Annual Report 2012

new heights

innovating in all directions

corporate travel management

travelctm.com

corporate travel management

travelctm.com

The Company has had another strong year, delivering excellent growth in profitability and return to shareholders.

Tony Bellas
Chairman, CTM

chairman's report

I am pleased to present the 2012 Annual Report of Corporate Travel Management Limited ("CTM").

The Company has had another strong year, delivering excellent growth in profitability and return to shareholders. This result has been underpinned by enhanced services to our clients, including the roll out of further innovative products.

The acquisition of Melbourne-based corporate travel agency, ETM Travel Pty Ltd ("etm") during the year added significant depth to CTM's corporate specific services, with its complementary MICE (Meeting, Incentive, Conference and Event) and VIP Leisure offerings, enabling CTM to present a complete, integrated corporate travel solution to its clients. As well, the acquisition of etm strengthens CTM's presence in the all-important Melbourne corporate market and completes CTM's national footprint. This choice was reinforced by etm winning the Best Events Company at the July 2012 NTIA awards.

The past year also saw the Company achieve continued strong organic growth of its business in continuing challenging global economic and market conditions, which, together with the etm acquisition, enabled CTM to achieve a record turnover.

During the year, the Company also completed a roll out of a significant upgrade of the Company's core operating system, continuing the Company's commitment to investment in improved client-facing systems. This initiative delivers enhanced client servicing capability to CTM's staff and enables significant productivity improvements, aimed at maintaining CTM's competitive advantage of delivering superior customer service.

Other major initiatives have included the roll out of RTM (Resource Travel Management), a specific Resource industry offering that tailors solutions to the specific demands and requirements of that industry. In addition, CTM's BI (Business Intelligence) solution has also been implemented, with u-control, representing client KPI's and data online at any time, including air travel, car hire and hotel bookings. u-explore offers a free form investigative analysis tool, allowing searches for data relating to air, car and hotel spend across a wide range of variants.

More recently, CTM announced the acquisition of USA based agency, R&A Travel Inc, affording CTM a unique cross selling opportunity. R&A is based in one of the US's busiest business travel hubs. This acquisition also represents a significant step in the Company's long term strategic plan to operate globally.

I would like to take this opportunity to thank the management team and staff for their efforts and congratulate them on the continued success of CTM as a leading-edge and profitable Company.

I would like to thank our shareholders, the Board and most importantly our clients for their continuing support

Consistent with its prospectus forecast, the Board has declared a dividend of 6 cents per share. The dividend will be paid on 12 October 2012 to all shareholders registered on 11 September 2012.

Tony Bellas
Chairman
Corporate Travel Management Limited
29 August 2012

managing director's report

Dear Shareholders,

Introduction

I am pleased to present the 2012 report for CTM. CTM has withstood the recent turbulent economic times, both in Australia and the broader global economy, to deliver a record profit. The Company is also well placed to benefit from future upturns in the general economic environment.

Outstanding performance

It has been a record year for CTM in terms of financial performance.

In the year to 30 June 2012, CTM's TTV (total transaction value) of $681.3 million (unaudited) was 35.6 percent higher than the previous year and travel income of $64.7 million was 40.9 percent higher than the previous year.

CTM's statutory net profit after tax ("NPAT") of $11.8 million in the year to 30 June 2012 compares with $8.3 million in 2010/11, representing a 42.7 percent increase.

Financial position

CTM is in a sound financial position, with total assets of $83.6 million at 30 June 2012, an increase of $24.9 million or 42.4 percent from 30 June 2011.

Contributing to the Company's sound financial position was the continued generation of strong cash flows, with net cash flows from operating activities of $7.5 million over the year to 30 June 2012.

In February 2012, the Company raised a further $7 million through the equity market, to assist with funding the acquisition of the USA based agency, R&A Travel.

Total equity of $53.0 million at 30 June 2012 compares with $38.2 million at 30 June 2011, an increase of $14.8 million or 38.7 percent over the year.

In the year to 30 June 2012, CTM's TTV (total transaction value) of $681.3 million (unaudited) was 35.6 percent higher than the previous year and travel income of $64.7 million was 40.9 percent higher than the previous year.

Jamie Pherous - CEO/Managing Director

Business drivers

The success of CTM's business continues to be based on three key drivers:

- Retaining current business through delivering outstanding service and demonstrating a return on investment to our clients;
- Generating new business through a compelling offering, underpinned by outstanding service and continuous investment in innovative client solutions; and
- Improving internal productivity and developing CTM's people, so that they are most effective in supporting CTM's clients.

The past year has been successful on all counts, with securing new clients wins and retention of current clients being consistent with past performance. In addition there continues to be a focus on productivity efficiencies throughout the whole business, which enables further reinvestment in customer service platforms.

In addition, CTM has complemented its existing business with two strategic acquisitions during the past year:

- In October 2011, CTM completed the acquisition of ETM Travel Pty Ltd, a Melbourne based agency, which enabled the Group to enhance its events offering and provide a complete integrated corporate travel solution to clients. In addition, the acquisition provides an opportunity to strengthen CTM's position in the Victorian market.
- In July 2012, after balance date, CTM acquired R&A Travel Inc, which is a US based agency that provides the Company a unique opportunity to cross-sell between the two markets.

Both acquisitions support CTM's proven competency in being able to integrate people into our culture, and empower people to operate more effectively for their clients through a scalable and efficient operating platform.

The business has continued to invest in its service offering and, during the year, introduced new products, including u-control and u-explore, Ticketbank, pre-trip approval, as well as enhanced functionalities in CTM's core operating systems, which is integral to the continued success of the business moving forward. As well, the Company rolled out RTM (Resource Travel Management), a Resource industry focused tailored offering.

Employees

A highly skilled and motivated workforce is integral to CTM's success.

CTM's culture is founded upon the notion of listening to our staff in order to provide a great workplace that empowers our people through good process and great training to grow, evolve and deliver superior service that CTM's clients demand. CTM continues to invest in its people, through CTM's in-house training programs, selective recruitment and a commitment to provide the resourcing to support CTM's people in delivering service excellence to CTM's clients.

Over the past year, the total number of full time employees ("FTE") increased by 25% to 475, reflecting acquisitions and CTM's positioning to underwrite growth with the most skilled talent. Importantly, revenue increased by 40% reflecting the Company's continuing focus on productivity improvement.

Staff ownership of CTM equity is an important pillar for aligning the objectives of CTM with the personal aspirations of our people. At 30 June 2012, over 30% of all staff employed were CTM shareholders.

The Board and the senior management team appreciate the contribution that CTM's staff have made to the Company's strong performance in 2011/12. Their professionalism and commitment have been fundamental to the development of CTM's reputation as a highly valued business partner for CTM's clients.

CTM Annual Report 2012

Positioning for the future

CTM's continued investment in innovative client facing technology, as well as the two strategic acquisitions, has CTM positioned well to continue to grow. The growth is also underpinned by continued leading performance and client retention during the year.

CTM's focus remains upon listening to our clients and staff, to ensure CTM's service offering is both innovative and cost effective, and CTM's staff are supported to offer the most personalised service and expertise that our clients demand.

I look forward to working with all our staff, clients, key suppliers and CTM's Board in pursuing the challenges and opportunities that lie ahead and to continue to deliver outstanding results for CTM's clients and shareholders.

Jamie Pherous
Managing Director
Corporate Travel Management Limited

The CTM innovation Engine

Innovation is at the heart of everything we do at Corporate Travel Management. We take our client, partner and staff input and feed it into what we like to think of as our innovation engine.

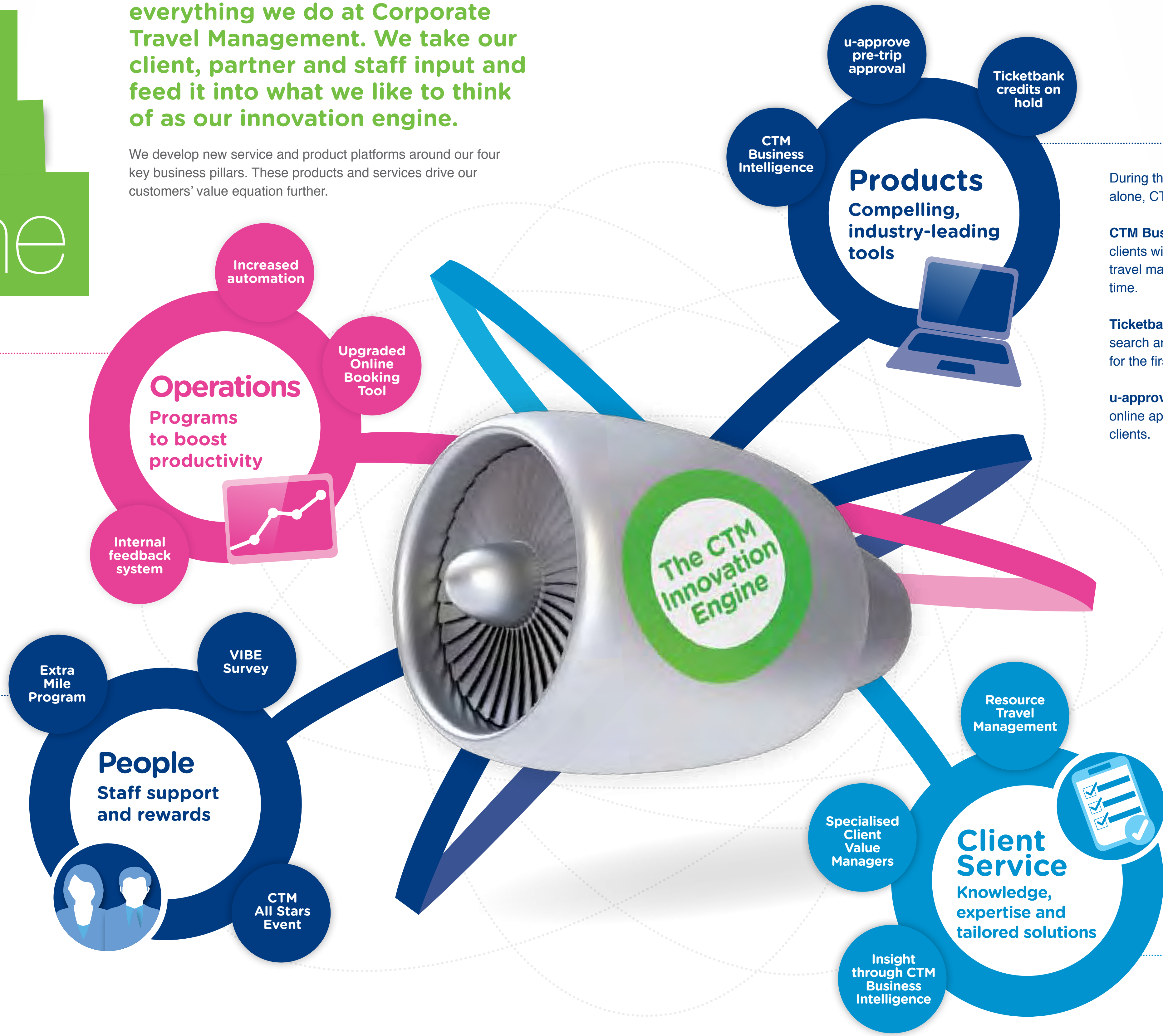
We develop new service and product platforms around our four key business pillars. These products and services drive our customers' value equation further.

