PERTH MARKET**  
Acquisition of Debretts

July 2008

**CTM EXTENDS INTERNATIONAL PRESENCE THROUGH GLOBALSTAR ALLIANCE**  
Merger with Travelogic

Aug 2010

**CTM ENTERS NEW ZEALAND MARKET**  
Acquisition of Cavalier Travel Services, Auckland

Jan 2011

**CTM TO EXPAND ITS NATIONAL FOOTPRINT**  
Acquisition of Travelcorp with offices in Sydney, Perth and Melbourne

## 2.4 GROWTH STRATEGY

CTM's growth strategy is focused on increasing its share of the corporate travel market from its current level of approximately 6% in Australia and approximately 1.5% in New Zealand while also benefiting from the underlying expansion of the corporate travel market generally.

To achieve growth in its market share, CTM will:

- (a) continue to implement and enhance its flexible service model that tailors travel services for clients' specific needs;
- (b) leverage its strong market position to attract new clients;
- (c) retain existing clients through demonstrating a compelling return on investment;
- (d) continue to make strategic acquisitions domestically and internationally as opportunities present themselves; and
- (e) expand further into associated segments of the corporate travel market such as the meetings, incentives, conferences and events (**MICE**) and leisure markets.

The CTM Board and senior management are focused on forward planning in order to manage the significant growth experienced by CTM. In particular, workforce planning has been pivotal in managing growth, ensuring that all clients are being properly serviced, staff are being utilised efficiently and sufficient resources are in place to manage potential new clients.

## 2.5 ACQUISITION STRATEGY

CTM considers three key themes when assessing acquisition opportunities:

- (a) **Values** – acquisition companies and their staff must share CTM's core values and approach to business to ensure a seamless integration and continued dedication to servicing clients and growing the business. CTM will seek acquisition opportunities which have high client and staff retention levels, a personalised service culture and strong leadership.
- (b) **Strategic geographic expansion** – CTM will target geographies which are significant or relevant to existing CTM clients or enter regions where there are few alternatives to the global travel companies.
- (c) **Business improvement** – many successful SMEs in the corporate travel sector grow effectively without the introduction of formal processes and systems. These businesses eventually reach a point at which the introduction of processes and systems are required to support continued growth. CTM is able to offer these systems and processes and thereby improve efficiencies, scalability and profitability. This approach will enable CTM to build its international network while offering clients consistency in service delivery, reporting and diagnostics regardless of where they are located.

CTM's international growth is also supported by its affiliation with the GlobalStar Alliance worldwide network acquired with the Travellogic business in 2008. This network is discussed in more detail in Section 2.11.

## Acquisition of Travelcorp

Effective 3 January 2011, CTM will acquire the Travelcorp business which has operations in Sydney, Perth and Melbourne.

Travelcorp is a multi-award-winning corporate and leisure travel agency with similar cultural values to those of CTM. Travelcorp has a history of strong client and staff retention and the Directors consider the acquisition complements the existing CTM business.

The acquisition further strengthens CTM's market position and is forecast to provide a \$1.38 million contribution to EBITDA in FY2011. This represents a six month contribution from date of acquisition.

## 2.6 ADDITIONAL SERVICES

CTM continues to expand into the market for managing travel for the meetings, incentives, conferences and events market. This represents a growth opportunity for the Company.

CTM also has a specialist leisure team, which provides holiday and personal travel services for clients.

## 2.7 CLIENT BASE

CTM has more than 610 clients and no single client accounts for more than 5% of the Company's EBITDA. CTM's top 20 clients account for approximately 53% of total client travel spend. Eleven ASX Top 100 companies are CTM clients. With the acquisition of Travelcorp, this will increase to 13 ASX Top 100 companies.

CTM has developed a diverse spread of quality clients with exposure to a wide variety of industries. CTM's clients are involved in industries and sectors including engineering, mining, banking, finance, insurance, accounting, pharmaceuticals and health, oil and gas and information technology.

As CTM grows, it expects to increase the number and diversity of its clients which will further enhance the quality and resilience of its earnings.

CTM places a high priority on strategies and service levels to retain existing clients. In FY2010 CTM retained more than 97% of existing client base by TTV.

A typical CTM client has contracted annual travel spending of more than \$1 million with an average term of approximately three years. The contract sets out a service level agreement based on the client's travel requirements and protocols. Many client contracts include evergreen provisions under which the term is dictated by a demonstrated return on investment and standards of personalised service.



An award-winning  
provider of  
innovative and  
cost-effective travel  
management  
services to the  
corporate market



## 2.8 CTM'S PEOPLE

CTM's primary asset is its staff. The Company has an enthusiastic and dedicated senior management team with a wealth of experience within the travel industry and outside. The workforce of more than 300 people is spread across the Company's offices in Brisbane, the Gold Coast, Sydney, Melbourne, Perth and Auckland in New Zealand.

CTM's approach to attracting, developing and retaining talented people aligns with its product positioning – supporting its people through investment in technology, innovation and training.

As discussed in the next section, the Company has a substantial investment in its travel technology platform to ensure that staff have the time to focus on providing client services.

Investment in staff development is critical to CTM's ongoing success, supported by a work environment in which people can grow and succeed. CTM is building for the future with its commitment to providing development and career progression programs for its people. In the past three years, CTM has

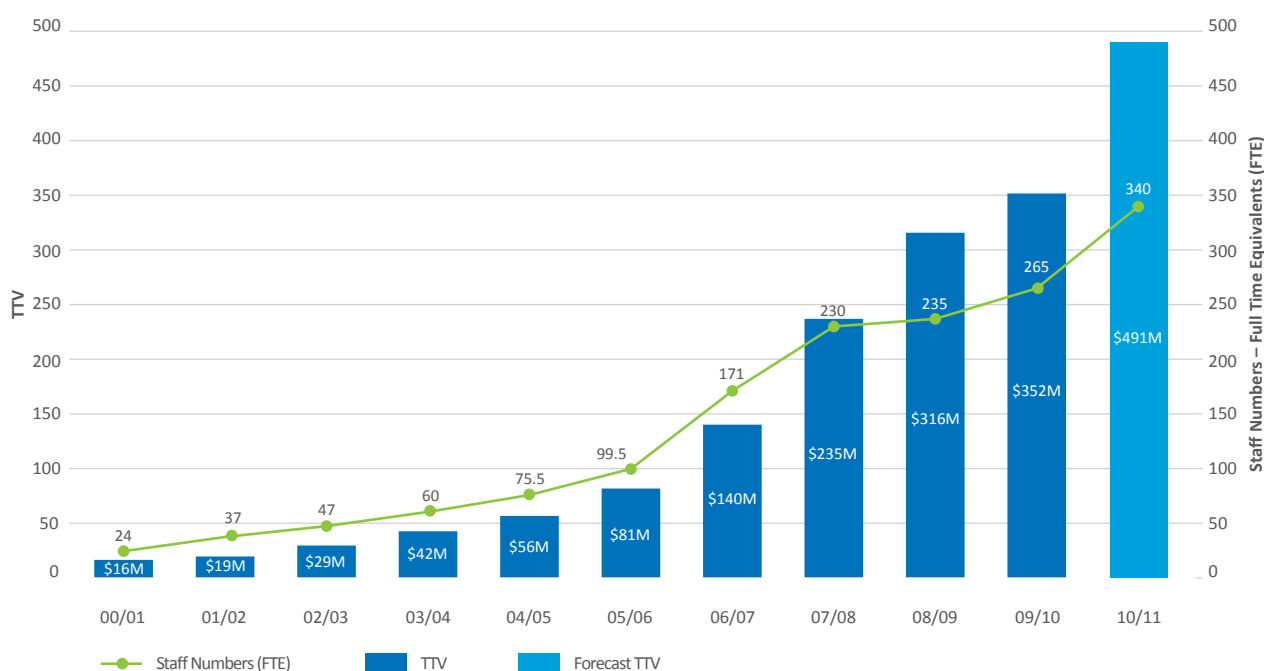
bolstered learning and development opportunities for staff by introducing a number of new initiatives including staff on-line training and communication portals and external training opportunities in areas such as project and time management.

To reinforce the Company's flexible service model, employee performance is measured and rewarded based on consistent achievement of client objectives and adding value through travel cost savings. CTM does not provide incentives to consultants on the basis of sales volumes or increased client revenue.

Part of CTM's culture is to recognise its people through the National Service Awards & Recognition program. People from across the Company are rewarded for years of service and peer nominated performance recognising their ingenuity and commitment to CTM and its clients.

As CTM has grown, it has consistently improved productivity measured by TTV per employee, as shown in the following diagram. CTM's current overhead structure has scalability to cater for additional growth in TTV.

### TOTAL EMPLOYEE NUMBERS AND TTV GROWTH



## 2.9 TECHNOLOGY

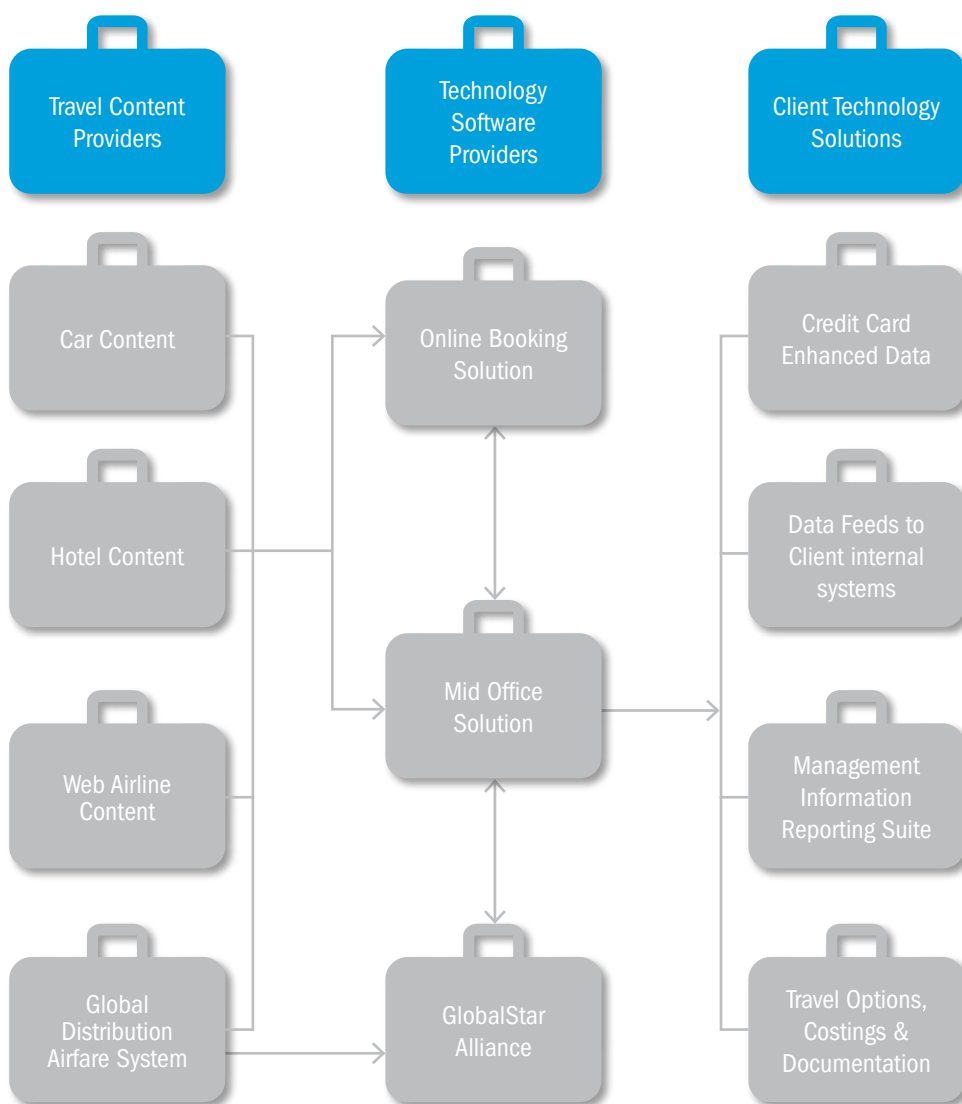
CTM's technology platform is one of the key factors in attracting and retaining clients and suppliers.

CTM partners with proven technology providers to tailor systems that reflect feedback from clients regarding their requirements. This approach enables CTM to offer flexible and robust solutions

that directly match client travel requirements and feature continually changing functionality. It also allows CTM staff to focus on providing personal service by automating simple repetitive tasks.

By working with technology providers to develop systems, CTM also retains key capabilities and intellectual property.

### CTM TECHNOLOGY PLATFORM



## 2.10 SUPPLIERS

CTM's growth has also been supported by strong supplier relationships.

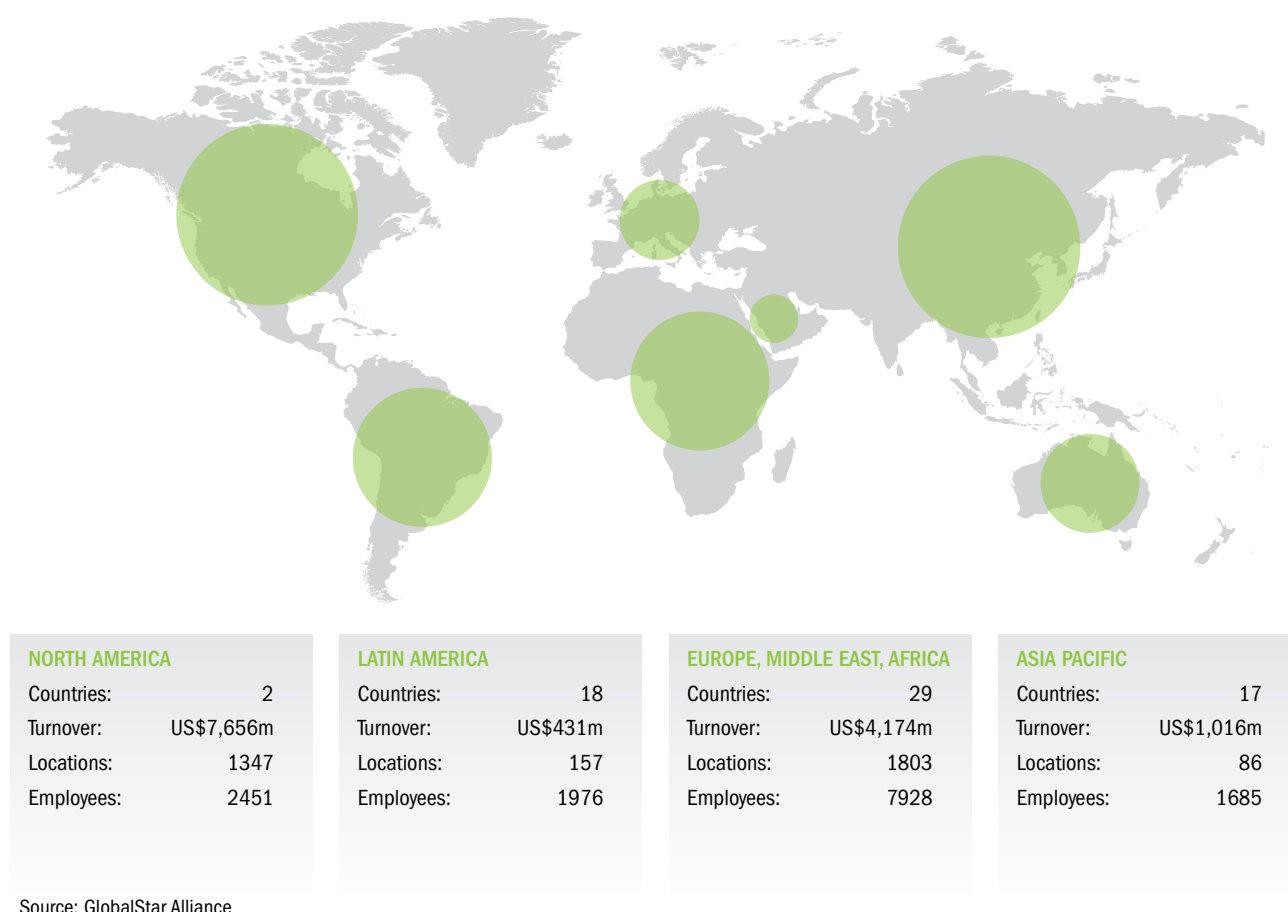
The Company's strategic industry partnerships include airlines, hotels, car rental companies, insurance and payment solution providers. Suppliers are selected for their ability to match the needs of clients and are vital in providing clients with the best value solutions for their business travel needs. Importantly, CTM's revenues are not dependent on any one supplier.

A number of key characteristics of CTM's business model provide benefits that underpin these strategic supplier relationships which have developed over the Company's 16 years of operation.

These characteristics include:

- (a) CTM's understanding of client requirements which assists suppliers in designing competitive products;
- (b) CTM's track record of strong growth which has delivered increasing commercial benefits to suppliers; and
- (c) CTM's focus on corporate clients which provides suppliers with a high average yield per transaction.

