Corporate Travel Management

ABN 17 131 207 611

Interim Report

31 December 2018

Corporate Travel Management Limited

ABN 17 131 207 611

Registered Office:

Level 24, 307 Queen Street

Brisbane Queensland 4000

Interim Financial Report – 31 December 2018

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APPENDIX 4D

Corporate Travel Management (CTD)

Results for announcement to the market

	Dec 2018 $'000	Dec 2017 $'000	Change $'000	Change %
Total transaction value (TTV) [1]	2,951,494	2,258,512	692,982	31%
Revenue and other income	212,200	172,751	39,449	23%
Profit before tax	52,496	42,185	10,311	24%
Profit from ordinary activities after tax	40,639	32,336	8,303	26%
Net profit for the period attributable to members	38,861	30,607	8,254	27%
Earnings per share				
- Basic (cents per share)	36.0	28.9	7.1	25%
- Diluted (cents per share)	35.8	28.6	7.2	25%

[1] TTV, which is unaudited, 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 net of GST.

Dividend

	Amount per Share Cents	Franking %
30 June 2019		
Interim dividend [2]	18.0	100%
30 June 2018		
Interim dividend	15.0	100%
Final dividend [3]	21.0	50%

	Half year	
	Dec 2018 $	Dec 2017 $
Dividends provided for or paid during the half year	22,734	19,048

[2] The record date for determining the interim dividend of 18.0 cents per share is 8 March 2019, with the dividend payable on 12 April 2019.
[3] The final dividend for the financial year ended 30 June 2018 of 21.0 cents per share was paid on 4 October 2018.

Tangible assets per security

	Half year	
	Dec 2018 $	Dec 2017 $
Tangible asset backing per ordinary share	3.26	2.57

Net tangible assets per security

	Half year	
	Dec 2018 $	Dec 2017 $
Net tangible asset backing per ordinary share	0.52	(0.16)

Directors' Report

The Directors present their report, together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries ("CTM" or "the Group"), for the half year ended 31 December 2018.

Directors

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

- Tony Bellas (Chairman).
- Jamie Pherous (Managing Director).
- Stephen Lonie (Independent Non-Executive Director).
- Greg Moynihan (Independent Non-Executive Director).
- Admiral Robert J. Natter, U.S. Navy (Ret.) (Independent Non-Executive Director).
- Laura Ruffles (Executive Director).

Review of operations

Group overview

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

Group financial performance

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

	Dec 18	**Dec 17**	**Change**
	$'000	**$'000**	**%**
Total Transaction Value (TTV) (unaudited)	2,951,494	2,258,512	31%
Revenue and other income	212,200	172,751	23%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	63,220	52,982	19%
One-off non-recurring / acquisition costs	1,418	558	
EBITDA adjusted for one-off non-recurring / acquisition costs (adjusted EBITDA)	64,638	53,540	21%
Statutory net profit after tax (NPAT):	40,639	32,336	26%
NPAT - attributable to owners of CTD	38,861	30,607	27%
One-off non-recurring / acquisition costs (tax effect)	905	390	
Underlying NPAT - attributable to owners of CTD	39,766	30,997	28%
Amortisation of client intangibles (tax effect)*	2,825	4,497	
Underlying NPAT - Attributable to owners (excluding acquisition amortisation)	42,591	35,494	20%

*Comparative figure for amortisation of client intangibles has been updated to be tax effected in line with current year disclosure.

Financial performance

The net profit after tax of the Group for the six-month financial period amounted to $38,861,000 (2017: $30,607,000). The result included a 23% increase in revenue.

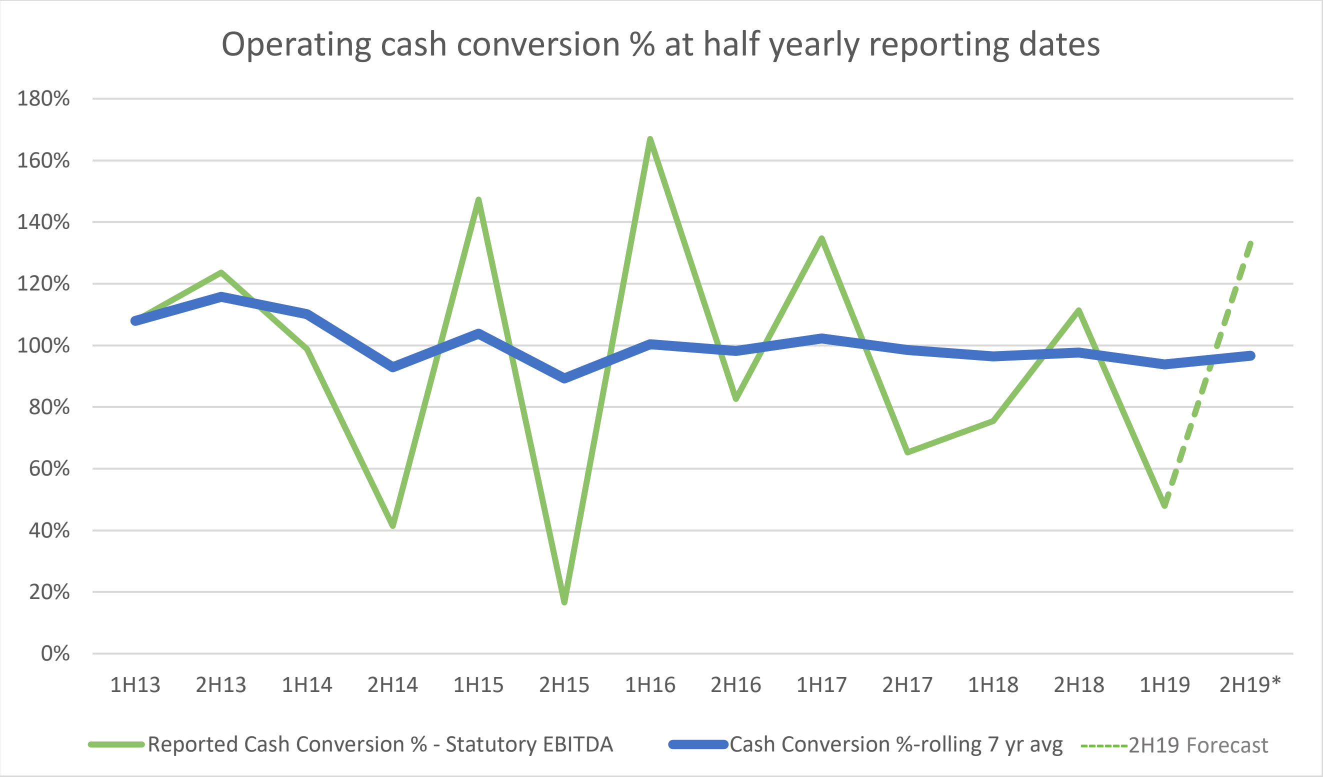
Strong organic growth has underpinned the performance, with a record value of new client wins in the period. There has also been strong translation of revenue to EBITDA due to benefits of CTM's growing scale, technology and integrated automation.