Operational innovations introduced recently include an **increased focus on automation,** to enhance the day-to- day productivity of consultants, the introduction of an **internal feedback system,** to mine for the next 'big idea' from the people who have day-to-day contact with our clients, and improvements to our internal systems and our client-facing **Online Booking Tool.**

We introduced many new people-focused innovations in 2012, with the primary initiative being the first annual **CTM All Stars event** – incorporating an employee conference and awards night – recognising our best and brightest while enabling three days of education and ideas sharing.

VIBE survey – our annual VIBE employee survey, gathering feedback anonymously from all employees.

Extra mile program – recognising consultants throughout the year for going the 'extra mile' for clients.



During the 2011/2012 financial year alone, CTM has introduced:

CTM Business Intelligence – providing clients with real-time access to their travel management data online at any time.

Ticketbank – allowing clients to actively search and use available credits on hold for the first time.

u-approve – introducing a streamlined online approach to pre-trip approval to clients.

At Corporate Travel Management, we are constantly innovating around client service.

We pride ourselves on offering clients tailored, needs-driven solutions with a focus on value. A unique organisational structure sees clients assigned a Client Value Manager, as well as a dedicated team of consultants, all of whom have undergone rigorous training to see them well-schooled in the business of travel management.

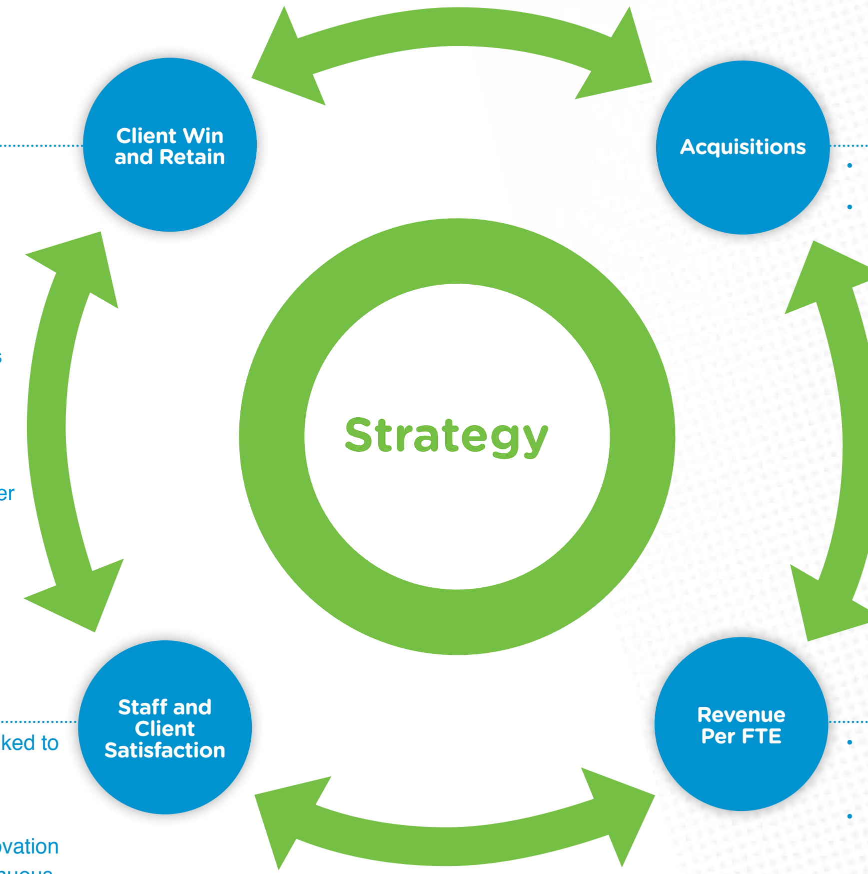
Awarded Best National Corporate Travel Management Company for seven of the past nine years

innovating in the business model

CTM is all about service. Founded upon the principles of value delivery and transparency, CTM's highly personalised service model and commitment to innovation in both technology and ideas have seen CTM awarded as the Australian Federation of Travel Agents (AFTA) Best National Corporate Travel Management Company for seven of the past nine years.

CTM's emphasis on service allows it to deliver a compelling point of difference for its clients. CTM understands that a 'one size fits all' strategy is not an approach which delivers value, which is why CTM tailors and personalises every element of the travel management process.

This commitment to tailored solutions and exceptional service ensures maximum return on the business travel investment of clients while delivering needs-driven tailored solutions alongside a dynamic and flexible account management model.



Client Win and Retain

- Greater range of innovation client products and services
- Rigour around Sales Strategy
- Cross-sell across CTM, USA and MICE
- SME offering
- Use BI tool to offer enhanced ROI

Acquisitions

- Bed-down USA
- Continue to explore future acquisitions

Staff and Client Satisfaction

- Survey results linked to business plans
- Aligned to KPIs
- Feedback to innovation process for continuous improvement

Revenue Per FTE

- Productivity project well advanced
- Creates time to service, eliminates non productive workflow
- Enhance client service and experience

In the year to 30 June 2012 CTM's TTV was 35.6% higher than the previous year

We pride ourselves on involving our customers in the creation of new tools, gaining their feedback and using that feedback to bring innovative and needs-driven solutions.

Staff Profile

business model

Laura Ruffles

Chief Operating Officer

Tenure with CTM: 2.5 years

“At Corporate Travel Management, we realise that being innovative is not just important, indeed, it is mandatory for those organisations who wish to be successful,” said Laura Ruffles.

“We pride ourselves on involving our customers in the creation of our new tools, in gaining their feedback and using that feedback to bring innovative and needs-driven solutions to the market.

“Our approach means that we are able to provide our clients with compelling and valuable offerings, while reinforcing our position as an industry-leader as well as a valuable and flexible business partner for our clients.

“The past 12 months have been very exciting at CTM and the next 12 months are shaping up to be equally interesting - I couldn’t be happier to be part of the CTM team as we continue our mission to lead the way for our clients and our staff.”

Case Study
quicklook

Focus: Consolidation
Client: Construction Industry

$1.8 Million cost savings

Through our consolidated approach to the negotiation of direct supplier agreements, a cost saving of $1.8 Million was achieved for our client, exceeding their desired $1 Million savings target by $800K.

Online uptake increase of 27%

Through the implementation of a consolidated travel management program, the purchasing behaviour throughout our client's company changed significantly, with an online uptake increase of 27% (from 57% to 85%).

The ability of CTM to initiate, implement and execute a consolidated travel management plan in a deeply fragmented organisation has proved critical for the client.

CTM exhibited its ability to drive savings through consolidation and behavioural change.

Case Study
quicklook

Focus: Cost Reduction
Client: Resource Sector

Total travel spend down by $5.4 Million

In the first year of implementation, our client's domestic travel spend was reduced by 22% ($3.2M) and international travel spend by 32% ($2.2M).

These expense reductions were achieved despite substantial increases in the number of sectors booked. Changes to booking behaviour also enabled substantial reductions to Average Sector Prices. In total, over 20% total cost reductions were achieved.

Online uptake increase of 40%

Online Booking Tool usage increased from 20% to 60% in the first week of CTM's new travel policy implementation and now sits consistently at this level or above.

These significant cost reductions were achieved through changes to booking behaviour and increased policy compliance which, together, contributed to over $5.4M in savings for the company.

CTM demonstrated an ability to drive cost reductions through tailored policy management and fostering behavioural change.

innovating in operations

A strong operational platform is a necessary component to support the innovations and efficiencies of a company such as Corporate Travel Management.

Corporate Travel Management continues to look at ways to innovate, not only for its clients, but also for its staff, which is why the Company has introduced various internal programs to support the operational foundation, whilst also improving optimum workflow and efficiency.