## 2.11 GLOBAL ALLIANCES



Source: GlobalStar Alliance

CTM is a founding partner of GlobalStar Alliance through the acquisition of Travelogic in 2008. GlobalStar Alliance is a worldwide network of travel management companies owned and managed by local entrepreneurs in approximately 66 countries and represents the collective buying power of more than US\$13 billion in TTV.

Many of CTM's clients operate across international borders and require the expert knowledge, service and support of a travel management company with global reach. The GlobalStar Alliance network benefits these clients by providing tailor-made solutions that meet their needs in a wide range of local markets. This is a distinct advantage over globally owned and operated agents using standardised solutions irrespective of local needs.

Clients receive consistent service because the GlobalStar Alliance members are bound by a common code of conduct, technology standards, global account management and service level agreements.

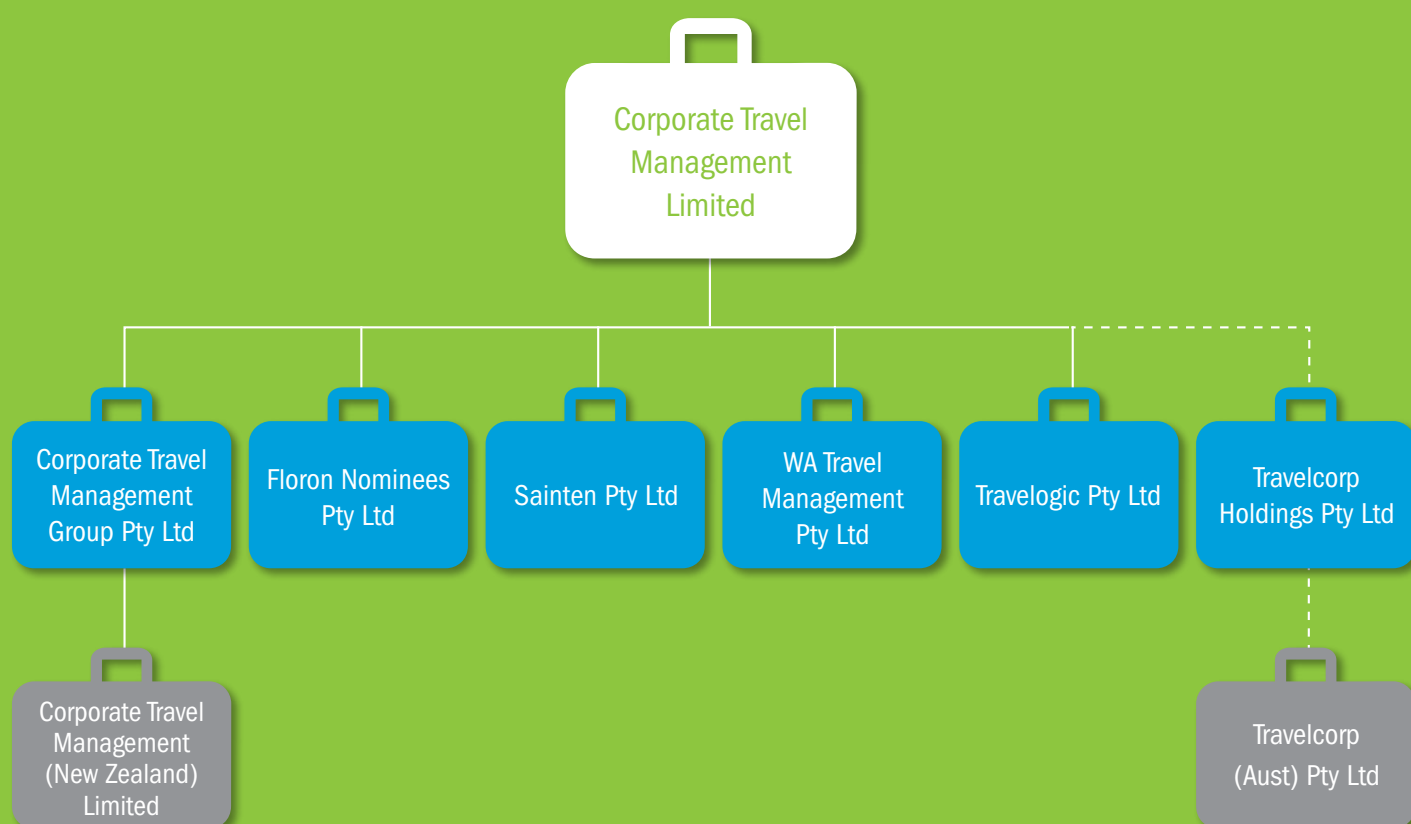
CTM's partnership with GlobalStar Alliance also provides a valuable networking tool, enabling the Company to contribute to significant industry developments around the world. The partnership also provides CTM with international industry contacts for business development, sharing of best practices and identifying potential acquisition opportunities.

# 3

## OWNERSHIP, MANAGEMENT AND CORPORATE GOVERNANCE

### 3.1 CTM ORGANISATIONAL STRUCTURE

CTM was founded in May 1994 and the holding company, Corporate Travel Management Limited, was incorporated in Queensland on 21 May 2008. It is the ultimate holding company for the members of the CTM group as illustrated in the following diagram.



The acquisition of Travelcorp and its subsidiary is due to complete on 3 January 2011, after the date of lodgement of this Prospectus.

Sainten Pty Limited trades under the registered business name Macquarie Group Travel Centre.





A highly  
personalised  
service model is  
the key point  
of difference

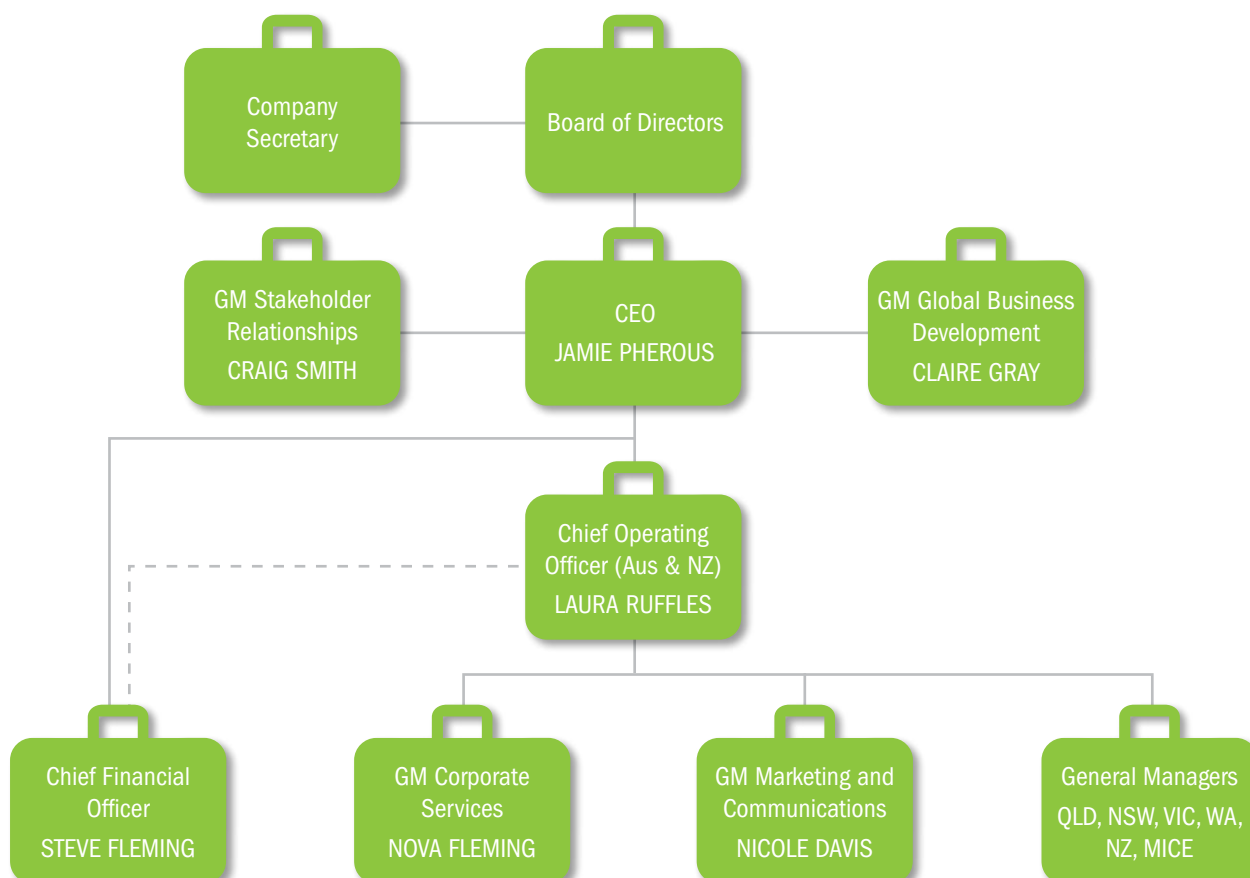
**Flexible** **Enthusiastic**  
Highly personalised  
**Client-focused** **Expertise**  
Cost effective  
**Professional**

**Innovation**

**Fun**



### 3.2 ORGANISATIONAL CHART



Pictured above from left to right (pages 38 and 39): John Lewis General Manager New Zealand, Matthew Cantelo GM New South Wales, Claire Gray GM Global Business and Executive Director, Jamie Pherous Managing Director and Chief Executive, Laura Ruffles Chief Operating Officer, Nova Fleming GM Corporate Services, Andre Moten GM Queensland, Nicole Davis GM Marketing and Communications, Steve Fleming Chief Financial Officer, Lyndall McCabe Company Secretary, Matt Dalling GM Victoria, Craig Smith GM Stakeholder Relations, Carolyn Colby GM Western Australia.

### 3.3 BOARD OF DIRECTORS



**Tony Bellas** MBA, BEcon, DipEd, FAIM, MAICD, ASA

*Chairman*

Tony Bellas has almost 25 years' experience in both the government and private sectors. Tony is currently pursuing his own business interests and has previously held positions of CEO of Ergon Energy, CS Energy and Seymour Group. Prior to this he was Queensland's Deputy Under Treasurer, with oversight of a number of Queensland Treasury operations including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.

In 1999, whilst at Queensland Treasury, Tony led the teams responsible for the floating the Queensland TAB and the Queensland Government's interest in the Bank of Queensland. Tony was also a member of the team that oversaw the merger in 1996 of the Suncorp and QIDC entities into the publicly listed company, Metway Bank, creating the new group Suncorp Metway. His team then managed the staged sell-down of the Queensland Government's holding in Suncorp Metway.

Tony is currently a Non-Executive Director of ERM Power Limited, ERM Power Retail Pty Ltd, and Australian Water (Qld) Pty Ltd. Tony was also a Non-Executive Director of Watpac Limited from January 2008 to October 2010.



**Greg Moynihan** BCom, Grad Dip SIA, ASA, FFin, MAICD

*Independent Non-Executive Director*

Greg Moynihan is a former CEO of Metway Bank Limited. He has also held senior management and executive positions with Citibank Australia and Suncorp Metway over a range of disciplines including financial and capital management, investment management, corporate strategy and marketing, as well as having primary accountability for business operations covering general insurance, business banking, retail banking and wealth management.

Since leaving Suncorp Metway in 2003, Greg has pursued a number of business interests, primarily in the investment management and private equity sectors.

Greg is currently a director of Ausenco Limited, Sunwater Limited, Urban Art Projects Pty Ltd and several private investment companies. He has previously held directorships with Cashcard Australia Ltd, LJ Hooker Ltd, RACQ Insurance Ltd, HFA Limited, Suncorp Metway Ltd (various subsidiaries) and First Base Pooled Development Fund.



**Stephen Lonie** BCom, MBA, CA, FFin, FAICD, FIMCA

*Independent Non-Executive Director*

Stephen Lonie is a Chartered Accountant with more than 38 years industry experience, and is a former Managing Partner for Queensland of the international accounting and consulting firm, KPMG. He now practises as an independent management consultant and business adviser.

Stephen is currently Chairman of The Rock Building Society, Jellinbah Resources Pty Ltd and CS Energy Ltd.



**Jamie Pherous** BCom ACA

*Managing Director and Chief Executive*

Jamie Pherous founded CTM in Brisbane in 1994. He has built the Company from its headquarters in Brisbane to become the one of the largest privately-owned travel management companies in Australia and New Zealand, employing more than 300 staff.

Prior to establishing CTM, Jamie 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 was also a major shareholder and co-founder of an online hotel booking engine, Quickbeds.com.au, which was sold to Flight Centre Group in 2003.



### 3.3 BOARD OF DIRECTORS



**Claire Gray** DIP TTM  
*Executive Director*

Claire Gray brings 24 years' experience to CTM. Her career within the travel industry began in 1984 at Harvey World Travel. In 1989, Claire joined with Craig Smith to form independent travel management company Travelogic and Macquarie Travel servicing Macquarie Bank. Travelogic merged with CTM in 2008 to create one of the largest privately-owned business travel agencies in Australasia.

Claire currently holds senior roles in GlobalStar Alliance including Operating Committee member of the Board and Vice Chairman of the Asia Pacific region.

### 3.4 MANAGEMENT TEAM



**Laura Ruffles**  
*Chief Operating Officer*

Laura Ruffles (married name Ziolkowski) has significant local, regional and global travel industry experience. In a career of more than 16 years, she has led teams across strategy, operations, product development, relationship management, sales, business planning and technology.

Prior to joining CTM, Laura was a director at American Express Business Travel, where she was responsible for managing the small and medium enterprise function in Australia.



**Steve Fleming** BBus (Accounting) ACA  
*Chief Financial Officer*

Steve Fleming is responsible for CTM's finance function, treasury management, key stakeholder liaison and strategic planning in conjunction with the Board.

Steve 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 Morgan Grenfell and Arthur Andersen. Prior to joining CTM in 2009, Steve was Group Finance Manager for one of Australia's largest speciality retailers, Super Cheap Auto Group Limited.



**Lyndall McCabe**  
*Company Secretary*

Lyndall McCabe has held managerial positions with CTM since joining the Company in 2000, including Finance Manager and National Operations and Human Resources Manager.

Lyndall facilitated acquisitions for CTM including Rhodes Corporate Travel and the establishment of CTM's start-up operation in Sydney.

She has more than 11 years' experience in the travel industry sector, having previously been employed by a travel consolidator. In 2005.

Lyndall is a Director of certain CTM Subsidiaries and a Shareholder of CTM.

### 3.5 CTM BOARD COMPOSITION, RESPONSIBILITY AND GOVERNANCE

The composition of the Board and its various committees is governed by the Board Charter and committee policies that are detailed in Sections 7.3, 7.4 and 7.5. These sections and Section 7.6 outline the corporate governance policy and principles that the Board adheres to and which are compliant with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations (2nd edition)* (**ASX Principles**).



## FINANCIAL INFORMATION

### 4.1 INTRODUCTION

This Section contains a summary of the historical and forecast financial information for CTM (the **Financial Information**).

The Historical Financial Information comprises:

- (a) adjusted audited historical consolidated income statements for FY2008 and FY2009;
- (b) audited historical consolidated income statement for FY2010;
- (c) adjusted audited historical consolidated cash flow statements for FY2008 and FY2009;
- (d) audited historical consolidated cash flow statement for FY2010; and
- (e) historical and pro forma balance sheet as at 30 June 2010 (the **Pro Forma Balance Sheet**).

The Forecast Financial Information comprises:

- (a) the pro forma forecast consolidated income statement for FY2011 (the **Pro Forma Forecast Income Statement**); and
- (b) the pro forma forecast consolidated cash flow statement for FY2011.

### 4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Financial Information included in this section of the Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (**AAS**) and other mandatory professional reporting requirements in Australia. AAS comply with the International Accounting Standards as issued by the International Accounting Standards Board.

The Financial Information is presented in abbreviated form and does not contain all the disclosure provided in an annual report prepared in accordance with the Corporations Act.

#### Preparation of the Historical Financial Information

The Historical Financial Information has been derived from the audited consolidated financial statements of CTM for FY2008 and

FY2009, and extracted from the audited consolidated financial statements of CTM for FY2010. The financial statements for FY2010 were audited by PricewaterhouseCoopers, which issued an unqualified opinion on them. The financial statements for FY2008 and FY2009 were audited by another firm. The audit opinions issued in respect of the FY2008 and FY2009 financial statements were unqualified.

As set out in Section 4.5, the Directors have adjusted the audited financial statements for FY2008 and FY2009 for accounting adjustments identified during the audit of the financial statements for FY2010 that impacted these prior periods.

The Pro Forma Balance Sheet as set out in Section 4.8, has been derived from the audited consolidated financial statements of CTM for FY2010 adjusted for certain pro forma adjustments to account for:

- (a) the issue of shares in CTM and the transaction costs incurred in connection with the Offer;
- (b) the use of Offer proceeds to acquire the shares in Travelcorp and repay existing external debt;
- (c) the repayment of loans existing at 30 June 2010 owed to Directors of the Company; and
- (d) payment of \$0.75 million dividends declared and paid subsequent to 30 June 2010. Each of these pro forma adjustments is discussed in greater detail in Section 4.8.