Review of operations (continued)

Financing and working capital

Timing of fixed supplier payment cycle relative to reporting dates results in short term fluctuations in reported operating cash flow. Consistent with these timing differences, the operating cash flow conversion for the first half was 45% or $28.2 million. The timing of the cycle will completely reverse at 30 June 2019, and the Group expects circa 100% operating cash conversion for the full year.

This result is consistent with historic operating cash conversion performance of the Group, where cash conversion is close to 100%, as illustrated in the following graph:



As at 31 December 2018, borrowings totalled $61.0 million, representing a debt to equity ratio of approximately 11%. The Group drew on its financing facilities to put in place bank guarantees totalling $138.2 million. These guarantees are primarily for airlines in Greater China and European rail, which are strongly growing businesses. There is also significant capacity to accommodate further growth with $134.3 million headroom still available within the current financing facilities.

The requirement for such guarantees is mandatory by these suppliers and represents a significant barrier to entry for competitors and new entrants in these markets, which are constrained by growth or financial capacity, and provides an important competitive advantage for CTM.

Review of operations (continued)

Total Transaction Value (TTV) (unaudited)

	Dec 18 $'000	Dec 17 $'000
TTV net of GST (unaudited)	2,951,494	2,258,512

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

The Group maintained strong growth in TTV (unaudited) and market share, particularly in regions where the CTM SMART Technology suite has been fully implemented.

CTM also continues to maintain a strong financial position, with net current assets of $111.2 million and total equity of $558.4 million. At 31 December 2018, the Group had $61.0 million (30 June 2018: $44.0 million) in borrowings. In addition, during the period, the Group also raised equity through a rights issue to fund the acquisition of Lotus Travel. During the six months ending 31 December 2018, there were also further acquisition payments for prior acquisitions of $15.8 million and capital expenditure of $1.7 million funded from operating cash flow.

The Company continues to pay dividends at its stated divided policy level, with an interim dividend declared at 18 cents per share (December 2017 interim dividend: 15.0 cents per share). This dividend represents an increase of 20% on the preceding period.

Constant currency

Due to a significant portion of the Group's operations being outside Australia, the Group is exposed to currency exchange rate translation risk, being the risk that the Group's offshore earnings fluctuate when reported in Australian dollars.

The Group's regional results for the half year financial period have also been provided on a constant currency basis in the following commentary, with the revenue and EBITDA for the regions converted at the average rate for the December 2017 half year period, to remove the impact of foreign exchange movements in assessing the Group's performance against the prior period. The constant currency comparatives are not compliant with Australian Accounting Standards.

Review of underlying operations

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

	CTM Consolidated			Australia & New Zealand			North America			Asia			Europe			Group		
	2018 $'m	2017 $'m		2018 $'m	2017 $'m		2018 $'m	2017 $'m		2018 $'m	2017 $'m		2018 $'m	2017 $'m		2018 $'m	2017 $'m	
Reported AUD																		
TTV	2,951.5	2,258.5	31%	649.6	541.2	20%	689.9	592.4	16%	1,070.5	667.9	60%	541.5	457.0	18%	-	-	
Revenue	210.2	171.9	22%	58.3	50.5	15%	70.2	59.4	18%	38.3	26.1	47%	43.3	35.9	21%	0.1	-	
Adj. EBITDA	64.6	53.5	21%	22.3	18.9	18%	17.9	17.3	3%	12.5	9.3	34%	16.8	12.9	30%	(4.9)	(4.9)	(0%)
Adj. EBITDA as % of Revenue	30.7%	31.1%		38.3%	37.4%		25.5%	29.1%		32.6%	35.6%		38.8%	35.9%				
Constant Currency*																		
TTV	2,798.6	2,258.5	24%	649.5	541.2	20%	641.8	592.4	8%	997.1	667.9	49%	510.2	457.0	12%	-	-	
Revenue	200.3	171.9	17%	58.3	50.5	15%	65.3	59.4	10%	35.7	26.1	37%	40.9	35.9	14%	0.1	-	
Adj. EBITDA	61.8	53.5	16%	22.5	18.9	19%	16.7	17.3	(3%)	11.6	9.3	25%	15.9	12.9	23%	(4.9)	(4.9)	0%
Adj. EBITDA as % of Revenue	30.9%	31.1%		38.6%	37.4%		25.6%	29.1%		32.5%	35.6%		38.9%	35.9%				

** Constant currency reflects 31 December 2017 as previously reported. 31 December 2018 represents local currency converted at average foreign currency rates for the half year ended 31 December 2017.*

Australia and New Zealand ("ANZ")
Revenue grew by 15% to $58.3 million for the half year ended 31 December 2018. The increased revenue has flowed through to the adjusted EBITDA, which rose by 18% to $22.3 million, with an EBITDA margin of 38.3%. The region continued to grow its market share through new client wins and continues its historic outperformance to market since listing. A $0.4 million EBITDA contribution from the Platinum Travel acquisition is included in total adjusted EBITDA. ANZ will again be a significant contributor to the Group's full year profit.