Some innovations include an increased focus on automation, to enhance the day to day productivity of consultants, the introduction of an internal feedback system to mine for the next 'big idea' from the people who have day-to-day contact with our clients, and improvements to our internal systems and our client facing Online Booking Tool. Work has also been undertaken to upgrade existing systems such as our Customer Relationship Management tool, allowing staff to become more dynamic, innovative and responsive in the management of our clients' travel programs.

CTM is also looking to the future, with a focus on succession planning, career transition opportunities and a graduate program.

In the year to 30 June 2012 CTM's NPAT was 42.7% higher than the previous year

(NPAT - Net Profit After Tax)

Staff Profile

operations

Adriana Pesavento

Operations Manager (Victoria)

Tenure with CTM: 7.5 years

"The operational foundation of any business is critical to its success - at CTM, we have chosen to base our foundation upon the building blocks of innovation and strategy," said Adriana Pesavento.

"By focusing in on innovation, we are able to be constantly aware of the changing landscape of our dynamic industry, and be ready to adapt, respond and tailor solutions for our clients according to the environmental elements in play at any particular point in time.

"In short, this approach not only allows us to think differently to others in the marketplace, but also allows us to deliver for our clients each and every day.

"The growth, innovative approach, passion and pride that I see in action every day give me enormous confidence as I continue my exciting journey at a company which I believe has its best years ahead of it."

The growth, innovative approach, passion and pride that I see in action every day give me enormous confidence.

Resource Travel Management

resource travel management

an offering from corporate travel management

In 2012 we introduced Resource Travel Management.

Specialised services and products to move resource industry teams efficiently, safely and cost effectively.

www.travelrtm.com

innovating in client service

Corporate travel management is unlike any other travel management company. We pride ourselves on going above and beyond industry expectations and in setting consistently new standards which reinforce our multi-award winning status.

CTM's unique and refreshing service offering provides clients with a genuine point of difference to the global travel management chains with a focus on return on investment, tailored and needs-driven solutions and expertise.

A unique organisational structure sees clients assigned a Client Value Manager as well as a dedicated team of consultants, all of whom have undergone rigorous training to see them well-schooled in the business of travel management.

This account management structure is supported by a unique approach to staff remuneration. Salaries are directly attributable to performance and client service and are **not** focused on commission, revenue or yield generated. Instead, CTM places the focus upon its consultants' ability to service CTM's clients across a series of robust metrics that are put in place to deliver outstanding outcomes across every client objective.

Today, more than ever before, CTM employees are enabled to deliver in-depth analysis and insight of client travel programs thanks to the introduction of CTM's Business Intelligence reporting platform. This cutting edge tool provides a wide array of data available for analysis and presentation for the benefit of client programs.

CTM's culture revolves around personalised service and as such each and every one of our staff is committed to delivering service which adds value and exceeds expectations for clients.

Staff Profile

client service

Kim Wethmar

General Manager (New South Wales)

Tenure with CTM: 7 years

"Our people - our consultants, our client value managers and a passionate support team - are the heart of our business and the face of our service delivery," said Kim Wethmar.

"CTM's culture revolves around personalised service and, as such, each and every one of our staff is committed to delivering service which adds value and exceeds expectations for clients.

"CTM supports this dedication with continuous innovation in the delivery of diagnostic tools and tailored travel solutions, and by taking an inquisitive and creative approach to new client-driven systems, processes and solutions.

"I am proud to know our clients value our approach as it provides them a fresh and agile business partner which is constantly evolving and enhancing its program with new and improved approaches that result in cost savings, improved speed, more accurate bookings and more detailed management information reporting than ever before."

in 2012 we launched

ctm business intelligence

CTM Business Intelligence:
Real-time access to travel management data online at any time

innovating in

products

Corporate Travel Management is dedicated to developing the most compelling and industry-leading tools for our clients and for our staff.

During the 2011/2012 financial year, CTM has introduced:

- CTM Business Intelligence – providing clients with real-time access to their travel management data online at any time.
- Ticketbank – allowing clients to actively search and use available credits on hold for the first time.
- u-approve - introducing a streamlined online approach to pre-trip approval to clients.

Each of these products provide a perfect example of the CTM philosophy of listening to clients and providing the tailored solutions that they need and desire.

This approach will continue in 2012/2013, with a number of product enhancements and developments already in the pipeline. The release of these new products will again elevate the CTM product offering, as well as further support the delivery of effective client outcomes.

Staff Profile

products

Andrea Joseph

Internal Services Manager

Tenure with CTM: 6 months

“When it comes to product development at CTM, we strive to take a collaborative, flexible approach to building compelling needs-driven solutions for our clients,” said Andrea Joseph.

“By treating client feedback as an integral part of the product and service development process, CTM is able to deliver innovative solutions which improve the working lives of clients, increase the cost effectiveness and efficiencies of their travel programs and tackle issues presented by our dynamic and ever-challenging marketplace in a proactive and industry-leading fashion.

“By doing so, we are able to create not only a rewarding program for our clients, but also for ourselves. When you combine this with our extremely hard working and dedicated team, who are always focused on the next big opportunity to provide our clients with great service, it is clear why I love it here at CTM.”

When it comes to product development at CTM, we strive to take a collaborative, flexible approach to building compelling needs-driven solutions for our clients.

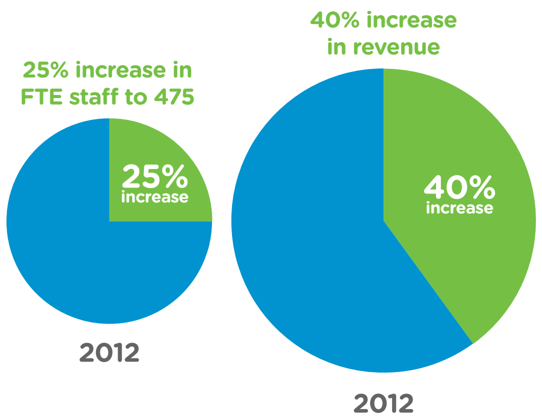
innovating for our people

Corporate Travel Management recognises the vital role our people play in our success. As a service-orientated business, the development, wellbeing and emotional happiness of staff is paramount for continued success.

In this vein, in 2011/2012, CTM undertook a number of staff initiatives, including:

- The first annual CTM All Stars event – incorporating an employee conference and awards night – recognising our best and brightest and enabling three days of education and ideas sharing.
- VIBE survey – CTM's annual VIBE employee survey, gathering feedback anonymously from all employees.
- Extra mile program – recognising consultants throughout the year for going the 'extra mile' for clients.

Feedback and outcomes from such initiatives allows CTM to continue as an innovative leader in the corporate travel management space.
The collection of intelligence is critical in not only carving out competitive advantages, but also assists CTM in creating and delivering needs-driven travel management solutions for its clients.



The innovations for staff at CTM are a continually evolving effort by CTM's management, not only relating to benefits and recognition, but also to innovations around our technology.

ctm all stars
2012
National Sales & Operations Conference & All Staff Awards

CTM have shown determined efforts to attract, nurture and retain its staff by way of innovation.

Staff Profile

our people

Liz Kriewaldt

Corporate Consultant, CTM All Stars Value Award winner for Client Focus

Tenure with CTM: 6 years

“Over the nearly six years I have been with CTM, I have witnessed an evolution of innovation in relation to staff programs,” said Liz Kriewaldt.

“CTM’s extra mile program and annual CTM All Stars awards, combined with the opportunities allowed for through a flexible working environment, are just a few of the innovative measures CTM have put in place to create a healthier and more productive workplace.

“The effects these innovations have on staff morale and, for CTM, are obvious - happy and satisfied staff will naturally create a high office morale, which then translates into more effective dealings between consultants and clients. Higher staff morale also delivers a high staff retention rate and achieves greater office cohesiveness, with staff members enjoying each other’s company.

“I see the innovations for staff at CTM as a continually evolving effort by CTM’s management, not only relating to benefits and recognition, but also to innovations around our technology approach. This also makes the consultants’ work flow more seamless and productive, leading to greater levels of customer satisfaction and client retention.

“I have been a travel consultant for more than twenty years and I have seen a much more determined effort (in comparison to previous employers) by CTM’s management to attract, nurture and retain its staff by way of innovation.

“Working for CTM has been a very rewarding experience for me - I feel each day, I have been allowed to work to the best of my abilities, in the knowledge that my clients appreciate the service I can provide them.”

senior leadership team

Jamie Pherous
CEO/
Managing Director

Jamie Pherous, CEO/ Managing Director, founded Corporate Travel Management in 1994. He has built the company from its headquarters in Brisbane to become the largest privately-owned travel management company in Australia and, in late 2010, became successfully listed on the Australian Securities Exchange (ASX). Prior to establishing CTM, Jamie was employed by Arthur Andersen (now Ernst & Young) as a chartered accountant specialising in business services and the financial consulting division in Australia, Papua New Guinea, and the United Arab Emirates.

Laura Ruffles
Chief Operating Officer

Laura Ruffles, Corporate Travel Management's Chief Operating Officer, has significant local, regional and global business experience. In a career of more than 18 years, she has led teams across strategy, operations, product development, relationship management, sales, business planning and technology. Laura plays a key role in business planning, innovation, client growth, profit contribution and coaching her management team.

Steve Fleming
Chief Financial Officer

Steve Fleming is responsible for Corporate Travel Management's finance function, treasury management, key stakeholder liaison, and strategic planning in conjunction with the Managing Director and 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.

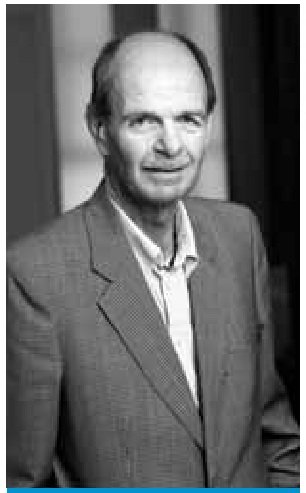
directors

Tony Bellas
Chairman

Tony Bellas has more than 27 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 Treasury operations including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.