#### Preparation of the Forecast Financial Information

The Forecast Financial Information has been based upon the best estimate assumptions of the Directors. The Forecast Financial Information comprises:

- (a) forecast financial information for the CTM Group for FY2011;
- (b) forecast financial information for the Travelcorp business for the 6 months ending 30 June 2011 (reflecting a proposed acquisition date of 3 January 2011).

The Directors consider that they have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus.

The Forecast Financial Information has been prepared on the basis of numerous assumptions, including those assumptions set out in Section 4.9. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

Investors should be aware that the timing of actual events and the magnitude of the impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative impact on CTM's actual financial performance or position. Investors are advised to review the assumptions set out in Section 4.9, the sensitivities analysis set out in Section 4.10, the risk factors set out in Section 5 and other information set out in the Prospectus.

The basis of preparation and the presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of the preparation and presentation for the Historical Financial Information.

#### 4.3 SUMMARY OF CONSOLIDATED HISTORICAL AND FORECAST INCOME STATEMENTS

The following table presents a summary of CTM's adjusted audited historical consolidated income statements for FY2008 and FY2009, the audited historical consolidated income statement for FY2010 and the Pro Forma Forecast Income Statement.

The adjusted audited consolidated income statements for FY2008 and FY2009 are derived from the audited financial statements for the respective periods, adjusted to reflect accounting adjustments identified as part of the audit of the financial statements for FY2010 that were relevant to the prior periods. A full reconciliation of the audited Net Profit After Tax (NPAT) for FY2008 and FY2009 to the NPAT presented below is outlined in Section 4.5.

The Pro Forma Forecast Income Statement comprises:

- forecast consolidated income statement for the CTM Group for FY2011; and
- forecast consolidated income statement for Travelcorp for the 6 months ending 30 June 2011 (reflecting an acquisition completion date of 3 January 2011).

\$'000s	ADJUSTED (AUDITED) FY2008	ADJUSTED (AUDITED) FY2009	AUDITED FY2010	FORECAST FY2011
Total Transaction Value (TTV) <sup>1</sup>	234,778	316,280	351,470	491,733
Revenue from operations	23,800	27,941	31,547	43,324
Revenue Yield %	10.1%	8.8%	9.0%	8.8%
Operating expenses	(17,918)	(25,834)	(25,928)	(32,377)
EBITDA	5,882	2,107	5,619	10,947
Depreciation and Amortisation	(459)	(602)	(643)	(742)
EBIT	5,423	1,505	4,976	10,205
Net borrowing costs	(430)	(288)	(240)	(12)
NPBT	4,993	1,217	4,736	10,193
Income tax	(1,557)	(789)	(1,419)	(3,058)
NPAT before Share Offer Costs	3,436	428	3,317	7,135
Share Offer Costs (after tax) <sup>2</sup>	-	-	-	(98)
<b>NPAT</b>	<b>3,436</b>	<b>428</b>	<b>3,317</b>	<b>7,037</b>

- TTV does not represent revenue in accordance with AAS. TTV represents the price at which travel products and services are sold (exclusive of GST), including when CTM acts as agent for various airlines and other service providers, plus revenue from other sources. CTM's revenue is therefore derived from TTV. TTV does not represent CTM's cash flows as some transactions are settled directly between the customer and supplier.
- Share issue costs (after tax) relate to the Vendor Sell Down.

#### 4.4 MANAGEMENT DISCUSSION AND ANALYSIS OF HISTORICAL AND FORECAST FINANCIAL INFORMATION

##### Year ended 30 June 2008 compared to year ended 30 June 2009

On 1 July 2008, the Company merged with a Sydney based travel management company, Travelogic. The higher costs carried by the Company during the planned integration period combined with a decrease in client spend in response to the GFC resulted in a decline in EBITDA and net profit in FY2009. Despite this, CTM was able to trade profitably during this difficult period.

The Company experienced strong organic growth through new client wins towards the end of FY2009. On an annualised basis,

new client TTV was \$105.70 million. However this was offset by a reduction in existing client spend in response to the GFC. This was exacerbated by a decline in airline prices. Travelogic's business experienced a greater reduction due to a heavy weighting of clients in the financial services sector which was particularly adversely affected by the GFC.

The ratio of revenue to TTV (revenue yield) fell from 10.1% to 8.8% from FY2008 to FY2009, reflecting a change in business mix following the acquisition of Travelogic, which had some large but lower yielding clients. The revenue yield of the combined businesses for FY2008 was 8.8%, indicating revenue yields were maintained in FY2009.

Staff costs increased year on year due to the combined operating costs of the two businesses. It was always expected that the realisation of synergy benefits from the merger with Travelogic would take at least a year. A decision was also taken during the transition period to focus on staff and client retention despite the GFC affecting operating conditions.

Towards the end of FY2009, the Company started to see synergy benefits from the merger, as well as the successful retention of staff and clients. In addition, the Company initiated a program in FY2009 to invest in infrastructure and support services ahead of expected TTV, which had an impact on costs during FY2009 and into FY2010.

These factors in combination resulted in a decline in EBITDA from \$5.9 million in FY2008 to \$2.1 million in FY2009.

#### Year ended 30 June 2009 compared to year ended 30 June 2010

In FY2010, TTV at \$351.47 million was 11.1% higher than the previous year and revenue from operations of \$31.55 million was 12.9% higher than the previous year. Revenue yield remained broadly consistent with FY2009 at 8.8%.

TTV and profitability started to recover following the difficult market conditions experienced in the prior year.

FY2010 was a year of two distinct halves. In the first half, the GFC impacts of subdued corporate spend and low airline average ticket prices continued. However, this was partially offset by the full impact of the merger synergies from the Travelogic/CTM integration. In the second half, the Company experienced increased client activity and this was a successful period for new client wins with new contracts bringing annualised TTV of \$87.1 million.

Despite increased activity with an 11.1% increase in TTV, operating expenses remained in line with the prior year. This reflected a strong internal focus on productivity and realisation of the merger synergies with Travelogic.

As a consequence, EBITDA rebounded strongly, increasing from \$2.11 million to \$5.62 million (a 166.7% increase).

## 4.5 RECONCILIATION OF HISTORICAL FINANCIAL INFORMATION

In preparing the Historical Financial Information, adjustments were made to the audited results of CTM for FY2008 and FY2009 that the Directors considered appropriate to reflect adjustments identified during the audit of the financial statements for FY2010 that impacted the prior periods.

The following table presents a summary of the adjustments made to the audited results of CTM for FY2008 and FY2009.

\$'000s	FY2008	FY2009
Audited NPAT <sup>1</sup>	3,763	1,327
Revenue restatement <sup>2</sup>	(289)	(407)
Timing of revenue recognition <sup>3</sup>	66	(66)
Lease adjustments <sup>4</sup>	-	(219)
Amortisation of intangible assets <sup>5</sup>	(112)	(75)
Other restatements <sup>6</sup>	8	(132)
Adjusted NPAT	3,436	428

1. Based on the audited financial statements for FY2008 and FY2009.
2. The FY2009 adjustment relates to the recognition of supplier income. The FY2008 adjustment relates to the consolidation of transactions within the group.
3. This represents timing differences relating to the correct recognition of industry related payments so as to appropriately recognise revenue when earned, consistent with the revenue recognition accounting policy set out in Section 4.12.
4. Recognition of an onerous lease on exit of premises.
5. Identification and amortisation of intangible assets.
6. Correction of minor errors.



#### 4.6 MANAGEMENT DISCUSSION AND ANALYSIS OF FORECAST FINANCIAL INFORMATION

CTM's NPAT is forecast to increase by 112.1% to \$7.04 million for FY2011.

In FY2011, TTV is forecast to grow by 39.9% or \$140.26 million to \$491.73 million. This includes an 11 month TTV contribution from Cavalier in New Zealand of \$12 million, and a 6 month contribution from Travelcorp of \$41.73 million. Organic growth of \$86.6 million includes growth in existing client activity and new business wins.

Operating expenses are forecast to increase by \$6.45 million or 24.9% compared to a 39.9% increase in TTV. This reflects the full year impact of productivity gains identified and implemented in FY2010 and early realisation of synergy benefits from the Travelcorp acquisition with planning well advanced to have these in place upon acquisition. Support costs have increased with ongoing investment in systems and staff to ensure successful

management of growth and the additional costs associated with a listed company structure.

EBITDA is forecast to increase from \$5.62 million to \$10.95 million (94.8% increase). This forecast includes an 11 month contribution to EBITDA of \$0.2 million from Cavalier and a 6 month contribution to EBITDA of \$1.38 million from Travelcorp.

Interest expense is forecast to decline taking into account the repayment of debt as part of the Offer.

#### 4.7 SUMMARY OF CONSOLIDATED HISTORIC AND FORECAST CASH FLOW STATEMENTS

The following table presents a summary of CTM's adjusted audited consolidated historical cash flow statements for FY2008 and FY2009, the audited consolidated historical cash flow statement for FY2010 and the unaudited consolidated forecast cash flow statement for FY2011.

\$'000s	ADJUSTED (AUDITED) FY2008	ADJUSTED (AUDITED) FY2009	AUDITED FY2010	FORECAST FY2011
EBITDA	5,882	2,107	5,619	10,947
Change in working capital <sup>1</sup>	(1,735)	2,904	(926)	(1,098)
Net interest paid	(430)	(286)	(227)	(12)
Income tax paid <sup>2</sup>	(1,730)	(1,333)	(1,178)	(627)
<b>Cash flows from operating activities</b>	<b>1,987</b>	<b>3,392</b>	<b>3,288</b>	<b>9,210</b>
Capital expenditure <sup>3</sup>	(833)	(285)	(401)	(966)
Other investing cash flows	-	277	(131)	(11,688)
<b>Cash flow from investing activities</b>	<b>(833)</b>	<b>(8)</b>	<b>(532)</b>	<b>(12,654)</b>
Equity proceeds (net of issue costs)	152	-	-	18,600
Proceeds from borrowings - external debt	1,201	368	-	-
Repayment of borrowings - external debt	-	(1,449)	(1,498)	(1,707)
Repayment of borrowings - related parties	-	(414)	(598)	(2,163)
Dividends paid	(3,018)	-	-	(750)
<b>Cash flow from financing activities</b>	<b>(1,665)</b>	<b>(1,495)</b>	<b>(2,096)</b>	<b>13,980</b>
<b>Net increase/(decrease) in cash</b>	<b>(511)</b>	<b>1,889</b>	<b>660</b>	<b>10,536</b>

1. The change in working capital is largely driven by timing of supplier payments.
2. Income tax paid in the forecast FY2011 cash flow includes a tax refund due of \$1.4 million.
3. Capital expenditure of \$1.0 million is assumed to ensure CTM's technology platform and solutions optimise industry innovations and are maintained at levels required to meet client expectations.

## 4.8 PRO FORMA CONSOLIDATED BALANCE SHEET

The following Pro Forma Balance Sheet has been extracted from the audited consolidated balance sheet of CTM as at 30 June 2010, adjusted to reflect the assumptions listed in Sections 4.8.1 and 4.8.2.

\$'000s	ACTUAL 30 JUNE 2010	OFFER	TRAVELCORP ACQUISITION	OTHER	PRO FORMA 30 JUNE 2010
Cash	1,817	20,000	(11,125)	(1,975)	8,717
Receivables	9,067	-	-	(2,645)	6,422
Other	191	-	39	-	230
Total	11,075	20,000	(11,086)	(4,620)	15,369
<b>Non-current assets</b>					
Property, plant and equipment	1,557	-	32	-	1,589
Intangibles	11,512	-	15,105	-	26,617
Deferred tax asset	-	336	-	-	336
Total	13,069	336	15,137	-	28,542
Total Assets	24,144	20,336	4,051	(4,620)	43,911
<b>Current Liabilities</b>					
Payables	5,949	1,316	3,875	-	11,140
Bank debt	1,107	-	-	(1,107)	-
Related party loans	2,163	-	-	(2,163)	-
Other	1,158	-	176	-	1,334
Total	10,377	1,316	4,051	(3,270)	12,474
<b>Non-current liabilities</b>					
Other	1,419	-	-	-	1,419
Bank debt	600	-	-	(600)	-
Total	2,019	-	-	(600)	1,419
<b>Total liabilities</b>	<b>12,396</b>	<b>1,316</b>	<b>4,051</b>	<b>(3,870)</b>	<b>13,893</b>
<b>Net Assets</b>	<b>11,748</b>	<b>19,020</b>	<b>-</b>	<b>(750)</b>	<b>30,018</b>
<b>Equity</b>					
Contributed equity	6,583	19,118	-	-	25,701
Retained earnings	5,165	(98)	-	(750)	4,317
<b>Total Equity</b>	<b>11,748</b>	<b>19,020</b>	<b>-</b>	<b>(750)</b>	<b>30,018</b>

### 4.8.1 Pro Forma Consolidated Balance Sheet assumptions

- Anticipated total proceeds from the issue of New Shares under the Offer of \$21.7m (including \$1.7m of vendor sell down), less fees and expenses of the Offer as set out in the following section.
- On this basis, approximately 90% of the total proceeds of the Offer relate to New Shares being issued by the Company. As such, \$0.88 million after tax of the fees and expenses of the Offer has been accounted for as a reduction in contributed equity. A corresponding deferred tax asset of \$0.34 million has been recognised.
- The residual Offer fees of \$0.10 million (after tax), which relate to the Vendor Sell Down, have been adjusted against retained earnings.
- \$11.13 million of the Offer proceeds will be used to satisfy the cash consideration payable for the acquisition by the Company of Travelcorp. Refer also Section 4.8.2.
- A further \$3.87 million of the Offer proceeds will be used to satisfy the estimated cash earn-out which may be payable to the Travelcorp vendor. This amount may be paid subsequent to 30 June 2011, and has been reflected as a payable in the Pro Forma Balance Sheet presented above. Refer also Section 4.8.2.
- The excess of the purchase consideration over the net liabilities acquired is estimated to be \$15.11 million and this has been classified as an intangible asset. Refer also Section 4.8.2.

- \$1.71 million of the Offer proceeds will be used by the Company to repay existing external finance facilities (outstanding as at 30 June 2010).
- \$2.16 million of cash received from debtors existing at 30 June 2010 will be applied to repay loans to Directors (outstanding as at 30 June 2010).
- \$0.75 million of dividends in respect of FY2010 were paid on 1 October 2010.

#### 4.8.2 Travelcorp acquisition

For the purposes of preparing the unaudited pro forma consolidated balance sheet, CTM has made certain assumptions, based on the proposed acquisition as set out in Section 7.9.

The unaudited Pro Forma Balance Sheet assumes Travelcorp is acquired at 3 January 2011 for total a consideration of \$15.0 million, comprising:

- (a) \$11.13 million of initial cash consideration under the Share Purchase Agreement dated 15 October 2010; and
- (b) \$3.87 million in cash earn-out based on Travelcorp achieving NPBT earnings of \$1.50 million for the 6 months ending 30 June 2011. Should actual NPBT earnings for 6 months ending 30 June 2011 be less than \$1.50 million the amount of the cash earn-out will be reduced. Refer Section 7.9.

For the purpose of the unaudited Pro Forma Balance Sheet, CTM has assumed that the scrip earn-out NPBT earnings threshold exceeding \$1.5 million, under the Travelcorp Share Sale Agreement, will not be reached during the 6 months ending 30 June 2011. The final amount of the total consideration will depend on results for the 6 months ending 30 June 2011. A summary of the Travelcorp Share Sale Agreement is set out in Section 7.9.

Under AAS, the acquisition date is the date on which CTM effectively obtains control of Travelcorp. CTM will measure the purchase consideration as the aggregate of fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued, by CTM, including any contingent consideration, for control of Travelcorp. Consequently, the purchase consideration as determined at acquisition date for accounting purposes may change as a result of changes in assumptions on the earn-out and the financial position of Travelcorp.

Upon the acquisition of Travelcorp, the fair value of all identifiable assets and liabilities acquired will be finalised, including a formal assessment of the fair value of inventories, plant and equipment, intangible assets, derivatives and deferred tax balances.

## 4.9 ASSUMPTIONS ON WHICH THE FORECASTS ARE PREPARED

The Forecast Financial Information is based upon various best estimate assumptions. The key assumptions are set out in the following section, which should be read in accordance with the Investigating Accountant's Report in Section 6 and the risk factors set out in Section 5.

### Specific assumptions

#### TTV and Revenue assumptions

The forecast TTV growth is driven by the following factors:

- Existing client activity for CTM (TTV: \$428.76 million) is consistent with actual results for the 3 months ended 30 September 2010.
- TTV contribution from Travelcorp (TTV: \$41.73 million) is based on levels consistent with last quarter FY2010.
- New client business is based on new clients contracted to date (TTV: \$19.53 million) and an assumption for future new client wins based on historical business winning performance (TTV: \$13.74 million).
- Lost business consistent with historical performance and specifically identified in client risks (TTV: -\$12.03m).
- For CTM, Revenue is based on actual yields for the 3 months ended 30 September 2010 and the impact of known new business, which are consistent with prior periods. For Travelcorp, Revenue is based on yield levels consistent with the last quarter FY2010.