Review of operations (continued)

Review of underlying operations (continued)

North America
Revenue grew by 18% to $70.2 million for the half year ended 31 December 2018. The adjusted EBITDA rose by 3% to $17.9 million. As previously indicated to investors, this strong revenue growth was offset by $2.0 million technology hub development costs expensed in this half that did not exist last year. The adjusted EBITDA margin declined from 29.1% for the half year ended December 2017 to 25.5% as a result of the technology hub development costs. The core technology development is now implemented, with further enhancements continuing throughout the remainder of the 2019 calendar year.

Client activity remains strong in the region. CTM expects the technology competitive advantage to support new growth opportunities in national and SME client segment and we anticipate that this region will experience double digit EBITDA growth in the second half.

Asia
Revenue grew by 47% to $38.3 million for the half year ended 31 December 2018 and adjusted EBITDA grew by 34% to $12.5 million. The Asian business performed well across all departments, recording EBITDA growth of 20% excluding the three-month Lotus contribution. The adjusted EBITDA margin decreased from 35.6% to 32.6% due to the impact of the Lotus three-month contribution, as Lotus was acquired on a lower revenue and profit margin than the existing CTM business. CTM expects to improve the Lotus EBITDA margin as it implements its technology and other processes in integrating Lotus into CTM. CTM also expects Asia to be a strong contributor to incremental profit growth in the second half and in FY2020.

Europe
The operation in Europe contributed $43.3 million in revenue for the half year ended December 2018 (Dec 17: $35.9 million). The adjusted EBITDA for the Europe business rose by 30% to $16.8 million and the adjusted EBITDA margin increased from 35.9% to 38.8%. The business continues to win market share in uncertain political times. Additionally, the region is benefitting from global wins from North American clients, which have European operations in place.

Events since the end of the financial period

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

Auditor's independence declaration

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

Rounding of amounts

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

Signed in accordance with a resolution of the Directors.

Mr Tony Bellas Chairman Corporate Travel Management	Mr Jamie Pherous Managing Director

Brisbane, 20 February 2019

Auditor's Independence Declaration

As lead auditor for the review of Corporate Travel Management Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Michael Crowe
Partner
PricewaterhouseCoopers

Brisbane
20 February 2019

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Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2018

	Note	Dec 18 $'000	Dec 17 $'000
Revenue	1	210,193	171,939
Other income		2,007	812
Total revenue and other income		**212,200**	**172,751**
Operating expenses			
Employee benefits		(110,166)	(90,596)
Occupancy		(7,473)	(6,311)
Depreciation and amortisation		(9,566)	(9,134)
Information technology and telecommunications		(18,642)	(14,419)
Travel and entertainment		(2,922)	(2,163)
Administrative and general		(9,666)	(6,209)
Total operating expenses		**(158,435)**	**(128,832)**
Finance costs		(1,269)	(1,734)
Profit before income tax		**52,496**	**42,185**
Income tax expense	3	(11,857)	(9,849)
Profit for the year		**40,639**	**32,336**
Profit attributable to:			
Owners of Corporate Travel Management Limited		38,861	30,607
Non-controlling interests		1,778	1,729
		40,639	**32,336**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		17,097	(459)
Changes in the fair value of cash flow hedges		(447)	(48)
Other comprehensive income for the period, net of tax		**16,650**	**(507)**
Total comprehensive income for the year		**57,289**	**31,829**
Total comprehensive income for the year attributable to:			
Owners of Corporate Travel Management Limited		54,430	30,175
Non-controlling interests		2,859	1,654
		57,289	**31,829**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
- Basic (cents per share)		36.0	28.9
- Diluted (cents per share)		35.8	28.6

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

Consolidated Statement of Financial Position

As at 31 December 2018

	Note	Dec 18 $'000	Jun 18 $'000
ASSETS			
Current assets			
Cash and cash equivalents		74,210	84,297
Trade and other receivables	6	255,188	252,237
Other current assets	7	12,609	4,203
Total current assets		**342,007**	**340,737**
Non-current assets			
Plant and equipment		7,799	6,118
Intangible assets	5	501,954	451,597
Deferred tax assets		4,096	6,389
Total non-current assets		**513,849**	**464,104**
TOTAL ASSETS		**855,856**	**804,841**
LIABILITIES			
Current liabilities			
Trade and other payables	8	194,627	253,621
Borrowings	9	12,912	14,677
Income tax payable		3,623	7,310
Provisions		19,663	15,786
Total current liabilities		**230,825**	**291,394**
Non-current liabilities			
Trade and other payables	8	4,844	2,872
Borrowings	9	48,041	29,301
Provisions		3,427	1,833
Deferred tax liabilities		10,304	7,949
Total non-current liabilities		**66,616**	**41,955**
TOTAL LIABILITIES		**297,441**	**333,349**
NET ASSETS		**558,415**	**471,492**
EQUITY			
Contributed equity	10	364,374	301,747
Reserves		21,995	19,369
Retained earnings		149,345	133,218
Capital and reserves attributed to owners of the company		**535,714**	**454,334**
Non-controlling interests – equity		22,701	17,158
TOTAL EQUITY		**558,415**	**471,492**