Greg Moynihan
Independent Non-Executive Director

Greg Moynihan is a former CEO of Metway Bank Limited and has also held senior management and executive positions with Citibank Australia and Suncorp Metway. Since leaving Suncorp Metway in 2003, Greg Moynihan has pursued a number of business interests, primarily in the investment management and private equity sectors.



Stephen Lonie
Independent Non-Executive Director

Stephen Lonie is a Chartered Accountant, with more than 40 years industry experience, and is a former Managing Partner of the international accounting and consulting firm, KPMG. He now practices as an independent management consultant and business adviser. Stephen is currently Chairman of Jellinbah Resources Pty Ltd (since 2002) and of UQ Sport Ltd (since 2012), and a non-executive Director of MyState Limited (since 2011).

Claire Gray
Executive Director
Global Development

Claire Gray brings 25 years experience of Corporate Travel Management. Her career within the travel industry began in 1984 at Harvey World Travel. In 1989, Claire joined with Craig Smith to form the independent travel management company, Travelogic - which merged with Corporate Travel Management in 2008 to create one of the largest business travel agencies in Australasia.

annual financial report

for the year ended 30 June 2012

Corporate Travel Management Limited
ABN 17 131 207 611
Registered office:
27A/52 Charlotte Street
Brisbane Queensland 4000

Directors' Report

The Directors present their report together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries (the "Group") for the financial period ended 30 June 2012.

DIRECTORS

The Directors of the Group at any time during or since the end of the financial year are:

- Mr T Bellas.
- Mr S Lonie.
- Mr G Moynihan.
- Mr J Pherous.
- Ms C Gray.

All Directors have been in office since the start of the financial period to the date of this report.

INFORMATION ON DIRECTORS

Tony Bellas

MBA, BEcon, DipEd, FAIM, MAICD, ASA
Independent Non-Executive Director – Chairman
Tony Bellas has more than 27 years experience in both the government and private sectors. Tony is currently pursuing his own business interests and is the Principal of Qld Infrastructure Partners. As well, Tony is currently a Non-Executive Director of Australian Water (Qld) Pty Ltd (since 2010), Chairman of ERM Power Limited (since 2009) and Director of Endeavour Foundation.

Tony has previously held positions of Chief Executive Officer of Ergon Energy Ltd, CS Energy Ltd and Seymour Group Pty Ltd. Prior to this appointment, 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 sale of 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 SuncorpMetway. His team then managed the staged sell-down of the Queensland Government's shareholding in SuncorpMetway.

Former directorships in last 3 years:

- Non-Executive Director of Watpac Limited (2008 to 2010).
- Non-Executive Director of Guildford Coal Limited (2010 to 2012).

Special responsibilities:

- Chair of the Board.
- Audit and Risk Management Committee member.
- Remuneration Committee member.
- Chair of Nominations Committee.

Jamie Pherous

BCom ACA
Managing Director and Chief Executive
Jamie Pherous founded Corporate Travel Management in Brisbane in 1994. He has built the Company from its headquarters in Brisbane to become the one of the largest travel management companies in Australia and New Zealand, employing more than 500 staff.

Prior to establishing Corporate Travel Management, 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.

Jamie is currently a Director of the Australian Federation of Travel Agents.

Former directorships in last 3 years:

- None.

Special responsibilities:

- Managing Director.

Greg Moynihan

BCom, Grad Dip SIA, CPA, FFin, MAICD
Independent Non-Executive Director
Greg Moynihan is a former Chief Executive Officer of Metway Bank Limited. He has also held senior management and executive positions with Citibank Australia and SuncorpMetway 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 SuncorpMetway in 2003, Greg has pursued a number of business interests, primarily in the investment management and private equity sectors.

Greg is currently a Non-Executive Director of Ausenco Limited (since 2008) and Sunwater Limited (since 2007), Chairman of Urban Art Projects Pty Ltd and a Director of several private investment companies. He has previously held directorships with Cashcard Australia Ltd, LJ Hooker Ltd, RACQ Insurance Ltd, HFA Limited and SuncorpMetway Ltd (various subsidiaries).

Former directorships in last 3 years:

- None.

Special responsibilities:

- Audit and Risk Management Committee member.
- Chair of Remuneration Committee.
- Nominations Committee member.

Stephen Lonie

BCom, MBA, FCA, FFin, FAICD, FIMCA, ACS
Independent Non-Executive Director
Stephen Lonie is a Chartered Accountant with more than 40 years industry experience, and is a former Managing Partner Queensland of the international accounting and consulting firm, KPMG. He now practices as an independent management consultant and business adviser.

Stephen is currently Chairman of Jellinbah Resources Pty Ltd (since 2002) and a non-executive Director of MyState Limited (since 2011).

Former directorships in last 3 years:

- Non-Executive Director Oaks Hotels & Resorts Limited (2011 to 2011).
- Chairman Australian Agriculture Company Limited (2009 to 2010).
- Chairman The Rock Building Society Limited (2010 to 2011).

Special responsibilities:

- Chair of Audit and Risk Management Committee.
- Remuneration Committee member.
- Nominations Committee member.

Claire Gray

DIP TTM
Executive Director
Claire Gray brings 25 years experience to Corporate Travel Management. Her career within the travel industry began in 1984 at Harvey World Travel. In 1989, Claire joined with Craig Smith to form the independent travel management company, Travelogic, servicing Macquarie Bank. Travelogic merged with Corporate Travel Management in 2008 to create one of the largest 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. GlobalStar Alliance is a worldwide network of travel management companies owned and managed by local entrepreneurs in approximately 66 countries.

Former directorships in last 3 years:

- None.

Special responsibilities:

- No additional special responsibilities noted.

COMPANY SECRETARIES

- Mrs L McCabe.
- Mr S Fleming.

Lyndall McCabe

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

Lyndall facilitated acquisitions including Rhodes Corporate Travel and the establishment of a start-up operation in Sydney.

She has more than 13 years experience in the travel industry sector, having previously been employed by a travel consolidator. In 2005, Lyndall became a shareholder and was appointed as a Director of Corporate Travel Management Group Pty Ltd (subsequently resigned 23 June 2010 as part of Corporate Travel Management's transition to a listed public corporation). Lyndall's current role is Audit and Risk Manager.

Lyndall is a member of the Chartered Secretaries of Australia.

Steve Fleming

BBus (Accounting) ACA
Steve Fleming currently holds the position of Chief Financial Officer and is responsible for the finance function, treasury management, key stakeholder liaison and strategic planning, in conjunction with the Board.

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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 Corporate Travel Management in 2009, Steve was Group Finance Manager of Super Retail Group.

Steve is a member of the Institute of Chartered Accountants.

INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the relevant interests of the Directors in the shares of the Company are set out in the following table. No Director held any options to acquire shares in the Company.

Director	Ordinary shares held at 30 June 2012
Mr T Bellas	200,000
Mr S Lonie	200,000
Mr G Moynihan	200,000
Mr J Pherous	26,599,728
Ms C Gray	5,424,999

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and each Board Committee held during the year ended 30 June 2012, and the number of meetings attended by each Director were:

			Committee meetings					
	Full meetings of directors		Audit & Risk Management		Remuneration		Nominations	
Director	A	B	A	B	A	B	A	B
Mr T Bellas	10	10	2	2	3	3	1	1
Mr S Lonie	8	10	2	2	2	3	1	1
Mr G Moynihan	10	10	2	2	3	3	1	1
Mr J Pherous	10	10	*	*	*	*	*	*
Ms C Gray	8	10	*	*	*	*	*	*

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

The Committee Charters provide that the following number of meetings are expected to be held in a year, and the number of meetings shown have held for the year ended 30 June 2012. A full schedule of meetings is already in place for the year ended 30 June 2013.

	Number of meetings required per Charter	Number of meetings held in year to 30 June 2012
Full meetings of Directors	10	10
Audit & Risk Management*	4	2
Remuneration	3	3
Nominations	2	1

* Some Audit and Risk Management meetings were held in conjunction with Board meetings.

DIVIDENDS

	Per share	$'000
Final franked dividend approved by the Board on 29 August 2012 in relation to the 2012 financial year:		
• On ordinary shares	6 cents	4,498

DIVIDENDS PAID AND PROPOSED IN THE YEAR

	Per share	$'000
Interim for the year • On ordinary shares	3 cents	2,241
Dividend provided but not paid at 30 June 2011 • On ordinary shares	5 cents	3,572

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

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

Further discussion of operating results for the year is included in the Chairman's and Managing Director's Reports on pages 2 to 7.

Operating results for the year
The net profit after tax of the Group for the financial period, after providing for income tax, amounted to $11,798,000.

Total Transaction Value ("TTV") (unaudited)
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 net of GST. TTV is utilised by management as a key travel industry metric.

	2012 $'000	2011 $'000
Total Transaction Value (TTV)	681,300	502,341

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER BALANCE DATE

The acquisition of 100% of the shares of R&A Travel Inc ("R&A"), a US based travel management company, was completed on 2 July 2012. As part of this transaction, a deposit of $244,459 (US $250,000) was paid prior to 30 June 2012, and $4,527,151 (US $4,613,620) of cash and $516,515 (US $526,380) of shares is payable on completion. Further contingent consideration of up to $3,885,782 (US $3,960,000) in cash and share earn-out may also be payable on 31 August 2013 and 31 August 2014, based on R&A Travel Inc achieving annual EBITDA earnings of US $1,700,000 by 30 June 2014. Should actual EBITDA earnings not reach this level by 30 June 2014, the amount of the cash and share earn-out will be reduced.