#### Operating Expenses

- Operational and support costs are consistent with costs for FY2010, adjusted for expected increases in headcount and the operating costs of Travelcorp.

#### Tax

- Forecast income tax expense has been based on the statutory company tax rate of 30%.

### General assumptions

- No significant change in the economic conditions prevailing in Australia or overseas.
- An escalation factor of 4%.
- No material industrial strikes or other disturbances or material legal claims.
- Retention of key personnel.
- No significant change in the legislative regimes, including in relation to tax, and regulatory environments in jurisdictions in which CTM operates.
- No material acquisitions or disposals, other than those highlighted in this Prospectus.
- No material variation to any material agreement or arrangement relating to CTM's business.
- No material foreign currency exposures.

#### Seasonality

Traditionally, CTM's earnings growth is skewed towards the second half of the year reflecting the timing of new client business. This also has an impact when comparing year on year TTV and revenue growth.

December and January are typically the slower trading months for the Company due to reduced client activity.

#### 4.10 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and variations, many of which are beyond the control of CTM's Directors and management, and upon assumptions with respect to future business decisions, which are subject to change.

The following table presents a summary of the sensitivity of the forecast NPAT for FY2011 to changes in a number of key variables. The changes in the key variables are set out in the

sensitivity analysis and are not intended to be indicative of the complete range of variations that may be experienced.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables, to illustrate the likely impact on the forecast NPAT for FY2011. In practice, changes in variables may offset each other or be additive, and it is likely that CTM would take further measures in response to any other adverse change in one variable to minimise the net effect on NPAT.

SENSITIVITY ANALYSIS		
	% CHANGE <sup>1</sup>	IMPACT ON FY2011 FORECAST NPAT (\$)
TTV <sup>2</sup>	+/- 5%	+/- 2.16 million
Revenue Yield <sup>3</sup>	+/- 5%	+/- 2.16 million
Operating expenses	+/- 5%	+/- 1.62 million

1. These sensitivities are relative sensitivities. Using Operating expenses as an example, a +/- 5% variation is to be interpreted as resulting in the base assumption Operating expenses x 1.05 or 0.95 respectively.
2. A +/- 5% movement in TTV is +/- \$24.59 million. Based on the forecast Revenue Yield of 8.8%, this represents an increase/decrease in NPAT of \$2.16 million.
3. The forecast Revenue Yield for FY2011 is 8.8%. A +/- 5% movement in the forecast Revenue Yield % is +/- 0.44%. This represents an increase / decrease in NPAT of \$2.16 million.

#### 4.11 DIVIDEND POLICY AND FORECAST DISTRIBUTION

The Directors' current intention is to distribute approximately 50-60% of reported net profit after tax as dividends. The Directors intend to declare interim dividends payable in April and final dividends payable in October of each year. The first dividend following quotation of shares in the Company on ASX is expected to be declared in relation to the full year ending 30 June 2011 and paid in October 2011.

Payment of dividends by the Company will depend upon the availability of distributable earnings, and the Company's franking credit position, operating results, available cash flows, financial condition, taxation position, future capital requirements, general business and financial conditions, and other factors the Directors consider relevant. The Directors give no assurances about the payment of dividends, the extent of payout ratios or the future level of franking of dividends.

The Directors' current intention is that final dividend payable in October 2011 will be fully franked.

#### 4.12 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Financial Information are set out in the following section. The financial statements for FY2010 contain a full list of CTM's accounting policies.

##### Basis of preparation

The Financial Information has been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

The financial report is presented in Australian dollars, which is the Company's and Travelcorp's functional currency.

The consolidated financial statements have been prepared under the historical cost basis.

##### Basis of consolidation

The Financial Information comprises the financial information of CTM and its subsidiaries (**Group**).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another 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 inter-company 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 obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

##### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, allowances, rebates and amounts collected on behalf of third parties.

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 in the following paragraphs have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable 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:

› **Total Transaction Value (TTV)**

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

› **Sales income**

Sales income represents commission or net income earned on transactions made through the provision of travel agency services (Commission and fees from the provision of travel), and includes any commissions payable by suppliers after completion of the transaction (Revenue from the provision of travel). This income is recognised on corporate sales when invoiced and on retail sales upon receipt of payment in full.

› **Interest revenue**

Interest income is recognised using the effective interest method.

› **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.

### Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of 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 profit or loss.

### Impairment of non-financial assets, other than goodwill

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.

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 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.

### Critical accounting estimates 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.

### Critical accounting judgements

In the process of applying the Group's accounting policies, management has made no judgements, apart from those judgements involving estimations, which have a significant effect on the amounts recognised in the financial statements.





Committed to  
demonstrating  
a return on  
investment to clients  
through diagnostics  
and strategies  
to manage travel  
expenditure

John Lewis  
General Manager New Zealand  
7 years CTM

### Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are as follows.

#### › **Value of intangible assets relating to acquisitions**

The Group has allocated portions of the cost of acquisitions to client contracts and relationships intangibles. These have been valued using the multi-period excess earnings method. These calculations require the use of assumptions.

#### › **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.

#### › **Impairment of intangible with finite life**

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. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the intangibles are allocated.

#### › **Lease-make good**

The Group estimates its liability to provide for the restoration of leased premises by reference to historical data and by specific estimates on a premise by premise basis.

### Goodwill

Goodwill acquired on a business combination is initially measured at cost, being the excess of the cost of 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.

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. This impairment loss is recorded in administration expenses.

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.

### Intangible assets

#### *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.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the statement of comprehensive income in the expense category 'depreciation and amortisation'.

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.

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 statement of comprehensive income when the asset is derecognised.

### Contributed equity

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.

A summary of the policies applied to the Group's intangible assets is set out in the table below.

ITEM	CLIENT CONTRACTS AND RELATIONSHIPS	INTELLECTUAL PROPERTY	SOFTWARE
Useful lives	Finite	Finite	Finite
Method used	Based on projected cash flows over estimated useful lives, currently ranging over 2 years	5.00% – straight line	40.00% – straight line
Internally generated / acquired	Acquired	Acquired	Acquired
Impairment test / recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists



## RISK FACTORS

### 5.1 FACTORS INFLUENCING SUCCESS AND RISK

#### Introduction

This section identifies the risks that CTM considers to be the major risks associated with an investment in the Company.

CTM is subject to both specific risks to its business activities and risks of a general nature. Individually, or in combination, these risks might affect the future operating performance of CTM and the value of an investment in the Company.

There can be no guarantee that CTM will achieve its stated objectives or that any forward looking statements or forecasts in this Prospectus will eventuate. An investment in the Company should be considered in light of the risks as outlined in this prospectus. Each of these risks could, if they eventuate, have a material adverse impact on the operating and financial performance of CTM.

Before deciding whether to invest in the Company, investors should read the entire Prospectus and, in considering the prospects for CTM, take particular note of the assumptions underlying the prospective financial information and the sensitivity analysis including those detailed in Section 4, as well as the risk factors in this section that could affect the financial performance of CTM.

The risk factors contained within this section are particularly relevant to a full appreciation of the risks associated with an investment in the Company. You should carefully consider these factors in light of your personal circumstances and seek professional advice from your stockbroker, solicitor, accountant or other professional adviser before deciding whether to invest in CTM.

### 5.2 SPECIFIC INVESTMENT RISKS

The business activities of CTM are subject to a number of risks that could affect CTM and the industry in which it operates. These factors may substantially impact on its future financial or operating performance. In addition to the general risks set out in Section 5.3, the Directors consider that there are a number of specific factors that should be taken into account before investors make their investment decision. These specific risks are as follows:

#### › Economic conditions

The impact of economic conditions upon CTM may be either specific, or of a more general nature.

Economic downturns may have a material adverse impact upon CTM's operating performance as a result of reduction in corporate and leisure travel, including airline, hotel and hire car reservations and business or trade conferences.

The corporate travel market is also cyclical. In particular, CTM considers that there are strong correlations between periods of growth or decline in premium passenger travel and world trade growth indicators.

To the extent CTM's current or future operations include the leisure travel market, its financial performance may be negatively impacted by a decline in consumer discretionary spending.

Other economic factors, such as the general outlook for economic growth, consumer confidence, global oil prices, exchange rate fluctuations and the impact on the purchasing power of the Australian dollar, interest rate fluctuations and the cost of travel and accommodation generally may also affect CTM's performance.



#### ➤ **Information Technology**

CTM relies heavily on information technology systems. Key systems are operated under licences and the Company's costs may increase. Licences may be terminated or not renewed. The suppliers may be subject to events, such as insolvency or technical failures, leading to temporary or permanent loss of services and systems.

CTM makes a significant time and cost investment in its information technology and sales systems to deliver cost savings in its processes and operations to achieve increases in efficiencies. The information systems are not proprietary systems. Should these IT systems not be further developed and implemented or upgraded by suppliers when anticipated, it may negatively impact the Company's performance potential and competitive position.

An interruption, loss of or delay of the Company's internet or communication facilities or transaction processing facilities, loss or corruption of data, failure of backup and restoration procedures or failure of disaster recovery plans, may impact the Company's short term financial position and may have a longer term impact on client and supplier satisfaction.

#### ➤ **Competition**

If the actions of competitors or potential competitors become more effective, or if new competitors enter the market and CTM is unable to counter these actions, the Company's financial performance or operating margins could be adversely affected or CTM may be unable to compete successfully.

Competition has also grown through internet based travel providers. This competition may adversely impact the Company's financial performance and its ability to execute its growth strategy.

#### ➤ **Client relationships**

Many of CTM's significant clients have specified service level agreements which, if not satisfied, may give rise to contract termination. Diminution in client satisfaction may also lead to contracts being terminated, not being renewed upon expiry, or a reduction in sales levels for ad hoc client arrangements. These events may lead to a significant loss of revenues. There is no minimum level of activity obligation on clients in the contracts.

#### ➤ **Supplier relationships**

CTM is dependent on ongoing mutually beneficial relationships with its key suppliers. Termination or failure to renew agreements with key suppliers will impact on gross margins and profitability.

Any change in commission rates payable could significantly impact margins. The quantum, composition and proportion of commissions and incentives may change over time, impacting the Company's business model and profitability, if it is unable to adapt.

#### ➤ **Hostilities, terrorism and other external events**

CTM may be adversely impacted by international hostilities or war, acts of terrorism, epidemics or outbreaks of disease, political or social instability, natural disasters and weather effects. These events may impact upon travel to specific locations or be of generalised effect. These events may also impact airline and other travel sales, which may have an adverse impact on CTM's operating and financial performance and more immediate impact upon its Share price.

#### ➤ **Key personnel**

CTM relies on the talent and experience of its personnel. It may be difficult to replace key personnel, or to do so in a timely manner or at comparable expense. Additionally, any key personnel of the Company, who leave to work for a competitor may, adversely impact the Company.

CTM's ability to attract and retain suitable staff may impact upon service standards to clients, relationships with suppliers and on operating performance more generally. Additionally, increases in recruitment, wages and contractor costs, or employment related claims or industrial disputes, may adversely impact upon the financial performance of the Company.

#### ➤ **Employee costs and relations**

Employee costs represent a significant component of CTM's total cost base. To the extent that there are legislative changes in relation to employee costs, increases in staffing rates or expenses or a deterioration in employer/employee relations there may be an adverse impact on CTM's cash flows and profitability.

#### ➤ **Growth**

There is a risk that the Company may be unable to manage its future growth successfully. In particular:

##### ➤ *Mergers and acquisitions*

The Company's future growth strategy may be impacted if it is unable to find suitable mergers and acquisitions. The Company's due diligence processes may not be successful and a merger or acquisition may not perform to the level expected. The success of mergers and acquisitions is heavily dependent on a successful integration process regarding systems, premises and client and staff retention. These risks may also apply to the Travelcorp acquisition. The terms of that acquisition are detailed in Section 7.9.

##### ➤ *Capital and funding requirements*

Additional capital or liquidity may be required in the future to meet capital requirements, fund organic growth or pay for mergers and acquisitions. Additional funding may not be available on suitable terms or conditions at the time required.

#### ➤ **Control by Existing Shareholders**

After completion of the Offer, the Existing Shareholders of CTM will collectively hold a significant proportion of the

issued Shares in CTM. This collective interest may have an impact upon liquidity, as well as acting as a potential deterrent to corporate transactions. Refer to Sections 1 and 7 for more information on the ownership structure of CTM and voluntary restriction details.

#### ➤ **Regulation**

In Australia, regulation of the travel industry is primarily the responsibility of the State governments and specific legislation regulating travel agents exists in each State and Territory. Failure to comply with regulations and capital adequacy requirements may result in withdrawal of licences required for CTM to operate. Unfavourable changes to the regulatory environment for travel agents, either in Australia or New Zealand, may have an impact on the profitability of CTM.

AFTA is currently reviewing regulation of the travel industry. The outcomes of that review remain unknown at the date of this Prospectus. The outcome may have an influence on the operations of CTM.

#### ➤ **Intellectual property**

The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. Intellectual property that is important to CTM includes, but is not limited to, trade marks, domain names, its website, business names and logos. Such intellectual property may not be capable of being legally protected. It may be the subject of unauthorised disclosure or unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.


### **5.3 GENERAL INVESTMENT RISKS**

#### **Industry risks**

##### *Share market investments*

Prior to the Offer there has been no public market for the Shares. It is important to recognise that, once the Shares are quoted on ASX, their price might rise or fall and they might trade at prices below or above the Offer Price. There can also be no assurance that an active trading market will develop for the Shares.

Factors affecting the price at which the Shares are traded on ASX could include domestic and international economic conditions. In addition, the prices of many listed entities' securities are affected by factors that might be unrelated to the operating performance of the relevant company. Such fluctuations might adversely affect the price of the Shares.

A portrait of Shelly Leven, a woman with short, straight, reddish-brown hair, smiling at the camera. She is wearing a black vest over a grey and black patterned collared shirt. The background is a blurred office interior with a window showing bright light.

A business model  
that is client-  
focused and tailored  
to each individual  
client's needs

Shelly Leven  
Queensland Operations Manager  
7 years CTM

## 6 INVESTIGATING ACCOUNTANT'S REPORT



The Directors  
Corporate Travel Management Limited  
27A/52 Charlotte Street  
Brisbane QLD 4000

2 November 2010

PricewaterhouseCoopers  
Securities Ltd  
ACN 003 311 617  
ABN 54 003 311 617  
Holder of Australian Financial  
Services Licence No 244572

Riverside Centre  
123 Eagle Street  
BRISBANE QLD 4000  
GPO Box 150  
BRISBANE QLD 4001  
DX 77 Brisbane  
Australia  
Telephone +61 7 3257 5000  
Facsimile +61 7 3257 5999

Dear Directors

**Subject: Investigating Accountant's Report on Historical and Forecast Financial Information and Financial Services Guide**

We have prepared this report on certain historical and forecast financial information of Corporate Travel Management Limited and its controlled entities (the **Company**) for inclusion in a prospectus dated on or about 3 November 2010 (the **Prospectus**) relating to the offer of ordinary shares in the Company (the **Offer**).

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it should be given by an entity which holds an Australian financial services licence under the Corporations Act 2001. PricewaterhouseCoopers Securities Ltd, which is wholly owned by PricewaterhouseCoopers, holds the appropriate Australian financial services licence. This report is both an Investigating Accountant's Report, the scope of which is set out below, and a Financial Services Guide, as attached at Appendix A.

### Scope

The Company has requested PricewaterhouseCoopers Securities Ltd to prepare this investigating accountant's report (the **Report**) covering the following information:

- (a) the adjusted audited historical consolidated income statements for FY2008 and FY2009;
- (b) the audited historical consolidated income statement for FY2010;
- (c) the adjusted audited historical consolidated cash flow statements for FY2008 and FY2009;
- (d) the audited historical consolidated cash flow statement for FY2010; and

- (e) the historical and pro forma balance sheet as at 30 June 2010 (**the Pro Forma Balance Sheet**).

(collectively, the **Historical Financial Information**)

- (f) the pro forma forecast consolidated income statement for FY2011 (**the Pro Forma Forecast Income Statement**); and

- (g) the pro forma forecast consolidated cash flow statement for FY2011.

(collectively, the **Forecast Financial Information**)

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information or the Forecast Financial Information to which this Report relates for any purposes other than the purpose for which it was prepared.

#### **Limitation of scope of review of the Historical Financial Information and the Forecast Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information and the Forecast Financial Information. In preparing the Pro Forma Balance Sheet as at 30 June 2010 and the Pro Forma Forecast Income Statement for FY2011, no adjustments have been made to reflect the fair value of acquired assets and liabilities in accordance with AASB 3 *Business Combinations* in relation to the Travelcorp acquisition as described in Section 4.8.2 of the Prospectus.