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

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2018

	Note	Contributed Equity $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 30 June 2017		**281,847**	**91,469**	**12,999**	**386,315**	**15,089**	**401,404**
Profit for the half-year		-	30,607	-	30,607	1,729	32,336
Other comprehensive income (net of tax)		-	-	(432)	(432)	(75)	(507)
Total comprehensive income for the half year		**-**	**30,607**	**(432)**	**30,175**	**1,654**	**31,829**
Transactions with owners in their capacity as owners:							
Shares issued		19,956	-	-	19,956	-	19,956
Dividends paid		-	(19,048)	-	(19,048)	(2,507)	(21,555)
Share based payments		-	-	(12,110)	(12,110)	-	(12,110)
		19,956	**(19,048)**	**(12,110)**	**(11,202)**	**(2,507)**	**(13,709)**
Balance at 31 December 2017		**301,803**	**103,028**	**457**	**405,288**	**14,236**	**419,524**
Balance at 30 June 2018		**301,747**	**133,218**	**19,369**	**454,334**	**17,158**	**471,492**
Profit for the half-year		-	38,861	-	38,861	1,778	40,639
Other comprehensive income (net of tax)		-	-	15,569	15,569	1,081	16,650
Total comprehensive income for the half year		**-**	**38,861**	**15,569**	**54,430**	**2,859**	**57,289**
Transactions with owners in their capacity as owners:							
Shares issued (net of transaction costs)	10	62,627	-	-	62,627	-	62,627
Dividends paid	2	-	(22,734)	-	(22,734)	(3,008)	(25,742)
Share based payments		-	-	(12,943)	(12,943)	-	(12,943)
Non-controlling interests acquisition of subsidiary		-	-	-	-	5,692	5,692
		62,627	**(22,734)**	**(12,943)**	**26,950**	**2,684**	**29,634**
Balance at 31 December 2018		**364,374**	**149,345**	**21,995**	**535,714**	**22,701**	**558,415**

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

Consolidated Statement of Cash Flows

For the half year ended 31 December 2018

	Note	Dec 18 $'000	Dec 17 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		287,198	195,739
Payments to suppliers and employees (inclusive of GST)		(258,526)	(155,679)
Transaction costs relating to acquisition of subsidiary		(426)	-
Interest received		111	71
Finance costs		(1,116)	(1,191)
Income tax paid		(13,117)	(13,244)
Net cash flows from operating activities		**14,124**	**25,696**
Cash flows from investing activities			
Payment for plant and equipment		(1,662)	(1,279)
Payment for intangibles	5	(8,292)	(3,748)
Purchase of controlled entities, deferred consideration	4	(15,835)	(33,476)
Purchase of controlled entities, working capital		-	(3,683)
Payments relating to purchase of controlled entities, net of cash acquired	4	(30,733)	-
Net cash flows from investing activities		**(56,522)**	**(42,186)**
Cash flows from financing activities			
Proceeds from issue of new shares	10	40,016	-
Share issue transaction costs	10	(795)	(38)
Proceeds from borrowings		111,234	67,443
Repayments of borrowings		(97,955)	(35,580)
Release of secured deposits		2,219	-
Dividends paid to company's shareholders	2	(22,734)	(19,048)
Dividends paid to non-controlling interests in subsidiaries		(3,008)	(2,507)
Net cash flows from financing activities		**28,977**	**10,270**
Net increase / (decrease) in cash and cash equivalents		(13,421)	(6,220)
Effects of exchange rate changes on cash and cash equivalents		3,334	(617)
Cash and cash equivalents at beginning of year		84,297	79,217
Cash and cash equivalents at end of year		**74,210**	**72,380**

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

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Basis of preparation

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2018 and any public announcements made by Corporate Travel Management Limited ('CTM' or 'the Group') during the interim reporting period, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those policies of the previous financial year and corresponding interim period, except as set out in note 14.

Significant changes in the current reporting period

During the six months ended 31 December 2018, the Group made two acquisitions.

On 1 July 2018, the Group acquired 100% of the shares of SCT Travel Group Pty Ltd, trading as Platinum Travel Corporation ("Platinum"), a travel management company headquartered in New South Wales, Australia. The purchase price allocation (PPA) is detailed within note 4.

On 2 October 2018, the Group acquired 75.1% of the shares of Lotus Travel Group Limited ("Lotus"), an Asian based travel management company. CTM's Asia partner, Ever Prestige Investments Limited ("EPIL"), acquired the remaining 24.9%. The purchase price allocation (PPA) is detailed within note 4.

Effective 1 July 2018, two new Australian accounting standards, AASB 15 and AASB 9 have now been applied as detailed in note 14.

Notes to the Consolidated Financial Statements: Performance

This section explains the results and performance of the Group for the half year ended 31 December 2018. It provides a breakdown of those individual line items in the financial statements, that the Directors consider most relevant in the context of the operations of the Group, or where there have been significant changes that required specific explanations. It also provides detail on how the performance of the Group has translated into returns to shareholders.

1. Segment and revenue reporting

(a) Description of segments

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

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

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

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

The CODM assess the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of the costs of acquisitions, acquisition related adjustments and other non-recurring adjustments.