The determination of the final amount of the total consideration will depend on results to 30 June 2014 and, at the date of this report, a formal assessment as to whether these criteria will be met has not yet been finalised.

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There were no likely developments in the operations of the Group, from time to time, that have not been finalised at the date of this report.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

REMUNERATION REPORT

This remuneration report sets out remuneration information for Corporate Travel Management Limited's non-executive Directors, executive Directors and other key management personnel of the group and the Company.

Directors and executives disclosed in this report	
(i) Directors	
Mr T Bellas	Non-Executive Director.
Mr S Lonie	Non-Executive Director.
Mr G Moynihan	Non-Executive Director.
Mr J Pherous	Managing Director.
Ms C Gray	Executive Director.
(ii) Other key management personnel	
Mr S Fleming	Chief Financial Officer.
Ms L Ruffles	Chief Operating Officer.
Ms N Fleming	General Manager Corporate Services (included in other executives until commencing extended leave 16 February 2012).

Changes since the end of the reporting period

There have been no changes to this list since the end of the reporting period.

Role of the Remuneration Committee

The Remuneration Committee is a Committee of the Board. The role of the Remuneration Committee is to advise on remuneration and issues relevant to remuneration policies and practices, including for senior executives and non-executive Directors.

Corporate Travel Management's Corporate Governance Statement provides further information on the role of this Committee.

Principles used to determine the nature and amount of remuneration

Non-executive Directors

Fees and payments to non-executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-executive Directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive Directors. The Chair is not present at any discussions relating to determination of his own remuneration.

Non-executive Directors do not receive performance-based remuneration.

Directors' fees

The current base fees were last reviewed with effect from 1 July 2011.

Non-executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum approved amount currently stands at $350,000.

Retirement allowances for non-executive Directors

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

Executive Remuneration Framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness;
- Alignment to the interests of shareholders;
- Performance linkage / alignment of executive compensation;
- Transparency; and
- Capital management.

The Group has structured an executive remuneration framework that is considered to be market competitive and complementary to the reward strategy of the organisation.

The two key elements of the framework are:

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

The framework provides for a mix of fixed and variable remuneration, and a blend of short and long-term incentives. As executives gain seniority with the Group, the balance of this mix shifts to a higher proportion of 'at risk' rewards.

The current executive remuneration framework currently has two components:

- Base remuneration and benefits, including superannuation; and
- Short-term performance incentives.

There is currently no long-term incentives program in place, however, this component will be assessed during the coming year, noting that the Managing Director is currently the Company's major shareholder.

The combination of these components comprises an executive's total remuneration. The Group intends to continue to review incentive plans during the year ending 30 June 2013, to ensure continued alignment with the Company's financial and strategic objectives.

Fixed remuneration and benefits

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

Executives are offered a competitive base remuneration package that comprises the fixed component of remuneration and rewards. An external remuneration consultant has provided analysis and advice to ensure base remuneration reflects the market for a comparable role. Base remuneration for executives is reviewed annually, to ensure the executive's remuneration is competitive with the market. An executive's remuneration is also reviewed on promotion.

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

Executives receive benefits, including motor vehicle benefits.

Superannuation

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

Short-term incentives

If the Group achieves a pre-determined profit target set by the Remuneration Committee, a short-term incentive ("STI") pool is available to executives and other eligible participants. Cash incentives (bonuses) are payable around 30 September each year. Using a profit target ensures variable reward is only available when value has been created for shareholders and when profit is consistent with Corporate Travel Management's approved business plan. The incentive pool is leveraged for performance above the threshold, to provide an incentive for executive out-performance.

Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus opportunity in the 2012 year was 31% of base remuneration.

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

For the year ended 30 June 2012, the KPIs linked to STI plans were based on Group objectives, with the key financial metrics being consolidated Earnings Before Interest, Tax, Depreciation and Amortisation.

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

The STI target annual payment is reviewed annually.

Long-term incentives
There are currently no long-term incentives programs in place, however, this position will be assessed during the coming year, in conjunction with consideration to introduce an Employee Share Plan.

Details of remuneration
Amounts of remuneration
Details of the remuneration of the Directors and the key management personnel of the Group, as defined in AASB 124 Related Party Disclosure are set out in the following tables.

Key management personnel of the group

		Short-term employee benefits			Long-term benefits		
Name	Cash salary and fees	Short-term incentive	Annual leave	Non-monetary benefits	Super-annuation	Long service leave	Total
	$	$	$	$	$	$	$
2012							
Non-executive Directors							
T Bellas	70,000	-	-	-	6,300	-	76,300
S Lonie	50,000	-	-	-	4,500	-	54,500
G Moynihan	50,000	-	-	-	4,500	-	54,500
Sub-total non-executive Directors	**170,000**	**-**	**-**	**-**	**15,300**	**-**	**185,300**
Executive Directors							
J Pherous	300,000	86,605	(13,846)	9,840	34,794	5,006	422,399
C Gray	123,884	-	-	-	-	-	123,884
Other key management personnel of the group							
L Ruffles	269,231	86,605	(7,786)	-	32,025	1,730	381,805
N Fleming [b]	110,051	5,479	14,962	-	10,398	650	141,540
S Fleming	223,461	40,479	(6,185)	6,509	23,755	2,878	290,897
Total key management personnel compensation	**1,196,627**	**219,168**	**(12,855)**	**16,349**	**116,272**	**10,264**	**1,545,825**

		Short-term employee benefits			Long-term benefits		
Name	Cash salary and fees	Short-term incentive	Annual leave	Non-monetary benefits	Super-annuation	Long service leave	Total
	$	$	$	$	$	$	$
2011							
Non-executive Directors							
T Bellas	69,192	-	-	-	6,227	-	75,419
S Lonie	49,423	-	-	-	4,448	-	53,871
G Moynihan	49,423	-	-	-	4,448	-	53,871
Sub-total non-executive Directors	**168,038**	**-**	**-**	**-**	**15,123**	**-**	**183,161**
Executive Directors							
J Pherous	300,000	73,385	(15,000)	-	33,605	5,697	397,687
C Gray [a]	127,023	-	-	-	-	-	127,023
Other key management personnel of the group							
L Ruffles	250,000	88,385	-	-	29,105	450	367,940
N Fleming	177,923	60,876	6,923	-	21,492	1,862	269,076
S Fleming	185,000	60,876	2,565	-	22,129	867	271,437
Total key management personnel compensation	**1,207,984**	**283,522**	**(5,512)**	**-**	**121,454**	**8,876**	**1,616,324**

Listed Director and other key management personnel of the Group are included in this disclosure for the period they held the applicable roles. Disclosure is for the full year unless as follows:

a. Appointed as Director 22 September 2010.
b. Included in key management personnel until commencing extended leave from 16 February 2012.

** Balances include prior period incentives paid in excess of amounts previously provided.*
*** Balances reflect the net impact of leave accrued and leave taken.*

The relative proportions of remuneration that are fixed or linked to performance are as follows:

	Fixed remuneration		At risk – STI	
	2012 %	2011 %	2012 %	2011 %
Directors of Corporate Travel Management Limited				
T Bellas	100%	100%	-	-
S Lonie	100%	100%	-	-
G Moynihan	100%	100%	-	-
J Pherous	72%	82%	28%	18%
C Gray (a)	100%	100%	0%	0%
Other key management personnel of the group				
L Ruffles	71%	76%	29%	24%
N Fleming (b)	100%	77%	0%	23%
S Fleming	76%	78%	24%	22%

Listed Director and other key management personnel of the Group are included in this disclosure for the period they held the applicable roles. Disclosure is for the full year unless as follows:

a. Appointed as Director 22 September 2010.
b. Included in key management personnel until commencing extended leave from 16 February 2012.

Service agreements
There are no fixed-term service agreements with Directors or key management personnel. Standard contracts are in place for key executive employees and are reviewed annually. Employees can terminate employment with the Group in accordance with statutory notice periods.

Share-based compensation
There are currently no share-based compensation programs in place, however, this position will be assessed during the coming year, in conjunction with the consideration to introduce an Employee Share Plan.

Details of remuneration: Bonuses and share-based compensation benefits
For each cash bonus included in the following tables on pages 43 - 44, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is disclosed. No part of the bonus is payable in future years.

There were no share-based compensation benefits (options) in place during the year.

	Bonus 2012		Bonus 2011	
Name	Paid %	Forfeited %	Paid %	Forfeited %
Directors of Corporate Travel Management Limited				
T Bellas	*	*	*	*
S Lonie	*	*	*	*
G Moynihan	*	*	*	*
J Pherous	60%	40%	100%	0%
C Gray	*	*	*	*
Other key management personnel of the group				
L Ruffles	67%	33%	100%	0%
N Fleming	*	*	100%	0%
S Fleming	44%	56%	100%	0%

*Not eligible for any bonus arrangements during the financial year.

Loans to Directors and Executives
Information on loans to Directors and Executives, including amounts, interest rates and repayment terms are set out in note 24 to the financial statements.

Shares under option
There are currently no unissued ordinary shares of Corporate Travel Management Limited under option.

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

PROCEEDINGS ON BEHALF OF THE COMPANY
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

NON-AUDIT SERVICES
The Company may decide to employ the auditor on assignments additional to its statutory audit duties, where the auditor's expertise and experience with the Company and/or the Group are important.