Accordingly, the Pro Forma Balance Sheet as at 30 June 2010 and the Pro Forma Income Statement for FY2011 do not contain adjustments to the reported amounts of assets and liabilities that will be required to reflect their fair values and in particular does not recognise the fair value of identifiable intangible assets separately from goodwill. Consequently, the Pro Forma Forecast Income Statement for FY2011 does not include amortisation charges that would be required in relation to any such identifiable intangible assets, which have limited useful lives.

#### **Scope of review of Historical Financial Information**

The Historical Financial Information set out in Section 4 of this Prospectus has been derived from the audited consolidated financial statements of the Company for FY2008 and FY2009, and extracted from the audited consolidated financial statements of the Company for FY2010. The financial statements for the year ended FY2010 were audited by PricewaterhouseCoopers, which issued an unqualified opinion on them. The financial statements for FY2008 and FY2009 were audited by another firm. The audit opinions issued in respect of the FY2008 and FY2009 financial statements were unqualified.



During the audit of the FY2010 financial statements, PricewaterhouseCoopers and management identified accounting adjustments relating to FY2008 and FY2009. Management have adjusted the audited historic income statements and cashflows, including the Historical Financial Information relating to those years in this Prospectus, to reflect these adjustments (as set out in Section 4.5).

The Historical Financial Information incorporates such pro forma transactions and adjustments as the Directors considered necessary to present the Historical Financial Information on a basis consistent with the Forecast Financial Information (the **Pro Forma Transactions**). The Directors are responsible for the preparation of the Historical Financial Information, including the determination of the Pro Forma Transactions and adjustments.

We have conducted our review of the Historical Financial Information in accordance with Australian Auditing Standards applicable to review engagements. We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- an analytical review of the audited financial performance of the Company for the relevant historical periods
- a review of work papers, accounting records and other documents
- a review of the adjustments made to the Historical Financial Information
- a review of the assumptions (which include the Pro Forma Transactions) used to compile the Pro Forma Balance Sheet
- a comparison of consistency in application of the recognition and measurement principles under Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in Section 4.12 of the Prospectus, and
- enquiry of Directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information.

#### **Review statement on Historical Financial Information**

Based on our review, which is not an audit, subject to the limitation of scope described above nothing has come to our attention which causes us to believe that:

- the Pro Forma Balance Sheet has not been properly prepared on the basis of the Pro Forma Transactions

- the Pro Forma Transactions do not form a reasonable basis for the Pro Forma Balance Sheet
- the Historical Financial Information, as set out in Section 4 of the Prospectus, does not present fairly:
  - (a) the adjusted historical income statements and cash flows of the Company for FY2008 and FY2009
  - (b) the audited historical income statements and cash flows of the Company for FY2010, and
  - (c) the Pro Forma Balance Sheets of the Company as at 30 June 2010, assuming completion of the Pro Forma Transactions

in accordance with the recognition and measurement principles prescribed under Australian Accounting Standards (with the exception of TTV) and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in Section 4.12 of the Prospectus.

#### **Scope of review of Forecast Financial Information**

The Directors are responsible for the preparation and presentation of the Forecast Financial Information, including the best estimate assumptions (which include the Pro Forma Transactions) on which they are based.

Our review of the best estimate assumptions underlying the Forecast Financial Information was conducted in accordance with Australian Auditing Standards applicable to review engagements. Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures as we considered necessary to form an opinion as to whether anything has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 4.9 of the Prospectus do not provide a reasonable basis for the Forecast Financial Information
- (b) in all material respects, the Forecast Financial Information is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies of the Company disclosed in Section 4.12 of the Prospectus, or
- (c) the Forecast Financial Information is unreasonable.

The Forecast Financial Information has been prepared by the Directors to provide investors with a guide to the Company's potential future financial performance based upon the achievement of

certain economic, operating, development and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of Forecast Financial Information. Actual results may vary materially from the Forecast Financial Information and the variation may be materially positive or negative. Accordingly, investors should have regard to the description of investment risks set out in Section 5 of the Prospectus.

Our review of the Forecast Financial Information and the best estimate assumptions upon which the Forecast Financial Information is based is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast Financial Information included in the Prospectus.

#### **Review statement on the Forecast Financial Information**

Based on our review of the Forecast Financial Information, which is not an audit, and the best estimate assumptions giving rise to the Forecast Financial Information, subject to the limitation of scope described above, nothing has come to our attention which causes us to believe that:

- (a) the best estimate assumptions set out in Section 4.9 of the Prospectus do not provide a reasonable basis for the preparation of the Forecast Financial Information
- (b) in all material respects, the Forecast Financial Information is not properly prepared on the basis of the best estimate assumptions and presented fairly in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (with the exception of TTV) and other mandatory professional reporting requirements in Australia, and the accounting policies of the Company disclosed in Section 4.12 of the Prospectus, or
- (d) the Forecast Financial Information is unreasonable.

The best estimate assumptions set out in Section 4.9 of the Prospectus are subject to significant uncertainties and contingencies often outside the control of the Company. If events do not occur as assumed, actual results and distributions achieved by the Company may vary significantly from the Forecast Financial Information. Accordingly, we do not confirm or guarantee the achievement of the Forecast Financial Information, as future events, by their very nature, are not capable of independent substantiation.

#### **Subsequent events**

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary course of business of the Company have come to our attention that would require comment on, or



adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

**Independence or disclosure of interest**

PricewaterhouseCoopers Securities Ltd does not have any interest in the outcome of the Offer other than the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received.

**Liability**

PricewaterhouseCoopers Securities Ltd has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. The liability of PricewaterhouseCoopers Securities Ltd is limited to the inclusion of this Report in the Prospectus. PricewaterhouseCoopers Securities Ltd makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Prospectus.

**Financial Services Guide**

We have included our Financial Services Guide as Appendix A to our Report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully



Wim Blom  
Authorised Representative of  
PricewaterhouseCoopers Securities Ltd

## Appendix A – Financial Services Guide

### PRICEWATERHOUSECOOPERS SECURITIES LTD

#### FINANCIAL SERVICES GUIDE

**This Financial Services Guide is dated 2 November 2010**

**1. About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by Corporate Travel Management Ltd (the **Company**) to provide a report in the form of an Investigating Accountant's Report for inclusion in a prospectus dated on or about 3 November 2010 (the **Prospectus**) relating to the offer ordinary shares in the Company (the **Issue**).

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

**2. This Financial Services Guide**

This Financial Services Guide (**FSG**) is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

**3. Financial services we are licensed to provide**

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

**4. General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

**5. Fees, commissions and other benefits we may receive**

PwC Securities charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are charged on a fixed basis and are \$135,000 (excluding GST and out of pocket expenses).

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

**6. Associations with issuers of financial products**

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business. PricewaterhouseCoopers are currently the Company's auditors.

**Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Service (**FOS**), an external complaints resolution service. FOS can be contacted by calling 1300 780 808. You will not be charged for using the FOS service.

**7. Contact Details**

PwC Securities can be contacted by sending a letter to the following address:

Wim Blom  
PricewaterhouseCoopers Securities Ltd  
GPO Box 150  
Brisbane, QLD, 4001



# MATERIAL AGREEMENTS

## 7.1 KEY DOCUMENTS

The Board considers that certain agreements relating to CTM are significant to the Offer, the operations of CTM or may be relevant to Investors. A description of material agreements or arrangements, together with a summary of the more important details of each of these agreements is set out below.

## 7.2 CONSTITUTION

The following is a summary of the major provisions of the Company's Constitution (**Constitution**):

### Shares

The Board is entitled to issue and cancel shares in the capital of the Company, grant options over unissued shares and settle the manner in which fractions of a share are to be dealt with. The Board may decide the persons to whom and the terms on which shares are issued or options are granted as well as the rights and restrictions that attach to those shares or options.

The Constitution also permits the issue of preference shares on terms determined by the Board.

The Company may also sell a share that is part of an unmarketable parcel of shares in accordance with the procedure set out in the Constitution.

### Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, only be varied with the consent in writing of members holding at least three-quarters of the shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of shares of that class.

### Restricted securities

If ASX classifies any of the Company's share capital as 'restricted securities' then the restricted securities must not be disposed of during the escrow period and the Company must refuse to acknowledge a disposal of the restricted securities during the escrow period except as permitted under the Listing Rules or by ASX.

### Share certificates

Subject to the requirements of the Corporations Act, the Listing Rules or the ASX Settlement and Transfer Corporation Pty Limited Rules (ASTC Settlement Rules), the Company need not issue share certificates if the Directors so decide.

### Calls

The Board may, from time to time, call upon Shareholders for unpaid monies on their shares. The Board must give Shareholders notice of a call at least 30 business days before the amount called is due, specifying the time and place of payment. If such a call is made, Shareholders are liable to pay the amount of each call by the time and at the place specified.

A call is deemed to have been made when a Directors' resolution passing the call is made or on such later date fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

### Forfeiture and lien

The Company is empowered to forfeit shares in relation to any call or other amount payable in respect of shares which remains unpaid following any notice to that effect sent to a shareholder. Forfeited shares become the property of the Company and the Directors may sell, reissue or otherwise dispose of the shares as they think fit.

A person whose shares have been forfeited may still be required to pay the Company all calls and other amounts owing in respect of the forfeited shares (including interest) if the Directors so determine.

The Company has a first and paramount lien for unpaid calls, instalments and related interest and any amount it is legally required to pay in relation to a Shareholder's shares. The lien extends to all distributions relating to the shares, including dividends.

The Company's lien over shares will be released if it registers a transfer of the shares without giving the transferee notice of its claim.

### Share transfers

Shares may be transferred by any method permitted by the Corporations Act, the Listing Rules or the ASTC Settlement Rules or by a written transfer in any usual form or in any other form approved by the Directors. The Board may refuse to register a transfer of securities of the Company where the transfer is not in registrable form, the Company has a lien over any of the shares to be transferred or where it is permitted to do so by the Listing Rules or the ASTC Settlement Rules.

### General meetings

Each Shareholder and Director is entitled to receive notice of and attend any general meeting of the Company. Two Shareholders must be present to constitute a quorum for a general meeting and no business may be transacted at any meeting except the election of a chair and the adjournment of the meeting, unless a quorum is present when the meeting proceeds to business.

### Voting rights

Subject to any rights or restrictions attached to any shares or class of shares, on a show of hands each member present has one vote and, on a poll, one vote for each fully paid share held, and for each partly paid share, a fraction of a vote equivalent to the proportion to which the share has been paid up. Voting may be in person or by proxy, attorney or representative.

### Remuneration of Directors

Directors are to be paid remuneration for their services up to such sum as accrues on a daily basis as the Company determines in general meeting to be divided among them as agreed. The remuneration of a Director (other than the Managing Director or an Executive Director) must not include a commission on, or a percentage of, profits or operating revenue.

Remuneration may be provided in such manner that the Directors decide, including by way of non cash benefits. There is also provision for Directors who devote special attention to the business of the Company or who otherwise perform services which are regarded as being outside of their ordinary duties as Directors, or who at the request of the Board engage in any journey on the Company's business, to be paid extra remuneration as determined by the Board.

Directors are also entitled to be paid all travelling and other expenses they incur in attending to the Company's affairs, including attending and returning from general meetings or Board meetings, or meetings of any committee engaged in the Company's business.

### Interests of Directors

A Director who has a material personal interest in a matter that is being considered by the Board must not be present at a meeting while the matter is being considered nor vote on the matter, unless the Corporations Act allows otherwise.

### Election of Directors

There must be a minimum of three Directors and a maximum of twelve Directors, which the Board may determine from time to time.

At every annual general meeting, subject to the Constitution, one third of the Directors (to the nearest whole number and excluding the Managing Director) must retire from office and may offer themselves for re-election. If the number of Directors is five or less, then two of the Directors must retire from office at each annual general meeting.

No Director, other than the Managing Director, may hold office without re-election beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected.

With respect to the retirement of Directors, the Director(s) longest in office since last being elected must retire. If a number of Directors were elected on the same day, the Directors to retire shall (in default of agreement between them), be determined by ballot.

### Dividends

If the Board determines that a final or interim dividend is payable, it will (subject to the terms of issue on any shares or class of shares) be paid on all shares proportionate to the amount for the time being paid on each share. Dividends may be paid by cash, electronic transfer or any other method as the Board determines.

The Board has the power to capitalise and distribute the whole or part of the amount from time to time standing to the credit of any reserve account or otherwise available for distribution to Shareholders. Such capitalisation and distribution must be in the same proportions which the Shareholders would be entitled to receive if distributed by way of a dividend.

Subject to the Listing Rules, the Board may pay a dividend out of any fund or reserve or out of profits derived from any particular source.

### Proportional takeover bids

The Company may prohibit registration of transfers purporting to accept an offer made under a proportionate takeover bid unless a resolution of the Company has been passed approving the proportional takeover bid in accordance with the provisions of the Constitution.

The rules in the Constitution relating to proportional takeover bids will cease on the third anniversary of the adoption of the Constitution or the renewal of the rules unless renewed by a special resolution of shareholders.

## Indemnities and insurance

CTM must indemnify current and past Directors and other executive officers (Officers) of the Company on a full indemnity basis and to the full extent permitted by law against all liabilities incurred by the Officer as a result of their holding office of the Company or of a related body corporate.

The Company may also, to the extent permitted by law, purchase and maintain insurance, or pay or agree to pay a premium for insurance, for each Officer against any liability incurred by the Officer as a result of their holding office of the Company or of a related body corporate.

## 7.3 CORPORATE GOVERNANCE CHARTER

### Responsibility of the Board

The Board is responsible for the corporate governance of the Company and has adopted a Corporate Governance Charter (**Charter**). A guiding principle of the Charter is that the Board act honestly, conscientiously and fairly, in accordance with the law and in the interests of CTM's Shareholders (with a view to building sustainable value for them), employees and other stakeholders. Responsibility for the operational conduct of the Company's business has been delegated to the Managing Director who reports to the Board.

The Board's broad function is to:

- (a) chart strategy and set financial targets for the Company;
- (b) monitor the implementation and execution of strategy;
- (c) monitor performance against financial targets;
- (d) appoint and oversee the performance of executive management; and
- (e) generally to take and fulfil an effective leadership role in relation to the Company.

Power and authority in certain areas is specifically reserved to the Board – consistent with its function as outlined above. These areas include:

- (a) composition of the Board itself including appointment and removal of Directors;
- (b) oversight of the Company including its control and accountability systems;
- (c) appointing and removing the Managing Director;
- (d) ratifying the appointment and, where appropriate, the removal of senior management including the Chief Financial Officer, Chief Operating Officer and the Company Secretary;
- (e) reviewing and overseeing systems of risk management and internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance;
- (f) monitoring senior management's performance and implementation of strategy;
- (g) approving and monitoring financial and other reporting;
- (h) the overall corporate governance of the Company including the strategic direction, establishing goals for management and monitoring the achievement of these goals; and
- (i) the oversight of Board committees (**Committees**).

## Composition of Board

The composition of the Board should be subject to the following principles:

- (a) the Board should comprise at least four directors;
- (b) half of the Board must be Non-Executive Directors independent from management; and
- (c) a majority of independent directors, including the Chairman, unless in the circumstances of the Company it is reasonable for the Director not to be an Independent Director (and fully disclosed under the ASX Principles).

Independence is determined by having regard to whether the Director is free from any interest and any business or other relationship, which could, or could reasonably be perceived to materially interfere with the Director's ability to exercise independent judgement.

The Board members may be deemed to not be independent based upon the length of their membership on the Board and their associated interests as shareholders and associates of clients.

### Board Charter and policy

The Charter which was adopted (and will be kept under review and amended from time to time as the Board may consider appropriate) gives formal recognition to the matters outlined above and covers other matters that are important for its effective operation including:

- (a) a detailed definition of 'independence';
- (b) a framework for the identification of candidates for appointment to the Board and their selection;
- (c) a framework for individual performance review and evaluation;
- (d) proper training to be made available to Directors both at the time of their appointment and on an on-going basis;
- (e) basic procedures for meetings of the Board and its Committees;
- (f) ethical standards and values; and
- (g) communications with Shareholders and the market.

These initiatives, together with the other matters provided for in the Board's Charter, are designed to institutionalise good corporate governance, having regard to the ASX Principles, and to build a culture of good governance practice in CTM's own internal practices and in its dealings with others.

### Audit and Risk Management Committee

The purpose of this Committee is to report to the Board on the establishment, maintenance and operation of control systems including in relation to financial monitoring, internal and external reporting as well as the adoption and application of appropriate ethical standards for the management of the Company and the conduct of CTM's business. Its members are Stephen Lonie (Chairman), Gregory Moynihan and Tony Bellas.