The segment information which incorporates the Group's adaptation of AASB 15, as set out in more detail in note 14, provided to the CODM for the reportable segments for the half year ended 31 December 2018 is as follows:

December 2018	Travel services Australia and New Zealand $'000	Travel services North America $'000	Travel services Asia $'000	Travel services Europe $'000	Other* $'000	Total $'000
Transactional revenue	49,189	60,037	22,162	37,415	-	168,803
Volume based incentive revenue	9,013	9,262	16,142	5,243	-	39,660
Other revenue	131	918	33	648	-	1,730
Total revenue from external parties	**58,333**	**70,217**	**38,337**	**43,306**	**-**	**210,193**
Adjusted EBITDA	**22,311**	**17,921**	**12,454**	**16,796**	**(4,844)**	**64,638**
Total segment assets	**117,790**	**273,996**	**228,079**	**228,345**	**7,646**	**855,856**
Total assets include:						
Non-current assets						
- Plant and equipment	2,949	1,858	1,638	1,354	-	7,799
- Intangibles	67,073	213,622	67,655	149,920	3,684	501,954
Total segment liabilities	**44,135**	**33,619**	**102,718**	**53,570**	**63,399**	**297,441**

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

1. Segment and revenue reporting (continued)

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

Restated	**Travel services**	**Travel services**	**Travel services**	**Travel services**		
December 2017	**Australia and New Zealand $'000**	**North America $'000**	**Asia $'000**	**Europe $'000**	**Other* $'000**	**Total $'000**
Transactional revenue	42,033	50,762	17,285	31,262	-	141,342
Volume based incentive revenue	8,279	8,347	8,833	3,855	-	29,314
Other revenue	194	257	4	828	-	1,283
Total revenue from external parties	**50,506**	**59,366**	**26,122**	**35,945**	**-**	**171,939**
Adjusted EBITDA	**18,941**	**17,313**	**9,316**	**12,938**	**(4,968)**	**53,540**
As at 30 June 2018						
Total segment assets	**117,863**	**262,535**	**160,757**	**250,755**	**12,931**	**804,841**
Total assets include:						
Non-current assets						
- Plant and equipment	2,581	1,522	646	1,369	-	6,118
- Intangibles	57,799	201,760	38,450	149,851	3,737	451,597
Total segment liabilities	**49,292**	**34,334**	**88,371**	**84,708**	**76,644**	**333,349**

(c) Other segment information

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

	Dec 2018 $'000	**Dec 2017 $'000**
Adjusted EBITDA	64,638	53,540
Interest revenue	111	71
Finance costs	(1,269)	(1,734)
Depreciation	(1,451)	(1,012)
Amortisation	(8,115)	(8,122)
One off items		
Acquisition / non-recurring costs	(1,418)	(558)
Profit before income tax from continuing operations	**52,496**	**42,185**

1. Segment and revenue reporting (continued)

Revenue from external parties policy effective 1 July 2018

i) Transactional revenue

Transactional revenue is revenue derived from clients and suppliers generated from the provision of travel services to clients. The performance obligation is the facilitation of travel related services on behalf of clients. Transactional revenue is the fixed amount per client transaction and is recognised at either the ticketed date of the travel booking or on the date of travel, depending on the terms of the contract.

Transactional revenue also includes Pay Direct Commission, which is recognised when the performance obligation has been satisfied and the amount of the commission is highly probable, which is either upon receipt or when it is confirmed commissionable by the supplier.

ii) Volume based incentive revenue

Volume based incentive revenue is revenue derived from contracts with suppliers. The revenue is variable and is dependent upon the achievement of contractual performance criteria specific to each supplier. Revenue is recognised over time and is measured as the amount that is deemed highly probable to be received, which has been determined using the most likely amount method and the Group's experience with the contracts.

Revenue earned over the respective contract period, but not yet invoiced at balance date has been classified as a contract asset under AASB 15. Contract assets represent balances earned which are not yet unconditional and have the same characteristics as trade receivables.

iii) Other revenue

Other revenue is recognised when the transfer of the promised goods or service to the customer has been completed. Other revenue includes, third party licencing and development fees, interest revenue, rental income, and other minor operating revenue.

2. Dividends paid and proposed

	Dec 2018 $	Dec 2017 $
Dividends paid for during the half year ended 31 December 2018	22,734	19,048

3. Income tax expense

Income tax expense is recognised based on management's estimate of the effective income tax rate expected for the six months ending 31 December 2018. The estimated tax rate used for the six months ended 31 December 2018 is 23% (31 December 2017: 23%).

The ultimate impact for the full financial year may differ from these provisional amounts, due to additional analysis, changes in interpretations and assumptions we have made and additional regulatory guidance that may be issued.

Notes to the Consolidated Financial Statements: Financial Position

This section explains significant aspects of the Group's financial position and performance relating to the maintenance of a healthy financial position.

4. Business combinations

Summary of business acquisitions made during the half year ended 31 December 2018

Fair value acquisition consideration and reconciliation to cash flow	**Lotus $'000**	**Platinum $'000**	**Total $'000**
Initial consideration - cash paid	39,928	3,000	42,928
Initial consideration - equity issued	-	2,298	2,298
Working capital adjustment	-	64	64
Acquisition date fair value contingent consideration - earn-out	-	3,232	3,232
Total acquisition date fair value consideration	**39,928**	**8,594**	**48,522**
Cash paid	39,928	3,000	42,928
less: cash balances acquired	(10,602)	(1,593)	(12,195)
Total outflow of cash - investing activities	**29,326**	**1,407**	**30,733**

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

	Lotus $'000	**Platinum $'000**	**Total $'000**
Cash and cash equivalents	10,602	1,593	12,195
Trade and other receivables (i)	66,254	255	66,509
Other assets	10,937	-	10,937
Plant and equipment	1,255	36	1,291
Intangible assets: client contracts and relationships	4,767	614	5,381
Deferred tax asset	155	-	155
Trade and other payables	(61,878)	(1,543)	(63,421)
Borrowings	(2,963)	-	(2,963)
Income tax payable	(40)	(21)	(61)
Provisions	(5,443)	(63)	(5,506)
Deferred tax liability	(786)	(184)	(970)
Net identifiable assets acquired	**22,860**	**687**	**23,547**
Less: non-controlling interest	(5,692)	-	(5,692)
Goodwill on acquisition	22,760	7,907	30,667
Net assets acquired	**39,928**	**8,594**	**48,522**

Lotus Travel Group Limited

On 2 October 2018, the Group acquired 75.1% of the shares of Lotus Travel Group Limited ("Lotus"), an Asian based travel management company. The initial cost of the acquisition was $39,928,000 (HK$225,300,000), paid in cash. Additional earn-out consideration contingent on achieving net profit after tax threshold was not expected to be met at the date of acquisition, and thus, has not been included within the acquisition date fair value consideration.