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

During the year, the following fees were paid or payable for services provided by the auditor of the consolidated entity, its related practices and non-related audit firms:

Amounts received or due and receivable by:	Consolidated 2012 $	Consolidated 2011 $
PricewaterhouseCoopers Australia:		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	271,737	330,870
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	64,522	17,990
- Tax services – acquisitions	36,000	-
- Transaction services – Initial Public Offering	-	215,288
	372,259	**564,148**
Other PricewaterhouseCoopers network firms:		
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	8,843	3,530
- Tax services – acquisitions	31,916	-
	40,759	**3,530**
	413,018	**567,678**

AUDITORS' 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 Company is of a kind referred to in Class Order 98/100, 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 T Bellas
Chairman

Mr J Pherous
Managing Director

Brisbane, 29 August, 2012

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Auditor's Independence Declaration

As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Brett Delaney
Partner
PricewaterhouseCoopers

Brisbane
29 August 2012

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Corporate Governance Statement

Corporate Travel Management Limited (the "Company") and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices, to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out in this Corporate Governance Statement. All these practices, unless otherwise stated, were in place from the date of the Initial Public Offering (15 December 2010) and they comply with the ASX Corporate Governance Principles and Recommendations (including 2010 Amendments).

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

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 Shareholders, with a view to building sustainable value for the shareholders, 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 regularly.

The Board's broad function is to:

a. Chart strategy and set business and financial targets for the Company;
b. Monitor the implementation and execution of strategy;
c. Monitor performance against business and financial targets;
d. Appoint and oversee the performance of executive management; and
e. Generally, to fulfil an effective leadership role in relation to the Company and the Group.

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

a. Composition of the Board, including appointment and removal of Directors;
b. Oversight of the Company's operation, 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's Committees ("Committees").

A performance assessment for the Board was completed in the 2012 financial year.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board operates in accordance with the broad principles set out in its charter, which is available from the corporate governance information section of the Company's website at www.travelctm.com.au. The Board Charter details the Board's composition and responsibilities.

Board composition

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

a. The Board should comprise at least four Directors with a broad range of experience, qualifications, diversity, expertise, skills and contacts relevant to the Group and its business;
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.

Directors' independence

The Board has adopted the following definition of an Independent Director:

'An Independent Director is a Director who is not a member of management i.e. a non-executive Director and who:

a. *Is not a substantial Shareholder of the Company, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder of the Company;*
b. *Has not, within the last three years:*
    (i) *Been employed in an executive capacity by the Company or another Group member; or*
    (ii) *Been a Director after ceasing employment in an executive capacity for the Company or another Group member;*
c. *Has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;*
d. *Is not:*
    (i) *a material supplier or customer of the Company or another Group member; or*
    (ii) *an officer of or associated, directly or indirectly, with a material supplier or customer;*
e. *Has no material contractual relationship with the Company or another Group member other than as a Director;*
f. *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 act in the best interests of the Company; and*
g. *Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interest of the Company.'*

A former Chief Executive Office will not qualify as an Independent Director unless there has been at least three years between ceasing such employment and sitting on the Board.

The Board must regularly assess whether each Director remains an Independent Director in the light of the interests disclosed by them, and each Director must provide the Board with all relevant information for this purpose.

Board members

Details of the members of the Board, their experience, expertise, qualifications, term of office, relationships affecting their independence and their independent status are set out in the Directors' report under the heading 'Information on Directors'. At the date of signing the Directors' report, the Company has two executive Directors and three non-executive Directors. The three non-executive Directors have no relationships adversely affecting their independence and are deemed to be independent under the principles set out, noting that:

- T Bellas and G Moynihan are currently Directors of clients of the Group as detailed in note 24 to the financial statements. Arrangements for these clients are on similar terms to other clients thus these relationships are not considered to be of a value or significance that adversely affect these Directors' independence.

Term of office

Under the Company's Constitution, at least one third of all Directors, being the longest serving Directors, must retire at each Annual General Meeting. Directors, excluding the Chief Executive Office, if a Director, must also retire if a third Annual General Meeting falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

Chairman and Chief Executive Officer ("CEO")

The Chairman must be appointed from within the Board membership, having regard to the requirement for a clear division of responsibility at the head of the Company. The Board must agree a division of responsibilities between the Chairman and Chief Executive Officer, which should be set out in a statement of position or authority.

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board. The Chairman should facilitate the effective contribution by all Directors and promote constructive and respectful relations amongst Directors, and between the Board and the Group's Senior Executives.

The Chief Executive Officer is responsible for implementing Group strategies and policies. The Board's Charter specifies that these roles are separate and are to be undertaken by separate people. The Chief Executive Officer must not become the Chairman within three years of ceasing to be Chief Executive Officer.

Induction

The induction provided to new Directors and senior managers enables them to actively participate in the Board's decision-making processes as soon as possible. It ensures that they have a full understanding of the Company's financial position, strategies, operations, culture, values and risk management policies. It also explains the respective rights, duties, responsibilities, interaction and roles of the Board and senior executives and the Company's meeting arrangements.

Commitment

Board meetings are normally held monthly, and are expected to occur not less than ten times in any year.

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2012, and the number of meetings attended by each director is disclosed on page 36.

It is the Company's practice to allow its executive Directors to accept appointments outside the Company with prior written approval of the Board. No appointments of this nature were accepted during the year ended 30 June 2012.

The commitments of non-executive Directors are considered by the Nominations Committee prior to the Directors' appointment to the Board of the Company and are reviewed each year, as part of the annual performance assessment.

Prior to appointment or being submitted for re-election, each non-executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Company.

Non-executive Directors

The non-executive Directors must meet at least twice each financial year for a private discussion of management issues. Relevant matters arising from these meetings are shared with the full Board.

Conflict of interests

Where Directors are currently Directors of clients of the Group, as detailed in note 24 to the financial statements, arrangements for these clients are on similar terms to other clients and no matters involving these specific clients were required to be discussed at a Board or Committee level during the current year.

In accordance with the Board's charter, should a potential conflict be noted, the Director concerned is required to declare the interests in those dealings to the Company and take no part in decisions relating to them or the preceding discussions. In addition, the Director would not receive any papers from the Group pertaining to those dealings.

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 reasonable costs incurred are borne by the Company.

Performance assessment

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chair and of its Committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the Company Secretary. Management is invited to contribute to this appraisal process. The results and any action plans are documented, together with specific performance goals which are agreed for the coming year.

An external assessment of the Board's policies and procedures, and its effectiveness generally must be conducted by independent professional consultants at intervals of three years or less.

An internal assessment was performed in July 2011 and the first external assessment is currently in progress in August 2012.

The Chair undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss this assessment. Descriptions of the process for performance assessment for the Board and senior executives are available on the Company's website.

Board Committees

The Board has established a number of Committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current Committees of the Board are the Audit and Risk Management, Nomination and Remuneration Committees.

Each Committee must consist of only non-executive Directors, the majority of whom are also Independent Directors. The Chairman of each Committee must be an Independent Director and not Chairman of the Board. Each Committee must consist of no fewer than three members.

Each Committee has its own written Charter, setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the Committee is to operate. All of these Charters are reviewed on an annual basis and are available on the Company's website. All matters determined by Committees are submitted to the full Board as recommendations for Board decisions.

Minutes of Committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the Committees to the Board are addressed in the Charter of the individual committees.

Nomination 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 Greg Moynihan.

Details of Director attendance at Nomination Committee meetings are set out in the Directors' report on page 36.

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. Assist 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; and
e. Reporting to the Board on:
   (i) Succession planning for Directors, executives and other senior managers; and
   (ii) The diversity profile of employees.

When a new Director is to be appointed, the Committee uses the skills matrix to prepare a short-list of candidates with appropriate skills and experience. A number of channels are used to source candidates, to ensure the Company benefits from a diverse range of individuals in the selection process. Where necessary, advice is sought from independent search consultants.

The Committee's nomination of existing Directors for reappointment is not automatic and is contingent on their past performance, contribution to the Company and the current and future needs of the Board and Company. The Board and the Committee are also aware of the advantages of Board renewal and succession planning.

Notices of meetings for the election of Directors comply with the ASX Corporate Governance Council's best practice recommendations.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

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. The code reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and takes into account legal obligations and reasonable expectations of the Company's stakeholders.

The code of ethics forms part of the Company's Corporate Governance Charter, which has been formally adopted and can be inspected on the Company's website.

The Directors are satisfied that the Group has complied with its policies on ethical standards.

Share Trading 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 ("staff") where they are contemplating dealing in securities of the Company or the securities of entities with whom the Group may have dealings.

The Code of Conduct for transactions in securities is as follows:

a. The Share Trading and Continuous Disclosure Policy incorporates a Code of Conduct for Transactions in Securities ("Transactions Code"). The Transactions Code acknowledges that 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 the Company's securities or securities of other entities is fair and transparent.
b. The Transactions Code's purpose is to restrict share trading by Directors and staff to circumstances where it is unlikely that there would be any perception of insider trading in relation to dealings in the Company's securities or securities of other entities.
c. The Transactions Code prohibits share trading by Directors and staff in securities where they 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 Director or staff member to a person who is reasonably likely to trade in 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 nor be perceived as unfair.

The code requires written approval from the Chairman in advance of any transactions by staff for securities valued over $50,000.

The Directors are satisfied that the Group has complied with its policies regarding trading in securities.

A copy of the Share Trading Policy is available on the Company's website.

Diversity policy
The Company 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").

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

The Diversity Policy adopted by the Board outlines the Company'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.

The Nomination Committee is responsible for implementing the Diversity Policy, setting the Company's measureable objectives and benchmarks for achieving diversity and reporting to the Board on compliance with the Diversity Policy.