The Committee is responsible for a number of matters including:

- (a) Board and Committee structure to facilitate a proper review function by the Board;
- (b) internal control framework including management information systems;
- (c) compliance with internal controls;
- (d) internal audit function and management processes supporting external reporting;
- (e) review of financial statements and other financial information distributed externally;
- (f) review of the effectiveness of the audit function;
- (g) review of the performance and independence of the external auditors;
- (h) review of the external audit function to ensure prompt remedial action by management, in relation to any deficiency in or breakdown of controls;
- (i) assessing the adequacy of external reporting for the needs of Shareholders; and
- (j) monitoring compliance with the Company's code of conduct.

Meetings are held at least four times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The Committee invites the external auditor to attend each of its meetings.

#### **Remuneration Committee**

The purpose of this Committee is to report to the Board on remuneration and issues relevant to remuneration policies and practices including the remuneration of senior management and Non-Executive Directors. Its members are Gregory Moynihan (Chairman), Stephen Lonie and Tony Bellas.

Among the functions performed by the Committee are the following:

- (a) review and evaluation of market practices and trends in remuneration matters;
- (b) make recommendations to the Board in relation to the Company's remuneration policies and procedures;
- (c) monitor the performance of the Chief Operating Officer, Chief Financial Officer, other members of senior management and Non-Executive Directors;
- (d) make recommendations to the Board in relation to the remuneration of the Chief Operating Officer, Chief Financial Officer, other members of senior management and Non-Executive Directors; and
- (e) preparing for the Board any report that may be required under applicable legal or regulatory requirements about remuneration matters.

Meetings are held at least three times each year. A broad agenda is laid down for each regular meeting according to an annual cycle.

#### **Nominations Committee**

The purpose of this Committee is to provide advice and make recommendations to the Board about the appointment of new Directors to ensure that it is comprised of individuals who are best able to discharge the responsibilities of Directors having

regard to the law and the highest standards of governance. The role of the Committee, to the extent delegated by the Board, also extends to making recommendations in relation to the appointment of senior management. Its members are Tony Bellas (Chairman), Stephen Lonie and Gregory Moynihan.

The committee has responsibility to:

- (a) review and recommend to the Board the size and composition of the Board;
- (b) assess and develop a skills matrix to identify the skills required by the Board, competencies of Board members and the extent to which the required skills, experience, qualification and diversity are represented on the Board;
- (c) assisting the Board to identify suitable candidates for Board membership and re-election;
- (d) establishing processes for:
  - (i) ensuring the Board complies with the Diversity Policy and that any diversity profile identified by the Board is taken into account in the selection and appointment of candidates;
  - (ii) the evaluation of performance and independence of the Board and individual Directors;
  - (iii) identifying, assessing and enhancing the skills set of Directors;
  - (iv) reviewing and ensuring appropriate induction programs are in place; and
  - (v) reviewing corporate governance issues as required;
- (e) reporting to the Board on:
  - (i) succession planning for Directors, executives and other senior managers; and
  - (ii) the diversity profile of employees.

#### **Good corporate practice commitment**

The Company is committed to achieving and maintaining the highest standards of conduct and has undertaken various initiatives that are designed to achieve this objective. The following provide tangible demonstration of the Company's corporate governance commitment.

#### **Independent professional advice**

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are borne by the Company.

#### **Code of ethics and values**

The Company has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties.

#### **Charter**

The code of ethics forms part of the Company's corporate governance charter which has been formally adopted and can be inspected on its website at [www.travelctm.com](http://www.travelctm.com).



## 7.4 SHARE TRADING AND CONTINUOUS DISCLOSURE POLICY

A Share Trading and Continuous Disclosure Policy has been adopted by the Board to provide guidance to the Directors, identified employees including senior management, and other employees of CTM (**Staff**) where:

- (a) they are contemplating dealing in CTM securities or the securities of entities with whom CTM may have dealings; and
- (b) disclosure of information which may materially affect the price or value of the Company's Shares is required.

### Code of conduct for transactions in securities

- (a) The Share Trading and Continuous Disclosure Policy incorporates a Code of Conduct for Transactions in Securities (**Transactions Code**). The Transactions Code acknowledges it is desirable that Directors and senior management hold securities in the Company and is designed to ensure any dealings by Directors and senior management and their associates in CTM's securities or securities of other entities is fair and transparent.
- (b) The Transactions Code's purpose is to restrict share trading by staff to circumstances where it is unlikely that there would be any perception of insider trading in relation to dealings in CTM's securities or securities of other entities.
- (c) The Transactions Code prohibits share trading by CTM Staff in CTM securities where CTM Staff are in possession of price sensitive information. The prohibition extends to dealings through related parties as defined in the Corporations Act and to encouraging family or friends to so deal. Communication of price sensitive information by a Staff member to a person who is reasonably likely to trade in CTM securities is also prohibited. A comprehensive definition of 'price sensitive information' adopted by the Board is included in the Transactions Code.
- (d) The Transactions Code clearly sets out the permitted trading windows and excepted trading circumstances by Directors and officers of the Company. At all other times trading by Directors and officers of the Company is prohibited unless written authority to trade is received and the transaction would not be contrary to law, for speculative gain, use insider information or be perceived as unfair.

### Continuous Disclosure Policy

The Board has adopted a Continuous Disclosure Policy (**Disclosure Policy**), within the Share Trading and Continuous Disclosure Policy, which sets out procedures to be adopted by the Board to ensure CTM complies with its continuous disclosure obligations to keep the market fully informed of information which may have a material effect on the price or value of the Company's securities and to correct any material mistake or information in the market.

The Board is responsible for determining whether information is such that it would have a material effect on the price or value of CTM's securities. The Disclosure Policy provides a framework for the Board and officers of CTM to internally identify and report information which may need to be disclosed and sets out practical implementation processes in order to ensure any

identified information is adequately communicated to ASX and Shareholders.

The Disclosure Policy also sets out the exceptions to the disclosure requirements and outlines when disclosure may be required in relation to the Company's financing arrangements and the approval and disclosure process in relation to Director margin loans.

Any non-compliance with the Share Trading and Continuous Disclosure Policy will be regarded as an act of serious misconduct. The Share Trading and Continuous Disclosure Policy is available on CTM's website at [www.travelctm.com](http://www.travelctm.com).

## 7.5 DIVERSITY POLICY

CTM is committed to complying with the diversity recommendations published by ASX and promoting diversity among employees, consultants and senior management, and has adopted a policy in relation to diversity (**Diversity Policy**).

CTM defines diversity to include, but not be limited to, gender, age, ethnicity and cultural background.

The Diversity Policy adopted by the Board outlines CTM's commitment to fostering a corporate culture that embraces diversity and provides a process for the Board to determine measurable objectives and procedures to implement and report against to achieve its diversity goals.

CTM's Nominations Committee is responsible for implementing the diversity policy, setting the Company's measurable objectives and benchmarks for achieving diversity and reporting to the Board on compliance with the Diversity Policy.

As part of its role, CTM's Remuneration Committee is responsible for formulating and implementing a Company remuneration policy. Under the Diversity Policy, a facet of this role will include reporting to the Board annually on the proportion of men and women in CTM's workforce and their relative levels of remuneration.

The Board will assess and report annually to Shareholders on CTM's progress towards achieving its diversity goals.

The Diversity Policy is available on CTM's website at [www.travelctm.com](http://www.travelctm.com).

## 7.6 COMPLIANCE WITH ASX CORPORATE GOVERNANCE GUIDELINES AND GOOD PRACTICE RECOMMENDATIONS

The ASX document, 'Principles of Good Corporate Governance and Best Practice Recommendations' was published in March 2003 by the ASX Corporate Governance Council with the aim of enhancing the credibility and transparency of Australia's capital markets. The Guidelines were reviewed during 2006 and 2007, resulting in the release of the 'Principles of Good Corporate Governance and Good Practice Recommendations' (**ASX Principles**) on 2 August 2007. The guidelines were further updated at 30 June 2010 and changes were incorporated into the formal ASX Principles.



The Board has assessed the Company's current practice against the ASX Principles and outlines its assessment in the following section:

**Principle 1 – Lay solid foundations for management and oversight**

The role of the Board and delegation to management have been formalised in CTM's Board Charter. The Charter will be kept under review and amended from time to time as appropriate taking into consideration practical experience gained in operating as a listed company. CTM complies with the ASX Principles in this area.

**Principle 2 – Structure the Board to add value**

The Board has an established Nominations Committee appropriate to the size and circumstances of the Company at this time.

In compliance with Principle 2, CTM's Chairman is an independent director, the majority of CTM's Board are independent directors and the role of chair and managing director are not exercised by the same individual.

Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the business of the Company.

**Principle 3 – Promote ethical and responsible decision-making**

The Board has adopted a detailed code of ethics incorporated into the Charter and has separately adopted a Diversity Policy and a detailed Transactions Code within its Trading Policy.

The purpose of these codes is to guide Directors in the performance of their duties, foster a company culture that embraces diversity and to define the circumstances in which both directors and management, and their respective associates, are permitted to deal in securities. The codes have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations, and therefore compliance with the Principles.

**Principle 4 – Safeguard integrity in financial reporting**

The Audit and Risk Management Committee has been established with its own charter. Its current composition complies with the ASX Principles insofar as the committee consists of only Non-Executive Directors, the majority are independent, and there are at least three members.

All members of the committee are financially literate.

**Principle 5 – Make timely and balanced disclosure**

CTM's current practice on disclosure is consistent with the ASX Principles. Policies and procedures for compliance with ASX Listing Rule disclosure requirements are included in the Company's Share Trading and Continuous Disclosure Policy.

**Principle 6 – Respect the rights of Shareholders**

The Board will communicate with Shareholders regularly and clearly by electronic means as well as by more traditional methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditors always attend the annual general meeting and are available to answer Shareholders' questions. The Company's policies comply with the ASX Principles in relation to the rights of Shareholders.

**Principle 7 – Recognise and manage risk**

The Audit and Risk Management Committee has been established with its own charter.

The Board, together with management, has established processes to identify, monitor and mitigate risk. Internal controls are monitored on a continuous basis and, wherever possible, improved. The whole issue of risk management is formalised in the Company's Charter (which complies with the ASX Principles in relation to risk management) and will be kept under regular review by the Audit and Risk Management Committee.

**Principle 8 – Remunerate fairly and responsibly**

The Charter adopted by the Board requires individual performance review and evaluation to be conducted formally on an annual basis. The Board acknowledges that performance can always be enhanced and will continue to seek and consider ways of further improving the performance of Directors both individually and collectively. CTM's remuneration practices are reviewed regularly and comply with the ASX Principles. Remuneration of Directors and executives will be fully disclosed in the annual report.

## 7.7 UNDERWRITING AGREEMENT

The Company and the Vendors appoint the Underwriter to underwrite the subscription of 21,780,000 Shares under the Offer. The Underwriter may appoint sub underwriters.

The Company must pay to the Underwriter an underwriting fee of 3.0% of the Offer proceeds and a management fee of 1.0% of the Offer proceeds. An incentive fee of 0.5% of the Offer proceeds may be paid by CTM at its sole discretion.

In addition, the Company must pay the Underwriter for certain agreed costs and expenses incurred by the Underwriter in relation to the Offer.

The Underwriter may terminate the Underwriting Agreement if a range of events occur, including if:

- (a) the Company does not give a shortfall notice to the Underwriter;
- (b) the Company does not give a certificate of compliance to the Underwriter;
- (c) any material adverse change in the financial position, or in the assets, liabilities, earnings, business of CTM from that disclosed to the Underwriter prior to the date of the Prospectus;

- (d) the Company fails to lodge the Prospectus with ASIC in accordance with the timetable;
- (e) any adverse new circumstance arises or becomes known which, if known at the time the Prospectus was lodged with ASIC, would have been required to be included in the Prospectus under the Corporations Act;
- (f) any forecasts, expressions of opinion, intention or expectation contained in the Prospectus are not based on reasonable assumptions, become unable to be met or unlikely to be met in the projected time;
- (g) any regulatory body commences any investigation, public action or hearing against the Company, the Directors or any member of the Senior Management or publicly announces that it intends to take any such action;
- (h) the Company is or becomes unable to pay its debts when they are due or any act occurs or any omission is made which may result in the Company becoming insolvent;
- (i) the S&P/ASX 200 Index is a10% or more below its opening level as at 4.00pmon the last ASX trading day immediately before the date of signing the Underwriting Agreement;
- (j) the Company's admission to the official list of ASX and the quotation of Shares is not approved by ASX within the timeframe required or ASX advises that listing of the Company or official quotation of the Shares will not be granted or will be qualified;
- (k) the Company or the Vendors withdraw the Prospectus or the Offer or, without the prior written permission of the Underwriter, the Company or the Vendors lodge a supplementary prospectus;
- (l) any event specified in the timetable is delayed for more than 2 business days without the prior written consent of the Underwriter;
- (m) there is a material omission from the Prospectus, or there is a material statement in the Prospectus that is or becomes false or misleading (including by way of omission)
- (n) a matter referred to in section 719 of the Corporations Act occurs in respect of the Prospectus, or the Underwriter forms the view that a supplementary or replacement Prospectus must be lodged with ASIC and the Company or the Vendors do not lodge the supplementary or replacement document with the content and within a reasonable time required by the Underwriter;
- (o) a Director of the Company or any related body corporate of the Company is charged with a criminal offence relating to a financial or corporate matter, a Director is disqualified under the Corporations Act from managing a corporation or there is a change in senior management of CTM;
- (p) any warranty, representation or material statement by the Company is or becomes false, misleading or incorrect when made or regarded as made;
- (q) ASIC gives notice of intention to hold a hearing in relation to the Prospectus for the purpose of making an order directing that no further securities be allotted or issued under the Prospectus; or

- (r) any person (other than the Underwriter) who consented to being named in the Prospectus withdraws that consent.

The Underwriter may also terminate the Underwriting Agreement if the event is, in the Underwriter's reasonable opinion, has had or is likely to have a material adverse effect on the success of the Offer or has given or is likely to give rise to a contravention by the Underwriter or a liability for the Underwriter. Such events include where:

- (a) there is new legislation introduced, a public announcement of prospective legislation or policy into the Parliament of the Commonwealth of Australia or any State or Territory of Australia;
- (b) there is an outbreak of hostilities (whether or not war has been declared) not presently existing, or a major escalation in existing hostilities involving any of the Commonwealth of Australia, Japan, European Union, Indonesia, the United Kingdom, the United States of America, the Peoples Republic of China, Russia, India, Pakistan, North Korea or South Korea;
- (c) any information supplied by the Company or (on its behalf) to the Underwriter in respect of the Offer is or becomes false or misleading;
- (d) there is a material omission from the results of the due diligence investigation performed in respect of the Company or the verification material is false or misleading;
- (e) ASIC gives notice of intention to hold a hearing in relation to the Prospectus;
- (f) the Company fails to comply with any of its obligations under the Underwriting Agreement, or any representation or warranty by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (g) any other information supplied by or on behalf of the Company to the Underwriter is or becomes misleading or deceptive, including by way of omission;
- (h) a Subsidiary breaches, or defaults under, any provision, undertaking, covenant or ratio of a material debt or financing arrangement or any related documentation to which that entity is a party which has a material adverse effect on the CTM group;
- (i) any adverse change or disruption to the political or economic conditions or financial markets of Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions;
- (j) a general moratorium on commercial banking activities in Australia, the United States of America or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or
- (k) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect.

The Company has provided certain representations and warranties to the Underwriter in relation to the Prospectus, the Company and the Offer. The Vendors have each provided similar representations and warranties to the Underwriter.

The Company indemnifies the Underwriter against any claim or loss, which the Underwriter, its related corporations, officers, employees, agents and servants suffers or incurs or is liable for in relation to the Offer, the Prospectus or the Underwriting Agreement.

## 7.8 VENDOR SELL-DOWN DEED

In addition to the Underwriting Agreement, the Vendors, the Company and the Underwriter have entered into a sell down deed to facilitate the partial sell down of Shares held by the Vendors, being 1.78 million in total, which will be offered under this Prospectus and form part of the Offer.

The parties have agreed that the Vendors will be paid the Employee Priority Offer Price to the extent the Employee Priority Offer is taken up and will be paid the Offer Price for the balance of the Vendor Shares, with the consideration to be shared between them pro-rata to the number of their Vendor Shares.

Under the terms of the sell down deed, the Company is appointed as each Vendor's exclusive agent to facilitate and manage the sale of the Vendor Shares under the Offer.

The Vendors have an obligation under the deed to ensure the accuracy of statements in and compliance with the Corporations Act, including in relation to information that has arisen after the lodgement of the Prospectus. The Vendors provide an indemnity in favour of the Company and the Lead Manager and Underwriter for any losses suffered as a result of a breach of the warranties made by the Vendors under the sell down deed. The Company is to pay any transfer duty arising from the sell down. The Vendors are responsible for any income tax or capital gains tax.

The deed is conditional upon execution of the Underwriting Agreement and the Prospectus being lodged with ASIC. A party may terminate the deed by notice in writing, if these conditions are not satisfied or if the Underwriting Agreement is terminated for any reason.

## 7.9 TRAVELCORP SHARE SALE AGREEMENT

On 15 October 2010, the Company signed a share sale agreement with Helen Logas as vendor for the purchase of 100% of the shares in Travelcorp (**Share Sale Agreement**). The date for the completion of the acquisition is 3 January 2011. Completion is conditional upon the Company being admitted to the official list of ASX.