The full value of the goodwill and client intangibles is not expected to be tax deductible for tax purposes.

Acquisition-related costs of $425,300 are included in administrative and general expenses in the Statement of Comprehensive Income.

The trade and other receivables approximate the gross contractual amount receivable of which no balances are expected to be uncollectable.

4. Business combinations (continued)

Lotus Travel Group Limited (continued)

The acquired business contributed revenues of $7,113,000 and net profit after tax of $1,184,000 to the Group for the period 2 October 2018 to 31 December 2018. If the acquisition had occurred on 1 July 2018, consolidated revenue and net profit after tax for the Group for the half-year ended 31 December 2018 would have been $218,877,000 and $41,718,000 respectively.

SCT Travel Group Pty Ltd trading as Platinum Travel Corporation

On 1 July 2018, the Group acquired 100% of the shares of SCT Travel Group Pty Ltd, trading as Platinum Travel Corporation (“Platinum”), a travel management company headquartered in New South Wales, Australia. The initial cost of the acquisition was $5,298,000, paid in both cash $3,000,000 and shares $2,298,000, with further contingent consideration payable as set out in the acquisitions summary table.

The full value of the goodwill and client intangibles is not expected to be tax deductible for tax purposes.

The acquired business contributed revenues of $968,844 and net profit after tax of $283,007 to the Group for the period 1 July 2018 to 31 December 2018.

The trade and other receivables approximate the gross contractual amount receivable of which no balances are expected to be uncollectable.

Prior period business combinations

During the half year ended 31 December 2018, the following payments were made for business combinations made in prior periods.

The final deferred consideration of $8.8 million was paid for the Redfern business combination. No further consideration payments are expected in relation to this business combination.

The final deferred consideration of $13.5 million in relation to the Chambers business combination was settled. See note 13 – related party transaction.

Summary of consideration paid for acquisitions made in prior periods	Redfern $’000	Chambers $’000	Total $’000
Cash paid	8,792	7,043	15,835
Equity issued	-	6,456	6,456
Total consideration paid for acquisitions made in prior periods	**8,792**	**13,499**	**22,291**

5. Intangible assets

	Client contracts and relationships $'000	Software $'000	Goodwill $'000	Other Intangible assets $'000	Total $'000
Half year ended 31 December 2018					
Cost	62,496	42,083	450,639	4,895	560,113
Accumulated depreciation	(39,773)	(17,302)	-	(1,084)	(58,159)
	22,723	**24,781**	**450,639**	**3,811**	**501,954**
Opening net book amount at 1 July 2018	20,140	20,399	407,187	3,871	451,597
Additions	-	8,292	-	-	8,292
Additions through the acquisition of entities/businesses [note 4]	5,381	-	30,667	-	36,048
Amortisation charge	(3,516)	(4,370)	-	(229)	(8,115)
Exchange differences	718	460	12,785	169	14,132
Closing as at 31 December 2018	**22,723**	**24,781**	**450,639**	**3,811**	**501,954**

6. Trade and other receivables

	Dec 2018 $'000	Restated Jun 2018 $'000
Current		
Trade receivables (i)	26,081	19,339
Client receivables (i)	186,068	202,330
Contract assets (ii)	26,833	23,810
Allowance for doubtful debts	(2,366)	(2,615)
	236,616	**242,864**
Deposits (iii)	18,449	7,587
Other receivables	123	1,786
	255,188	**252,237**

(i) Trade and client receivables are non-interest bearing and are generally on terms ranging from 7 to 30 days. The increase in trade receivables is due to the acquisition of Lotus Travel. Client receivables are typically lower at 31 December compared to 30 June due to seasonality. The fall would have been greater except for the acquisition of Lotus Travel.

(ii) The Group has amended the contract asset presentation and disclosure requirements of AASB 15. As a result, presentation reclassifications have been performed for the reclassification of contract assets and trade receivables. An amount of $23.8 million was reclassified from trade receivables to contract assets in the prior year comparison. Contract assets represent balances earned which are not yet unconditional and have the same characteristics as trade receivables.

(iii) Deposits balance relates to advance deposits to suppliers and deposits made on behalf of clients for travel which will occur at a future date. Advance deposits to suppliers relate to securing access during high sales periods, which is the normal business practise in Hong Kong. The increase over the prior comparative period is due to acquisition of Lotus Travel.

Allowance for doubtful debts accounting policy effective 1 July 2018

From 1 January 2018, the Group assesses, on a forward-looking basis, the expected credit losses associated with trade and client receivables and contract assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and client receivables and contract assets, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

7. Other current assets

	Dec 2018 $'000	Jun 2018 $'000
Prepayments	4,108	3,701
Secured deposits (i)	8,501	-
Financial assets at fair value	-	502
	12,609	**4,203**

(i) Secured deposits relates to secured deposits within the Lotus business – see note 9 for further details.