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

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

The Diversity Policy is available on the Company's website

In accordance with this policy and ASX Corporate Governance Principles, the Board will establish objectives in relation to gender diversity, if considered required. The position at 30 June 2012 is detailed as follows:

	Actual	
	Men	Women
Number of total employees	107	408
Percentage of total employees	21%	79%
Number of employees in senior executive positions	8	7
Percentage of employees in senior executive positions	53%	47%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

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 the Company's business. Its members are Stephen Lonie (Chairman), Greg Moynihan and Tony Bellas.

The Committee is responsible for a number of matters including:

a. Board and Committee structures, 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.

In fulfilling its responsibilities, the Audit and Risk Management Committee:

- Receives regular reports from management and the external auditors;
- Reviews the processes the Chief Executive Officer and Chief Financial Officer have in place to support their certifications to the Board;
- Reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- Meets with the external auditors at least twice a year, or more frequently if necessary;
- Meets separately with the external auditors at least twice a year without the presence of management; and
- Provides the external auditors with a clear line of direct communication at any time to either the Chair of the Audit and Risk Management Committee or the Chair of the Board.

The Audit and Risk Management Committee has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party.

Meetings of the Committee are expected to be 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.

Details of Director attendance at Audit and Risk Management Committee meetings are set out in the Directors' report on page 36.

External auditors
The Company and the Audit and Risk Management Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers ("PwC") was appointed as the external auditor in 2010. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years, and, in accordance with that policy, a new audit engagement partner will be introduced no later than for the year ended 30 June 2015.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the Directors' Report and in note 26 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the Audit and Risk Management Committee.

The external auditor will attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

PRINCIPLES 5 AND 6: MAKE TIMELY AND BALANCED DISCLOSURES AND RESPECT THE RIGHTS OF SHAREHOLDERS

Continuous disclosure and shareholder communication
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 ("staff") where the disclosure of information, which may materially affect the price or value of the Company's shares, is required.

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 the Company 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 would have a material effect on the price or value of the Company's securities. The Disclosure Policy provides a framework for the Board and officers of the Company 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 Share Trading and 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 the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange ("ASX"). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Company's website.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. Detailed work on this task is delegated to the Audit and Risk Management Committee and reviewed by the full Board.

The Audit and Risk Management Committee is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. It monitors the Company's risk management by overseeing management's actions in the evaluation, management, monitoring and reporting of material operational, financial, compliance and strategic risks. In providing this oversight, the Committee:

- Reviews the framework and methodology for risk identification, the degree of risk the Company is willing to accept, the management of risk and the processes for auditing and evaluating the Company's risk management system;
- Reviews Group-wide objectives in the context of these categories of corporate risk;
- Reviews and, where necessary, approves guidelines and policies governing the identification, Assessment and management of the Company's exposure to risk;
- Reviews and approves the delegations of financial authorities and addresses any need to update these authorities on an annual basis; and
- Reviews compliance with agreed policies.

The Committee recommends any actions it deems appropriate to the Board for its consideration.

Management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system and has to report to the Audit and Risk Management Committee on the effectiveness of:

- The risk management and internal control system during the year; and
- The Company's management of its material business risks.

Corporate reporting

In complying with recommendation 7.3, the Chief Executive Officer and Chief Financial Officer have made the following certifications to the Board, that:

- The Company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group and are in accordance with relevant accounting standards; and
- The statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects in relation to financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

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 Greg Moynihan (Chairman), Stephen Lonie and Tony Bellas.

The functions performed by the Committee are as follows:

a. Reviewing and evaluating of market practices and trends in remuneration matters;
b. Making recommendations to the Board in relation to the Company's remuneration policies and procedures;
c. Monitoring the performance of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, other members of senior management and Non-Executive Directors;
d. Making recommendations to the Board in relation to the remuneration of the Chief Executive Officer, 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 expected to be held at least three times each year. A broad agenda is laid down for each regular meeting according to an annual cycle.

Details of Director attendance at Remuneration Committee meetings are set out in the Directors' report on page 36.

Further information on Directors' and executives' remuneration, including principles used to determine remuneration, is set out in the Directors' Report under the heading 'Remuneration Report'.

Consolidated Statement of Comprehensive Income
For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Revenue	4	65,551	46,782
Other Income	5	683	-
Total revenue and other income		**66,234**	**46,782**
Employee benefits expenses		(38,691)	(26,403)
Occupancy expenses		(2,198)	(1,712)
Depreciation and amortisation expenses	6	(1,400)	(857)
Information technology and telecommunications expenses		(3,764)	(3,047)
Travel and entertainment expenses		(1,289)	(745)
Administrative and general expenses		(2,052)	(1,896)
Other expenses	6	-	(331)
Total operating expenses		**(49,394)**	**(34,991)**
Finance costs	6	(60)	(116)
Profit before income tax		**16,780**	**11,675**
Income tax expense	7	(4,982)	(3,407)
Profit for the year		**11,798**	**8,268**
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income for the year, attributable to the ordinary equity holders of Corporate Travel Management Limited		**11,798**	**8,268**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
- Basic (cents per share)		16.3	13.5
- Diluted (cents per share)		16.3	13.5

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

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Consolidated Statement of Financial Position
As at 30 June 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	12,210	15,681
Trade and other receivables	11	25,676	12,463
Financial assets at fair value	12	16	15
Other current assets	13	396	273
Total Current Assets		**38,298**	**28,432**
Non-current Assets			
Plant and equipment	14	2,572	1,348
Intangible assets	15	42,744	28,934
Total Non-current Assets		**45,316**	**30,282**
TOTAL ASSETS		**83,614**	**58,714**
LIABILITIES			
Current Liabilities			
Trade and other payables	17	22,927	15,717
Interest bearing borrowings	18	839	81
Borrowings - related parties	18,24	-	217
Income tax payable		2,096	1,618
Provisions	19	1,850	1,267
Total Current Liabilities		**27,712**	**18,900**
Non-current Liabilities			
Trade and other payables	17	266	269
Provisions	19	766	508
Deferred tax liabilities	7	1,861	806
Total Non-current Liabilities		**2,893**	**1,583**
TOTAL LIABILITIES		**30,605**	**20,483**
NET ASSETS		**53,009**	**38,231**
EQUITY			
Contributed equity	20(a)	34,344	25,548
Reserves	20(b)	(3)	-
Retained earnings	20(c)	18,668	12,683
TOTAL EQUITY		**53,009**	**38,231**

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

Consolidated Statement of Changes in Equity
For the year ended 30 June 2012

			Attributable to equity holders of the parent		
	Note	Contributed equity $'000	Retained earnings $'000	Reserves $'000	Total equity $'000
Balance at 30 June 2010		**6,583**	**5,165**	**-**	**11,748**
Total comprehensive income for the year		**-**	**8,268**	**-**	**8,268**
Transactions with owners in their capacity as owners:					
Shares issued	20	18,965	-	-	18,965
Dividends declared or paid	9	-	(750)	-	(750)
Balance at 30 June 2011		**25,548**	**12,683**	**-**	**38,231**
Total comprehensive income for the year		**-**	**11,798**	**-**	**11,798**
Transactions with owners in their capacity as owners:					
Shares issued	20	8,796	-	-	8,796
Dividends declared or paid	9	-	(5,813)	-	(5,813)
Net exchange differences on translation of foreign controlled entity	20	-	-	(3)	(3)
		8,796	**(5,813)**	**(3)**	**2,980**
Balance at 30 June 2012		**34,344**	**18,668**	**(3)**	**53,009**

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

Consolidated Statement of Cash Flows
For the year ended 30 June 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		60,421	47,748
Payments to suppliers and employees (including GST)		(50,180)	(35,690)
Interest received		274	139
Finance costs		(54)	(76)
Income tax received/ (paid)		(2,973)	54
Net cash flows from operating activities	10	**7,488**	**12,175**
Cash flows from investing activities			
Payment for plant and equipment		(2,135)	(489)
Payment for intangibles		(701)	(129)
Proceeds from sale of plant and equipment		-	38
Purchase of controlled entities, net of cash acquired	22,15	(9,482)	(10,272)
Payment for business acquired	22	-	(547)
Net cash flows used in investing activities		**(12,318)**	**(11,399)**
Cash flows from financing activities			
Proceeds from issue of new shares	20	6,709	18,390
Proceeds from borrowings		881	82
Repayments of borrowings		(544)	(1,838)
Repayment of related party loans	24	(217)	(2,796)
Receipt from related party receivable	24	337	-
Dividends paid	9	(5,813)	(750)
Net cash flows from financing activities		**1,353**	**13,088**
Net (decrease) / increase in cash and cash equivalents		(3,477)	13,864
Effects of exchange rate changes on cash and cash equivalents		6	-
Cash and cash equivalents at beginning of year		15,681	1,817
Cash and cash equivalents at end of year	10	**12,210**	**15,681**

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

Notes to the Financial Statements
For the year ended 30 June 2012

1. CORPORATE INFORMATION

The financial report of Corporate Travel Management Limited and its controlled entities (the "Group") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of Directors on 29 August 2012. The Directors have the power to amend and reissue the financial statements.

Corporate Travel Management Limited is a company limited by shares, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Corporate Travel Management Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

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

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

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities, at fair value through profit or loss and certain classes of plant and equipment.

(b) Statement of compliance

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations did not have any material financial impact on the amounts recognised in the financial statements of the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending 30 June 2012. The Group will continue to assess the impact of these standards, however, there are currently no new standards which management consider will have a significant impact on the amounts recognised in the financial statements.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Corporate Travel Management Limited and its controlled entities (the "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 intercompany balances and transactions, income and expenses and profit and losses resulting from intra-Group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred is measured as the fair value of the assets acquired, shares issued or liabilities incurred or assumed at the date of exchange, and, for acquisitions prior to 1 July 2009, included costs directly attributable to the combination. For acquisitions after 1 July 2009, acquisition-related costs are expensed in the period in which the costs are incurred, rather than being added to the cost of the business combination, as required by revised AASB 3 Business combinations. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

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

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in other income or other expenses in the Consolidated Statement of Comprehensive Income.