The acquisition is based on a purchase price comprising an initial consideration payment of \$11.125 million and an earn-out arrangement. The Company has paid a deposit of \$250,000 which is only refundable in limited circumstances.

Helen Logas may be entitled to an earn-out with cash and scrip components.

The cash earn-out is calculated as a ten times multiple (broadly equivalent to 5 times multiple on full year NPBT) on the amount by which the Travelcorp business exceeds NPBT above \$1.125 million (up to \$1.5 million) for the 6 month period from 3 January 2011 to 30 June 2011. The maximum amount Helen Logas can receive from the cash earn-out is \$3.875 million.

Under the scrip earn-out component Helen Logas will receive CTM Shares. The CTM scrip earn-out is calculated on a four times multiple (which is broadly equivalent to 2 times multiple on full year NPBT) on the amount by which the Travelcorp business exceeds NPBT above \$1.5 million for the 6 month period from 3 January 2011 to 30 June 2011. There is no cap on the scrip earn-out.

Under the Share Sale Agreement, Helen Logas is restrained for up to 3 years from engaging in business similar to or in competition with the business of the Company in Australia, from inducing an employee of Travelcorp to terminate their employment or soliciting any clients of Travelcorp.

Helen Logas has provided customary warranties including those relating to the share capital of Travelcorp, that there are no liabilities or encumbrances, information relating to the accounts and records of Travelcorp and tax related matters.

There are usual conditions precedent (e.g. minimum cash, no encumbrances, specified releases) to the Share Sale Agreement to be satisfied by 24 December 2010 unless otherwise agreed. If these are not met by the parties, the agreement can be terminated. Thereafter, the right for CTM to terminate the agreement is limited to:

- (a) the insolvency of Travelcorp; or
- (b) CTM not being admitted to the official list of ASX.

The impact of the acquisition is noted in the pro-forma balance sheet in Section 4.8.

## 7.10 AGREEMENT FOR SALE AND PURCHASE OF CAVALIER TRAVEL BUSINESS

On 2 August 2010, Corporate Travel Management (New Zealand) Limited (**CTMNZ**) completed the acquisition of the Cavalier Travel Services business from Cavalier Travel Services Limited (**Cavalier**). CTMNZ is a wholly-owned subsidiary of CTM and is a New Zealand registered entity. New Zealand law governs the executed agreement for the sale and purchase of the Cavalier acquisition.

The consideration for the purchase of the Cavalier comprised both an initial cash purchase price of NZD\$775,000 and a cash earn-out arrangement.

The cash earn-out is to be paid on 1 August 2011 and is based on the gross profit attained for the period between 1 August 2010 and 31 July 2011. The cash earn-out is cascading based on the percentage of profit attained comparative to that achieved for FY2010. The maximum amount achievable by Cavalier under the earn-out arrangement is NZD\$125,000.

Under the agreement, Cavalier's obligations under its Tramada, Sabre and IATA licences were transferred to CTMNZ and CTMNZ agreed to indemnify Cavalier for any loss suffered as a result of a breach of these licences until the earlier of termination of the licences or 30 June 2011. CTMNZ conducted due diligence on its acquisition of the business and Cavalier made no warranty and accepts no liability as to the accuracy of the due diligence information.

Cavalier is restrained from ever competing with CTMNZ in the New Zealand corporate travel market and for 5 years, directly or indirectly.

#### **7.11 CLIENT AGREEMENTS**

CTM enters into client supply agreements with clients which represent a substantial portion of annual revenue. The client agreements specify the terms and conditions of the provision of and consideration for the travel management services of CTM and are customary for agreements of this nature in respect of duration, performance and termination.

#### **7.12 SUPPLIER CONTRACTS**

CTM has entered into various contractual arrangements with its product suppliers, including airlines, hotel and accommodation providers, car hire companies and payment and booking engine solutions providers.

The supplier agreements are customary for the industry in respect of duration, performance and termination.

#### **7.13 SYSTEMS AND INFORMATION TECHNOLOGY AGREEMENTS**

CTM maintains supplier contracts with its systems and information technology providers.

The terms of the Company's systems and information technology agreements vary between 3 to 5 years with agreements typically terminable on 90 days written notice and other broad termination rights which generally favour the supplier.

#### **7.14 TRAVEL AGENT'S LICENCE**

CTM, or its subsidiaries where relevant, maintains travel agent's licences in each jurisdiction in which the Company operates

in accordance with the applicable legislation and regulatory requirements. Australian travel industry regulation requires participation in TCF in order to conduct business as a travel agent. CTM participates in the TCF. To remain a participant, the CTM must annually demonstrate that it has sufficient financial resources and security arrangements to trade as a travel agent. Participants may be required to provide security to the TCF in this regard. The security provided to TCF by CTM is detailed further in Section 7.19.

CTM is also a member IATA and TAANZ. Further detail of CTM's security requirements to maintain membership in IATA and TAANZ is included in Section 7.19.

#### **7.15 VOLUNTARY RESTRICTION DEEDS**

The Existing Shareholders have entered into voluntary restriction deeds with the Company restricting them from dealing in the Shares held by them at the date of this Prospectus, until the date that is 12 months after the Company's Shares are entered into the official list and commence trading on ASX.

The total number of restricted Shares is 48,590,000.

ASIC has provided relief from Chapter 6D of the Corporations Act under instrument 10 – 1083 dated 2 November 2010 to enable the Company to enter into the voluntary restriction deeds for the 48,590,000 Shares held by the Existing Shareholders.

The restriction deeds are in a form consistent with the ASX Listing Rules and restrict the Existing Shareholders from disposing of, creating any security interest in or transferring effective ownership or control of, the restricted Shares.

#### **7.16 EXECUTIVE SERVICE CONTRACTS**

The Company has entered into executive service agreements with key executives, which contain standard terms and conditions for agreements of this nature, including confidentiality, restraint on competition and retention of intellectual property provisions. The agreements are expressed to cover periods specific to individual appointments, but may generally be terminated by notice by either party, or earlier in the event of certain breaches of the terms and conditions.

In the case of CTM's Managing Director, Jamie Pherous, the employment agreement is for a term of 5 years from 1 July 2008. Under this agreement, Jamie Pherous currently receives a salary of \$300,000 per annum (plus statutory superannuation), plus a fully maintained motor vehicle and car park. In addition, a bonus payment (capped at \$90,000) may be payable, subject to performance hurdles being satisfied.

Details of Directors' fees payable to the other Directors are set out in Section 8.9.

### 7.17 DEEDS OF INDEMNITY AND ACCESS

The Company has entered into standard deeds of access, insurance and indemnity with the Directors.

The Company has undertaken, consistent with the Corporations Act, to indemnify each Director in certain circumstances and to maintain Directors' and Officers' insurance cover in favour of the Director for seven years after the Director has ceased to be a Director.

The Company has further undertaken with each Director to maintain a complete set of the Company's Board papers and to make them available to the Director for seven years after the Director has ceased to be a Director.

In addition, CTM has entered into standard deeds of insurance and indemnity on similar terms to those offered to the Directors, with two of its key officers, being its Chief Financial Officer, Steve Fleming, and Company Secretary, Lyndall McCabe.

### 7.18 EQUITY INCENTIVE SCHEMES

#### Exempt Employee Share Plan

In applying under the Employee Priority Offer, the Employee Applicants agree to be bound to the terms of the Company's Exempt Employee Share Plan (**ESP**). The key terms are as follows:

#### Eligibility criteria

The ESP may be offered to certain Eligible Employees of the Company. The ESP is designed to comply with the requirements for the \$1,000 'tax exempt' treatment under section 83A-35 of the Income Tax Assessment Act 1997, as amended from time to time.

Persons who may be eligible to participate in the ESP are full-time or permanent part-time employees, with one or more companies in the CTM Group.

#### Grant of Shares

Shares may be offered to Eligible Employees as the Directors determine. Offers under the ESP must be made by the Company on a 'non-discriminatory' basis consistent with the tax requirements (and other applicable requirements) to at least 75% of Australian resident permanent employees with three years service with the essential features of the ESP being offered to all such employees on the same terms.

The offer must be in writing and specify, amongst other things, the date of the invitation, the number of Shares available to the employee, the price of the Shares, the number of Shares for which the Eligible Employees may apply or be granted and any conditions attaching to the Shares.

#### Quotation

The Company must apply for official quotation of any Shares issued under the ESP.

#### Interest restriction

No Eligible Employee may continue to participate in the ESP if, immediately after the acquisition of the Share, the Eligible Employee would be in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of the Company.

#### Disposal

Shares may be subject to conditions specified by the Board or contained in the ESP rules, including a restriction on disposal of Shares issued under the ESP rules for a period of the earlier of three years after their issue, termination or cessation of employment.

#### Rights of participants

Shares will rank *pari passu* (equally) with other ordinary shares. The Shares will rank for dividends declared on or after the date of issue but will carry no right to receive any dividend before the date of issue.

Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the Shares will be correspondingly changed to the extent necessary to comply with the Listing Rules.

#### Administration

The ESP will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the Listing Rules) in addition to those set out in the ESP.

#### Termination and amendment

The ESP may be terminated or suspended at any time by the Board. The ESP may be amended at any time by the Board (subject to the Listing Rules).

As at the date of the Prospectus, no Shares have been offered under the ESP. The Company has reserved the equivalent of up to 5% of its share capital for future allocation under the ESP.

#### NZ Employees

Eligible New Zealand employees shall be bound by the terms of the Exempt Employee Share Plan with such changes as necessary for compliance with New Zealand securities or taxation laws. An offer to New Zealand resident employees is made in accordance with the Securities Act (Overseas Employees Share Purchase Schemes) Exemption Notice 2002.

## 7.19 FINANCE FACILITIES

### 7.19.1 Westpac facilities

The Company's primary finance facilities are with the Westpac Banking Corporation (**Westpac**).

These facilities fall into two categories, being:

- (a) Business Finance Agreement; and
- (b) Bank Guarantee to IATA.

The Company or its Subsidiaries also have ancillary facilities as set out below.

#### (a) Business Finance Agreement

The Business Finance Agreement exists between CTM and Westpac. This facility was most recently amended and reoffered on 3 August 2010 and accepted by the Company on 10 August 2010.

The Company is bound by various financial covenants including:

- (a) being subject to quarterly monitoring periods;
- (b) dividends shall not be paid by the Company except from net earnings accrued after the payment of principal loan payments and tax;
- (c) any shareholder/director loans will be subordinate to bank debt. Repayments or increases to interest payments require prior written consent of bank;
- (d) the Company is to provide projections for the coming financial year, annually by 15 August each year; and
- (e) interest cover to be maintained at not less than 5.0 x times.

#### Facilities provided under Business Finance Agreement

The Business Finance Agreement covers a number of facilities, which are summarised in the following table:

FACILITY NAME	FACILITY AMOUNT	TERM	PURPOSE OF FUNDS AND OTHER COMMENTS
Bankers Undertaking – Revolving Limit	\$1,078,000	Ongoing	Amount and accrual cycle – 1.50% per half year in advance
Transaction Negotiation Authority	\$2,000 – \$500,000	Ongoing	Transaction coverage
Settlement Risk	\$250,000 – \$350,000	Ongoing	Settlement risk

The Banker's Undertaking is comprised of the following guarantees provided by Westpac as at 30 June 2010 and relates to leased premises and security in relation to the Travel Compensation Fund:

PARTY GUARANTEED	AMOUNT	COMMENCEMENT DATE
<b>Leases</b>		
Shop, Distributive & Allied Employees Association	\$68,126.24	26 April 2007
AMP Capital Investors Ltd	\$93,000.00	23 April 2007
A&T Gemini Pty Ltd	\$188,852.14	1 October 2008
Mirvac Projects Pty Ltd	\$300,289.00	7 August 2009
Castlereagh Investments Pty Ltd	\$41,416.00	20 August 2008
<b>Travel Compensation Fund</b>		
TCF	\$300,000.00	11 December 2008

The finance facilities under the Business Finance Agreement will continue to be secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Pty Ltd.

#### Facilities to be paid-out at IPO

In addition to the facilities noted above in the Business Finance Agreement, CTM has two other facilities which CTM intends to pay out in full upon listing with the proceeds of the Offer. These facilities are summarised below:



FACILITY NAME	FACILITY AMOUNT	TERM	PURPOSE OF FUNDS AND OTHER COMMENTS
Overdraft	\$800,000 (monthly variable interest rate)	Ongoing	The facility is to reduce to: \$500,000 on 01.11.10 \$500,000 on 01.11.10 \$250,000 on 01.12.10 \$125,000 on 01.02.11
Bank Bill Business Loan with Options Redraw	\$1,600,000 (variable rate, 90 day interest period)	5 years to expire 21.12.2012	Quarterly principal reductions of \$250,000 plus interests and fees.

The removal of these facilities will enable the release of related party guarantees which currently secure the Business Finance Facility in addition to the fixed and floating charge.

Further detail about the purpose and use of proceeds of the Offer is set out at Section 1.3.

*(b) Bank Guarantee to IATA and TAANZ*

To enable CTM to comply with IATA's requirements under the IATA Resolutions, Rules and Procedures for participation in IATA Billing and Settlement Plan Australia (**IATA BSP**), Westpac has agreed to assume joint and several liability for payment of all amounts owing the Members of IATA and airlines participating in the IATA BSP which have appointed CTM, by way of providing a Bank Guarantee.

There is a related Bank Guarantee letter to IATA dated 12 February 2010, for a maximum amount limited to \$1,541,000. This Bank Guarantee amount of \$1,541,000 includes an amount of NZD\$194,000 attributable to security provided under the Bonding Scheme of TAANZ, a membership requirement of TAANZ.

The Bank Guarantee is valid from 31 January 2010 to 31 January 2011 and shall remain in force notwithstanding the bankruptcy, liquidation or insolvency of CTM.

Under a letter of variation from Westpac to CTM dated 29 January 2010 the specific conditions relating to this facility applying to the Bank Guarantee include:

- quarterly monitoring reports must be provided by CTM to Westpac, which includes the balance sheet, aged debtor and creditor listing and a working asset statement each quarter;
- an Annual Review must be undertaken and determined satisfactory by Westpac of CTM's financials for each year;
- dividends shall not be paid by CTM except from net earnings accrued after the payment of principal loan payments and tax;
- any shareholder/director loans will be subordinate to bank debt. Repayments or increases to interest payments require prior written consent of bank; and
- the issue of the Bank Guarantee is dependant on a review of the formal agreement between CTM and Michael Pherous and Diane Pherous by Westpac's legal advisers and it being deemed satisfactory.

The Bank Guarantee is currently guaranteed by Michael Pherous and Diane Pherous, being relatives of Jamie Pherous and deemed related parties under section 228(3) of the Corporations Act, for the full amount of \$1,541,000. It is anticipated that the guarantee provided by Michael Pherous and Diane Pherous will be released following completion of the Offer and security for the IATA Bank Guarantee will be provided by the Company.

#### 7.19.2 Capital Finance

The Company has a Commercial Hire Purchase Agreement with Corporate Finance Pty Ltd in relation to a vehicle used by Jamie Pherous (a related party). Title to the asset is held by CTM. The financed amount was \$82,099 and this debt is expected to be repaid following completion of the Offer.

#### 7.19.3 Director loans

As at the date of this Prospectus, loans owing by the Company are outstanding to Pherous Holdings Pty Ltd, an entity associated with Jamie Pherous, (in the amount of \$1.736 million) and Claire Gray (in the amount of \$0.427 million). It is the intention of the Company that the aggregate loan amount of \$2.2 million will be repaid as soon as possible and in any event prior to admission of the Company to ASX. The repayment will be made from existing cash flow.

## 7.20 LEASES

CTM leases all of its office premises in both Australia and New Zealand. The leases contain standard form terms and conditions under which CTM is generally required to pay outgoings in addition to monthly rental fees, which are subject to rental review on a predetermined basis (e.g. CPI on an annual or tri-annual basis). The leases also contain standard termination clauses for events of default. CTM seeks leases for three years or greater and has been a party to variations extending the term of the initial leases.



The table below summarises the premises currently leased by CTM.