8. Trade and other payables

	Dec 2018 $'000	Jun 2018 $'000
Current		
Trade payables	13,523	12,536
Client payables (i)	148,116	185,122
Other payables and accruals	32,224	33,458
Acquisition payable (ii)	64	22,505
Contingent consideration payable (iii)	700	-
	194,627	**253,621**
Non-current		
Other payables and accruals	2,286	2,872
Contingent consideration payable (iii)	2,558	-
	4,844	**2,872**

(i) Client payables have fallen due to timing of payment cycles, principally for air and rail payments, as well as due to seasonality. This balance has been offset partly by the payables acquired from the acquisition of Lotus Travel.

(ii) The reduction in acquisition payable reflects the payments made during the half year period relating to the Redfern Travel and Chambers Travel business combinations.

(iii) The contingent consideration payable reflects the portion of the Platinum Travel business combination, which remains contingent on the achievement of specific performance hurdles.

9. Borrowings and contingent liabilities

Borrowings

	Dec 2018 $'000	Jun 2018 $'000
Current borrowings	12,912	14,677
Non-current borrowings	48,041	29,301
Total borrowings	**60,953**	**43,978**

Borrowings are used primarily to fund acquisitions, and short-term capital requirements. As at 31 December 2018, the maximum contingent consideration payable is $3.5 million for the Platinum Travel acquisition – refer note 4.

9. Borrowings and contingent liabilities (continued)

Guarantees / Letter of credit facilities

Guarantees provided for:	Dec 2018 $'000	Jun 2018 $'000
Various vendors	138,203	83,586
Total	**138,203**	**83,586**

Security has been provided to the guarantor over the Group's assets and subsidiary shareholding through a security trustee on behalf of the senior lenders. Guarantees are required principally in Asia for security to airlines and, in Europe, as security for rail payments. The increase during the period of $54.6 million is due to the acquisition of Lotus and guarantees for rail activity in Europe.

There were no other contingencies as at 31 December 2018 (June 2018: $nil).

Financial facilities

Senior facilities	$'000
Unused	65,124
Used (i)	118,376
Total senior facilities	**183,500**

Permitted indebtedness	
Unused	69,220
Used (ii)	80,780
Total permitted indebtedness	**150,000**

Total facilities	
Unused	134,344
Used	199,156
Total facilities	**333,500**

(i) Included within the used portion of the total senior facilities are bank guarantees of $62.9 million.
(ii) Included within the used portion of the permitted indebtedness are bank guarantees of $75.3 million.

The Group's facilities at 31 December 2018 include overdraft, merchant facilities and bank guarantees. There have been changes to the Group's utilisation of bank facilities during the half year which are a consequence of support in return for working capital initiatives like virtual credit card facilities and IATA guarantees. The available facilities are multi-currency but have been expressed in their Australian dollar equivalent for purposes of this disclosure.

The Group's senior debt club facility is with HSBC Bank and the Commonwealth Bank of Australia. This multi-currency facility, which included an optional accordion increase ($35.0 million), was activated and subsequently extended, and now provides a $183.5 million facility to August 2020. Under the existing facility, there is an additional allowance of $150.0 million of permitted indebtedness with other suppliers. At 31 December 2018, $75.3 million of bank guarantees and $5.5 million of borrowings are drawn under this permitted indebtedness.

Including the permitted indebtedness, the Group has $333.5 million of facility, which is drawn to $199.2 million at 31 December 2018 (being bank borrowings of $61.0 million and bank guarantees of $138.2 million). The additional headroom provides support for the going integration of Lotus travel banking arrangements and future growth opportunities.

Security has been provided to the guarantor over the Group's assets and subsidiary shareholding through a security trustee on behalf of the senior lenders.

Lotus Travel provide a secured deposit totalling $8.5 million in support of guarantees and merchant banking facilities. CTM's treasury continues to integrate the banking requirements with the long-term objective to reduce and eventually remove the security.

10. Contributed equity

Movement in ordinary share capital			Number of shares	$'000
	Opening balance as at 1 July 2018		**106,108,453**	**301,747**
2 July 2018	Shares issued	Initial consideration for the SCT Travel Group Pty Ltd business combination.	85,627	2,298
17 July 2018	Shares issued	Capital raising used primarily for the acquisition of Lotus Travel Group.	1,554,000	40,016
22 August 2018	Shares issued	Share appreciation rights issue.	509,961	14,585
22 October 2018	Shares issued	Deferred consideration payment for the Chambers Travel business combination.	233,908	6,456
	Total shares issued		108,491,949	365,102
	Less: transaction costs arising on share issue			(795)
	Deferred tax credit recognised directly in equity			67
	At 31 December 2018		**108,491,949**	**364,374**

11. Fair value measurement

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Contingent consideration.

Fair value hierarchy
AASB 13 requires disclosure of fair value measurements by level according to the following hierarchy:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
(c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following information represents the Group's assets and liabilities measured and recognised at fair value at 31 December 2018:

Liabilities: Level 3 – Contingent Consideration $3,258,000 (30 June 2018: nil).

The following table presents the changes in level 3 instruments for the half year ended 31 December 2018:

	Contingent Consideration $'000
Opening balance 1 July 2018	-
Additions	3,232
Discount unwind	26
Closing balance 31 December 2018	**3,258**

There were no changes made to any of the valuation techniques applied as of 31 December 2018.

11. Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

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

Description:	Contingent consideration
Fair Value at 31 December 2018:	$3,258,000
Valuation technique used:	Discounted cash flows
Unobservable inputs:	Forecast EBITDA
Discount rate:	2.72%

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

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

  An increase/ (decrease) in the discount rate by 100 bps would (decrease)/increase the fair value by ($82,000)/$85,000.

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

  If forecast EBITDA were 5% higher or lower, the fair value would not be impacted.

Fair values of other financial instruments

There were no forward exchange contracts at 31 December 2018.

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

Notes to the Consolidated Financial Statements: Other Items

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however, are not considered critical in understanding the financial performance of the Group for the half year ending 31 December 2018.

12. Events occurring after the reporting period

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

13. Related party transactions

Transactions with other related parties

Directors of the Group hold other directorships as detailed in the Directors' Report of the Group's annual report for the year ended 30 June 2018. Where any of these related entities are clients of the Group, the arrangements are on similar arm's length terms to other clients.

Transactions with key management personnel

During the half year ended 31 December 2018, a deferred consideration balance of $13.5 million was paid to Chris Thelen, in relation to the Chambers Travel acquisition. Additional rental expense of $25,240 has also been paid to Chris Thelen.

14. Changes in accounting policies

This note explains the impact of the adoption of AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2018, where they are different to those applied in prior periods.

AASB 15 *Revenue from Contracts with Customers* – Impact of adoption

The Group has adopted AASB 15 *Revenue from Contracts with Customers* from 1 July 2018 which resulted in changes in accounting policies and adjustments to the note disclosure. There has been no impact on the Group's results for the half year ended 31 December 2018. In accordance with transition provisions, the Group has restated comparatives for the half year ended 31 December 2017 for note disclosures (note 6). A new accounting policy for revenue has been disclosed within note 1 – Segment and revenue reporting. In line with AASB 15 disclosure requirements, revenue has been presented at a disaggregated level within note 1 – Segment and revenue reporting and the total contract asset balance has also been disclosed separately within note 6 – Trade and other receivables.

AASB 9 *Financial Instruments* – Impact of adoption

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 *Financial Instruments* from 1 July 2018 resulted in changes in accounting policies adopted by the Group, which has been detailed in the following narrative. The change in the Group's accounting policies, applied from 1 July 2018, did not impact prior year financial statement balances. Opening balances have not been restated. There has been no impact on the Group's results for the half year ended 31 December 2018.

(a) Classification and measurement

On 1 July 2018 (the date of initial application of AASB 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories. There was no impact on the balances in the financial statements resulting from this reclassification.

(b) Derivative and hedging activities

There is no impact on derivative and hedge activities from the adoption of AASB 9. The Group does not have any open hedges as at balance sheet date. The prior year balance relating to hedge activities is not impacted by the adoption of AASB 9.

14. Changes in accounting policies (continued)

(c) Impairment of financial assets

The Group's trade and client receivables and contract assets are subject to AASB 9's new expected credit loss model. The Group has revised its impairment methodology for trade and client receivables and contract assets and applies the simplified approach to measuring expected credit losses. The simplified approach uses a lifetime expected loss allowance.

Trade and client receivables, and contract assets have been grouped based on their shared credit risk characteristics. Contract assets represent balances earned, but which are not yet unconditional and have the same characteristics as trade receivables. Loss rates for trade receivables are a reasonable approximation for contract asset balances. The loss allowances for trade and client receivables on 1 July 2018 were equal to the loss allowances as at 30 June 2018. There was no impact on the financial statement balances resulting from the application of AASB 9 methodology.

Individual debts that are known to be uncollectible are written off when identified.

New and amended standards not yet applied

The Group has not early adopted any amendments, standards or interpretations that have been issued but are not yet effective in the current year.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending 31 December 2018 and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out in the following table.

Title of standard	Summary and impact on the Group's financial statements	Mandatory application date / date of adoption by the Group
AASB 16 *Leases*	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change. As at 30 June 2018, the Group had operating lease commitments of $23.2 million. Refer to note 18 in the 2018 Annual Report. The Group has conducted a preliminary assessment of the forecast impact of AASB 16 on the Group's profit, balance sheet and cash flows. Upon adoption of AASB 16, the Group expects a material increase in both lease liabilities and right-of-use assets. The Group's EBITDA is expected to be materially positively impacted as lease costs are reclassified as interest and depreciation, although the impact on the Group's profit is not expected to be material. The Group's classification of cash flows, within the statement of cash flows, is also expected to be materiality impacted. The full impact of the standard will, however, depend on the leases in place on transition.	Mandatory for financial year ending 30 June 2020. The Group does not intend to adopt the standard before its effective date.

14. Changes in accounting policies (continued)

Title of standard	Summary and impact on the Group's financial statements	Mandatory application date / date of adoption by the Group
AASB Interpretation 23 *Uncertainty over Income Tax Treatments*	AASB Interpretation 23 clarifies how to apply the recognition and measurement requirements in AASB 112 when there is uncertainty over income tax treatments. Where such uncertainty exists, an entity will be required to recognised and measure its current or deferred tax asset or liability applying the requirements in AASB112 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation. When there is uncertainty over income tax treatments, the Interpretation addresses the following: • Whether an entity considers uncertain tax treatments separately; • The assumptions an entity makes about the examination of tax treatments by taxation authorities; • How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and • How an entity considers changes in facts and circumstances. An entity is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and shall follow the approach that better predicts the resolution of the uncertainty.	Mandatory for financial year ending 30 June 2020. The Group does not intend to adopt the standard before its effective date.

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

Directors' Declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 13 to 27 are in accordance with the *Corporations Act 2001*, including:

(i) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half year ended on that date; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Tony Bellas

Mr Tony Bellas
Chairman

Mr Jamie Pherous
Managing Director

Brisbane, 20 February 2019

Independent auditor's review report to the members of Corporate Travel Management Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Corporate Travel Management Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Corporate Travel Management Limited. The Group comprises the Company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Corporate Travel Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Crowe

Michael Crowe
Partner

Brisbane
20 February 2019