LEASE ADDRESS	INITIAL TERM	LEASE EXPIRY	OPTION TO RENEW
27A Elizabeth Arcade 52 Charlotte Street, Brisbane, Queensland	3 years	30 June 2010	Nil This lease is continuing on a monthly tenancy
Level 30, 60 Margaret Street, Sydney New South Wales (sublease)	4 years	14 August 2013	1 x 2 years plus 1.5 months
Level 8, 53 Queen Street, Melbourne, Victoria	5 years	30 June 2012	1 x 3 years
Level 2, 159 Adelaide Terrace, Perth, Western Australia	5 years	30 November 2012	Nil
Gold Coast, Office 1, 13 Karp Court, Kingfisher Central, Bundall, Queensland	3 years	30 April 2011	No further option to renew. Initial lease expired 30 March 2007. There have been further variations extending the term initially for 3 years and then a further 1 year.
Pitt Street, Sydney, New South Wales	5 years	31 May 2012	Nil
Level 20, Castlereagh Street, Sydney, New South Wales <sup>1</sup>	6 years	30 June 2012	Nil
Suite 1011, Level 11, Castlereagh Street, Sydney, New South Wales <sup>1</sup>	3 years	31 March 2011	No further option to renew. Initial lease expired 14 March 2008. A variation extended the lease until 31 March 2011.
Suite 1102, Level 11, Castlereagh Street, Sydney, New South Wales <sup>1</sup>	5 years	31 March 2011	No further option to renew. Initial lease expired 31 March 2010. A variation extended the lease until 31 March 2011.
333 Remuera Rd, Auckland, New Zealand	2 years	31 July 2012	There is an option to renew for a further one year following the initial term.

1. Held by Floron Nominees Pty Ltd (**Floron Nominees**), a subsidiary of CTM that also has leased premises in its own name in Australia.

## 7.21 INTELLECTUAL PROPERTY

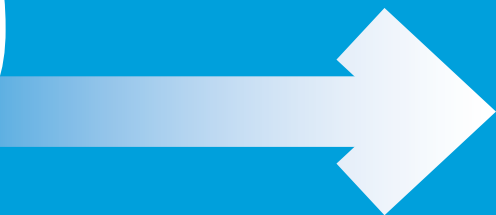
CTM has applied for trade mark registration of the CTM 'briefcase' logo and various names. CTM and its subsidiaries operate under various business names, including Sainten Pty Ltd, Floron Nominees Pty Ltd, WA Travel Management Pty Ltd, Travelogic and Macquarie Group Travel Centre.

## 7.22 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal office hours at the registered office of the Company for 13 months after the date of this Prospectus:

- the Constitution of CTM; and
- the consents to the issue of this Prospectus.

# 8



## ADDITIONAL INFORMATION

### 8.1 RECENT TRANSACTIONS

The CTM Board declared and paid a dividend of \$750,000 on 1 October 2010. This was the only dividend declared by the Company in FY2010.

The Company resolved on 1 November 2010 that the 60,509 Shares then on issue in the Company, be subdivided into 50,370,000 Shares.

### 8.2 RIGHTS ATTACHING TO SHARES

The rights attaching to Shares in CTM are set out in the Constitution and summarised in Section 7.2.

### 8.3 SHAREHOLDING QUALIFICATIONS

Directors are not required under the Constitution to hold any Shares.

### 8.4 OPTIONS

There are no options on issue by the Company.

### 8.5 DEED OF CROSS GUARANTEE

The Company has in place a Deed of Cross Guarantee (**DOCG**). The Company seeks to include all relevant Australian incorporated subsidiaries (that is, any companies which are not deemed small proprietary companies) under the DOCG, as may be amended from time to time. The Company will ensure that Travelcorp, following completion of the acquisition, is a party to the DOCG. The benefit is that the Company and its subsidiaries may therefore have reduced financial reporting obligations and costs. The negative impact is that each party to the DOCG guarantees the liabilities of the other companies and may therefore create greater risk.

This is assessed as of limited additional risk to the CTM group of companies despite the multiple finance facilities as summarised in Section 7.19, given the low overall debt of CTM at the Offer.

### 8.6 LITIGATION

The Directors are not aware of any litigation of a material nature pending or threatened which may significantly affect the business of the Company.

### 8.7 CONSENTS AND DISCLAIMERS OF RESPONSIBILITY

None of the parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement made in this Prospectus is based, except as specified below. Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims, and takes no responsibility for, any part of this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that party, as specified in the following section.

RBS Morgans Corporate Limited has given, and has not withdrawn, its written consent to be named as Lead Manager and Underwriter to the Offer in the form and context in which it is named.

McCullough Robertson has given, and has not withdrawn, its written consent to be named as lawyers to the Company in the form and context in which it is named.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn, its written consent to be named as Investigating Accountant, in the form and context in which it is named and for the inclusion of its Investigating Accountant's Report in Section 6 in the form and context in which it is included.

PricewaterhouseCoopers has given, and not withdrawn, its consent to be named as Auditor in the form and context in which it is named.

Link Market Services Limited has given, and not withdrawn, its written consent to be named as share registrar in the form and context in which it is named.

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus:

- (a) has any interest or has had any interest during the last two years, in the formation or promotion of CTM, or in property acquired or proposed to be acquired by CTM in connection with its formation or promotion, or the Offer;
- (b) no amount has been paid or agreed to be paid, and no benefit has been given, or agreed to be given, to any such person in connection with the services provided by the person in connection with the formation or promotion of CTM, or the Offer;
- (c) RBS Morgans Corporate Limited has acted as Lead Manager and Underwriter to the Offer. RBS Morgans Corporate Limited will be paid a lead manager underwriting fee, details of which are disclosed in Section 7.7;
- (d) McCullough Robertson has acted as legal adviser to the Company in relation to the Offer and has been involved in undertaking due diligence enquiries and providing legal advice in relation to the Offer. McCullough Robertson will be paid an amount of \$193,000 in respect of these services; and
- (e) PricewaterhouseCoopers Securities Ltd has acted as Investigating Accountant to the Offer and has prepared

the Investigating Accountant's Report in Section 6 and performed work in relation to due diligence enquiries. PricewaterhouseCoopers Securities Ltd will be paid an estimated fee of \$135,000 (excluding GST) in respect to these services. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with their normal time-based charges.

## 8.9 INTERESTS OF DIRECTORS

Other than set out above or elsewhere in this Prospectus:

- (a) no Director or proposed Director of CTM has, or has had in the two years before lodgement of this Prospectus, any interest in the formation or promotion of CTM, or the Offer, or in any property proposed to be acquired by CTM in connection with information or promotion of the Offer; and
- (b) no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given, to any Director or proposed Director of CTM either to induce him or her to become, or to qualify him or her as a Director, or otherwise for services rendered by him or her in connection with the promotion or formation of CTM or the Offer.

### Shareholdings

The Directors of the Company or their associates have a beneficial interest in the following shares in the Company at the date of this Prospectus:

DIRECTOR	SHAREHOLDER	SHARES
Mr Tony Bellas <sup>1</sup>	n/a	0
Mr Greg Moynihan <sup>1</sup>	n/a	0
Mr Stephen Lonie <sup>1</sup>	n/a	0
Mr Jamie Pherous	Pherous Holdings Pty Ltd	26,599,728
Ms Claire Gray	Claire Lesley Gray	5,424,999

1. It is the intention of the three Non-Executive Directors of CTM, Tony Bellas, Gregory Moynihan and Stephen Lonie to each apply for 200,000 Shares under the Offer.

### Transactions with related parties

There are guarantees and registered charges in place that have been given by related parties of the Company. These have been entered into for the purpose of securing bank facilities and ensuring compliance with IATA requirements. The Company intends to simplify its finance arrangements post Offer, including if possible, a release of personal guarantees. Refer to Section 7.19.

The Lessors of the Elizabeth Arcade premises include related parties of the Company. The Lessors are Michael Pherous, Stamatia Pherous, Eugenia Nicol and Mary Scott (joint tenants), Michael Pherous and Diane Pherous (joint tenants) and Pauline Tambakis, Angelo Georges, Marcia Georges (joint tenants). As detailed in Section 7.20 above, the lease has currently expired and is currently continuing as a monthly tenancy terminable on one months notice.

### Payments to Directors

The Constitution of CTM provides that the Directors may be paid, as remuneration for their services, a sum set from time to time by CTM's shareholders in general meeting, with that sum to be divided among the Directors as they agree.

The maximum aggregate amount which has been approved by CTM's shareholders for payment to the Directors is \$350,000 per annum (excluding superannuation). The current Non-Executive Directors' fees (exclusive of superannuation) are \$70,000 per annum for the Chairman and \$50,000 per annum for each of the Non-Executive Directors.

## 8.10 EXPENSES OF THE OFFER

The total estimated expenses of the Offer payable by the Company including ASX and ASIC fees, underwriting fees, accounting fees, legal fees, share registry fees, printing costs, public relations costs and other miscellaneous expenses are estimated to be approximately \$1.40 million.

## 8.11 ELECTRONIC PROSPECTUS

This Prospectus is available in electronic form at [www.travelctm.com](http://www.travelctm.com). Any person receiving this Prospectus electronically will, on request, be sent a paper copy of the Prospectus by CTM free of charge during the period of the Offer.

Applications must be made by completing a paper copy of the Application Form. CTM will not accept Application Forms electronically.

The Application Form may only be distributed attached to a complete and unaltered copy of the Prospectus. The Application Form included with this Prospectus contains a declaration that the investor has personally received the complete and unaltered Prospectus prior to completing the Application Form.

CTM will not accept a completed Application Form if it has reason to believe that the Applicant has not received a complete paper copy or electronic copy of the Prospectus or if it has reason to believe that the Application Form or electronic copy of the Prospectus has been altered or tampered with in any way.

While CTM believes that it is extremely unlikely that during the period of the Offer the electronic version of the Prospectus will be tampered with or altered in any way, CTM cannot give any absolute assurance that this will not occur. Any

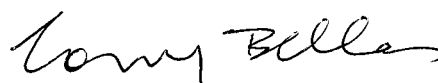
investor in doubt about the validity or integrity of an electronic copy of the Prospectus should immediately request a paper copy of the Prospectus directly from CTM or RBS Morgans Corporate Limited.

## 8.12 PRIVACY

When applying for Shares in the Company, Applicants will be asked to provide personal information to CTM directly, and through the share registry, such as name, address, telephone and fax numbers, tax file number and account details. The Company and the share registry collect, hold and use that personal information to assess Applications, provide facilities and services to Applicants and undertake administration. Access to information may be disclosed by the Company to its agents and service providers on the basis that they deal with such information under the Privacy Act 1988 (Cth). Incomplete Applications may not be processed. Under the Privacy Act 1988 (Cth), Applicants may request access to their personal information held by or on behalf of the Company by contacting the share registry.

## 8.13 AUTHORISATION

This Prospectus is issued by the Company. Each Director and Vendor has consented to the lodgement of the Prospectus with ASIC.



Tony Bellas, Chairman      Dated      3 November 2010



## GLOSSARY

<b>AEST</b>	Australian Eastern Standard Time.
<b>APPLICANT</b>	a person or entity who submits an Application Form.
<b>APPLICATION FORM</b>	an application form attached to this Prospectus.
<b>APPLICATION MONEY</b>	the money received by the Company pursuant to the Offer, being the Offer Price multiplied by the number of Shares applied for or in the case of an Application by Eligible Employees under the Employee Priority Offer, the Employee Offer Price multiplied by the number of Shares applied for.
<b>A-IFRS</b>	the adopted Australian equivalents of IFRS.
<b>AGAAP</b>	Australian generally accepted accounting principles incorporating Australian Accounting Standards.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASTC</b>	ASX Settlement Pty Ltd ACN 008 504 532.
<b>ASTC SETTLEMENT RULES</b>	the operating rules of the Settlement Facility for the purposes of the Corporations Act.
<b>ASX</b>	ASX Limited ACN 008 624 691 and the exchange operated by it as the context requires.
<b>ASX PRINCIPLES</b>	ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition).
<b>BOARD</b>	the Board of Directors of the Company.
<b>CAGR</b>	Compound Annual Growth Rate.
<b>CAVALIER</b>	Cavalier Travel Services business as acquired from Cavalier Travel Services Limited by Corporate Travel Management (New Zealand) Limited on 2 August 2010.
<b>CHESS</b>	Clearing House Electronic Subregister System, operated by ASTC.
<b>CLOSING DATE</b>	the date on which the Offer closes, as stated in Section 1, or another date nominated by the Company in consultation with the Lead Manager and Underwriter.
<b>COMPANY OR CTM</b>	Corporate Travel Management Limited ACN 131 207 611 and its Subsidiaries as the context requires.
<b>CORPORATIONS ACT</b>	Corporations Act 2001 (Cth).
<b>DIRECTORS</b>	the Directors of the Company.
<b>DIRECTOR SHAREHOLDERS</b>	the parties associated with each of the Directors as noted in Section 8.9.
<b>DPS</b>	Dividend per share.
<b>EBIT</b>	Earnings before interest and income tax.
<b>EBITDA</b>	Earnings before interest, income tax, depreciation and amortisation.
<b>EMPLOYEE PRIORITY OFFER</b>	the offer to Eligible Employees under this Prospectus, described further in Section 1.10 and subject to the Employee Exempt Share Plan Rules summarised at Section 7.18.
<b>EMPLOYEE OFFER PRICE</b>	\$0.90 per Share.
<b>ELIGIBLE EMPLOYEE</b>	an employee of CTM with a registered address in Australia or New Zealand, determined by the Company to be eligible to participate in the Employee Priority Offer having regard to the terms of the Exempt Employee Share Plan detailed in Section 7.18.

<b>EPS</b>	Earnings per share.
<b>EXISTING SHAREHOLDERS</b>	current registered holders of Shares in CTM who will continue to hold Shares upon listing.
<b>FY</b>	financial year ended (or ending) 30 June.
<b>GLOBAL ALLIANCE</b>	GlobalStar Travel Management LLC.
<b>IATA</b>	International Air Transport Association.
<b>IFRS</b>	International Financial Reporting Standards.
<b>LISTING RULES</b>	listing rules of ASX.
<b>NEW SHARES</b>	the 20 million Shares issued under the Offer.
<b>NPAT</b>	net profit after tax.
<b>NPBT</b>	net profit before tax.
<b>OFFER</b>	the offer of Shares under this Prospectus.
<b>OFFER COSTS</b>	The costs of the Offer, estimated to be \$1.4 million.
<b>OFFER PRICE</b>	\$1.00 per Share.
<b>PROSPECTUS</b>	this Prospectus.
<b>QUOTATION DATE</b>	the first date Shares are granted quotation on ASX.
<b>SETTLEMENT FACILITY</b>	has the meaning specified in the ASTC Settlement Rules.
<b>SHAREHOLDERS</b>	registered holders of Shares in CTM.
<b>SHARES</b>	fully paid ordinary shares in CTM.
<b>SUBSIDIARIES</b>	the wholly owned subsidiaries of the Company, which include Floron Nominees Pty Ltd, Sainten Pty Ltd, WA Travel Management Pty Limited, and Travellogic Pty Ltd and Corporate Travel Management New Zealand Limited.
<b>TAANZ</b>	Travel Agents Association of New Zealand.
<b>TCF</b>	Travel Compensation Fund.
<b>TRAVELCORP</b>	Travelcorp Holdings Pty Ltd ACN 128 213 249.
<b>TRAVELOGIC</b>	the collective group of companies which comprises the Travellogic business including Sainten Pty Limited ACN 073 129 101, Floron Nominees Pty Ltd ACN 001 573 566, WA Travel Management Pty Limited ACN 126 792 256 and Travellogic Pty Limited ACN 126 792 158.
<b>TTV</b>	total transaction value (exclusive of GST and airline taxes).
<b>UNDERWRITER OR LEAD MANAGER AND UNDERWRITER</b>	RBS Morgans Corporate Limited ACN 010 539 607.
<b>VENDOR</b>	a Shareholder selling down a portion of their existing shareholding under the Offer.
<b>VENDOR SHARES</b>	1.78 million Shares held by the Vendors.
<b>VENDOR SELL DOWN</b>	the sale of the Vendor Shares under the Offer.

## CORPORATE DIRECTORY

### COMPANY

Corporate Travel Management Limited  
ACN 131 207 611  
[www.travelctm.com](http://www.travelctm.com)

### REGISTERED OFFICE

27A Elizabeth Arcade  
52 Charlotte Street  
Brisbane Qld 4000

### DIRECTORS

Mr Tony Bellas  
Mr Jamie Pherous  
Mr Greg Moynihan  
Mr Stephen Lonie  
Ms Claire Gray

### COMPANY SECRETARY

Mrs Lyndall McCabe

### SHARE REGISTRY

Link Market Services Limited  
Level 15, 324 Queen Street  
Brisbane Qld 4000  
[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

### LEAD MANAGER AND UNDERWRITER

RBS Morgans Corporate Limited  
Level 29, 123 Eagle Street  
Brisbane Qld 4000  
[www.rbsmorgans.com](http://www.rbsmorgans.com)

### AUDITOR

PricewaterhouseCoopers  
Level 15, 123 Eagle Street  
Brisbane Qld 4000  
[www.pwc.com.au](http://www.pwc.com.au)

### INVESTIGATING ACCOUNTANT

PricewaterhouseCoopers Securities Ltd  
Level 15, 123 Eagle Street  
Brisbane Qld 4000  
[www.pwc.com.au](http://www.pwc.com.au)

### LAWYERS TO THE OFFER

McCullough Robertson  
Level 11, Central Plaza Two  
66 Eagle Street  
Brisbane Qld 4000  
[www.mccullough.com.au](http://www.mccullough.com.au)



This page has been intentionally left blank.

This page has been intentionally left blank.