(e) Segment reporting

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

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision-makers have been identified as a group of key senior managers, which is the steering committee that makes strategic decisions.

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

(f) 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.

(i) 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.

(ii) 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 within the next financial year are discussed in this report, 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, 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. Refer to notes 2(o) and 16 for further details.
- *Impairment of intangible with finite life*
  Intangible assets are tested for impairment where an indicator of impairment exists, 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. Refer to note 2(o) for further details.
- *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.

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

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

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

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

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

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

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

(h) 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 measureable until all contingencies relating to the sale have been resolved. The Group bases its estimates

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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:

- *Sales revenue*
  Sales revenue represents commission or net revenue earned on transactions made through the provision of travel services, and includes any commissions payable by suppliers after completion of the transaction.
- *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.

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

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Lease payments are apportioned between the finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalised leased assets are amortised over the shorter of the estimated useful life of the asset or the lease term.

Operating lease payments, which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognised as an expense in the profit and loss in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

Incentives for entering into operating leases are recognised on a straight-line basis over the term of the lease.

Lease income from operating leases, where the Group is a lessor, is recognised in income on a straight-line basis over the lease term.

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

Client cash represents amounts from clients held before release to service and product suppliers.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined, net of outstanding bank overdrafts.

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

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

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

The amount of the impairment loss is recognised in the profit and loss in the Consolidated Statement of Comprehensive Income within administration expenses. When a trade receivable, for which an impairment allowance had been recognised, becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administration expenses in the profit and loss in the Consolidated Statement of Comprehensive Income.

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

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

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

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

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

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

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

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

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

Depreciation is calculated at the following rates:

Item	Rate
Plant and equipment under lease	
Motor Vehicles	18.75% - diminishing value
Plant and equipment	
Leasehold improvements	Over life of lease
Computer hardware	40.00% - straight line
Other plant and equipment	37.5% - diminishing value

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

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

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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

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

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

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

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.

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(p) 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.

Software acquired not as part of a business combination

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

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

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

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.

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

Item	Method	Internally generated/ acquired
Client contracts and relationships	Based on projected cash flows over estimated useful lives, currently ranging over two years	Acquired
Intellectual Property	5.00% - straight line	Acquired
Software	40.00% - straight line	Acquired

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

(q) Impairment of non-financial assets, other than goodwill and intangible assets

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

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

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

(r) Trade and other payables

Trade and other payables and client creditors are carried at original invoice amount and represent liabilities for goods and services provided to the Group to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are paid within terms ranging from 7 to 30 days from recognition.

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

(s) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

Borrowing costs

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

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

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

(t) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and, subsequently, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(u) Provisions

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

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

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

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

(v) Employee Benefits

(i) Wages, salaries, annual leave and sick leave

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

(ii) Long service leave

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

(iii) Retirement benefit obligations

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

(iv) Bonus plans

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

(v) Termination benefits

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

(w) 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.

(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance dates.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(y) Earnings per share

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

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

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

(z) Parent entity financial information

The financial information for the parent entity, Corporate Travel Management Limited, disclosed in note 25, has been prepared on the same basis as the consolidated financial statements, except as follows:

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Corporate Travel Management Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Corporate Travel Management Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Corporate Travel Management Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Corporate Travel Management Limited also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

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

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts, to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to or distribution from wholly-owned tax consolidated entities.

(iii) Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

3. SEGMENT REPORTING

(a) Description of segments
The operating segments are based on the reports reviewed by the Group of key senior managers that comprise the steering committee which makes strategic decisions.

The group of key senior managers considered to be the 'chief operating decision makers' ("CODM") include Jamie Pherous (CEO), Laura Ruffles (COO), Steve Fleming (CFO) and Nova Fleming (General Manager Corporate Services, until extended leave commencing 16 February 2012).

The CODM considers the business from a travel service perspective only.

There are currently no non-reportable segments.

(b) Segment information provided to the Chief Operating Decision Makers
As the Group currently only reports as a single service segment, being travel services, the balances reported in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows represent the results of this single segment.

There is no difference in the following items in the financial statements and the version reported to the CODM:

- Revenue from the sale of travel services;
- Revenue from external parties; and
- Assets and liabilities.

The Group operates predominantly in Australia, with a portion of the business also operating in New Zealand.

All revenue from external parties relates to Australia and New Zealand. Segment revenues are allocated based on the location of offices rather than by client location or destination.

	Travel Services		
	Australia $'000	New Zealand $'000	Total $'000
30 June 2012			
Revenue from the sale of travel services	63,406	1,255	64,661
Revenue from other sources	1,528	45	1,573
Revenue from external parties	**64,934**	**1,300**	**66,234**
Non-current assets			
- Plant and equipment	2,546	26	2,572
- Intangibles	42,054	690	42,744

	Travel Services		
	Australia $'000	New Zealand $'000	Total $'000
30 June 2011			
Revenue from the sale of travel services	44,740	1,167	45,907
Revenue from other sources	842	33	875
Revenue from external parties	**45,582**	**1,200**	**46,782**
Non-current assets			
- Plant and equipment	1,319	29	1,348
- Intangibles	28,241	693	28,934

No clients are deemed to be major clients for the purpose of disclosing any reliance on major customers.

4. REVENUE

	2012 $'000	2011 $'000
Revenue from the sale of travel services	64,661	45,907
Revenue from other sources		
Rental income	274	217
Interest	274	317
Other revenue	342	341
	890	875
Total Revenue	65,551	46,782

5. OTHER INCOME

	2012 $'000	2011 $'000
Re-measurement income of the fair value of contingent consideration - scrip earn-out - note 22(a)	683	-

6. EXPENSES

	2012 $'000	2011 $'000
Profit before income tax includes the following specific expenses:		
Depreciation and amortisation included in Statement of Comprehensive Income		
Depreciation of non-current assets –plant and equipment - note 14	1,056	648
Amortisation of non-current assets – intangibles - note 15	344	209
	1,400	857
Finance costs		
Bank loans	36	10
Finance charges under hire purchase contracts	7	9
Net exchange differences	(10)	38
Other interest	27	59
	60	116
Other expenses		
Re-measurement (income)/expense of the fair value of contingent consideration - scrip earn-out - note 22(c)	-	199
Issue costs incurred in relation to existing shares as part of the IPO – note 20	-	132
	-	331
Other expense disclosures		
Defined contribution superannuation expense	2,671	1,899
Rental expense relating to operating leases		
Minimum lease payments – operating leases	1,637	1,272
Net loss on the disposal of plant and equipment and intangible assets	-	32

7. INCOME TAX

	2012 $'000	2011 $'000
Income tax expense The major components of income tax expense are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	3,484	2,666
Adjustment in respect of current income tax of previous years	(35)	(61)
Deferred income tax		
Relating to origination and reversal of temporary differences	1,533	802
Income tax expense reported in the Consolidated Statement of Comprehensive Income	4,982	3,407
Decrease in deferred tax assets	48	220
Increase in deferred tax liabilities	1,485	582
	1,533	802
Accounting profit before income tax	16,780	11,675
At the Group's statutory income tax rate of 30% (2011: 30%)	5,034	3,503
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible amounts	(85)	21
Other amounts	18	1
	(67)	22
Recognition of temporary differences previously not brought to account	50	(57)
Adjustments for current tax of prior periods	(35)	(61)
Income tax expense	4,982	3,407

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	2012 $'000	2011 $'000
Deferred income tax		
Deferred tax assets		
Provisions and expenses not yet deductible	1,726	1,617
Tax losses carried forward	393	
Other	41	53
	2,160	1,670
Set-off against deferred tax liabilities	(2,160)	(1,670)
Net deferred tax assets	-	-
Deferred tax liabilities		
Difference tax to accounting depreciation/amortisation	32	76
Accrued income assessable in year of receipt	3,989	2,400
	4,021	2,476
Set-off against deferred tax assets	(2,160)	(1,670)
Net deferred tax liabilities	**1,861**	**806**
Deferred tax assets expected to be recovered within 12 months	1,965	1,370
Deferred tax assets expected to be recovered after more than 12 months	195	300
	2,160	**1,670**
Deferred tax liabilities expected to be settled within 12 months	4,021	2,413
Deferred tax liabilities expected to be settled after more than 12 months		63
	4,021	**2,476**

	At 1 July $'000	Transfer from income tax receivable $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	At 30 June $'000
Deferred tax assets						
2012						
Provisions and expenses not yet deductible	1,617	-	(36)	88	57	1,726
Tax losses carried forward	-	-	-	-	393	393
Other	53	-	(12)	-	-	41
	1,670	-	(48)	88	450	2,160
2011						
Provisions and expenses not yet deductible	902	385	(210)	443	97	1,617
Other	63	-	(10)	-	-	53
	965	385	(220)	443	97	1,670

	At 1 July $'000	Transfer from income tax receivable $'000	(Charged)/ credited in year via P&L $'000	(Charged)/ credited in year via equity $'000	Acquisition of subsidiaries $'000	At 30 June $'000
Deferred tax liabilities						
2012						
Difference tax to accounting depreciation /amortisation	76	-	(104)	-	60	32
Accrued income assessable in year of receipt	2,400	-	1,589	-	-	3,989
	2,476	-	1,485	-	60	4,021
2011						
Difference tax to accounting depreciation /amortisation	258	-	(182)	-	-	76
Accrued income assessable in year of receipt	1,398	-	764	-	238	2,400
	1,656	-	582	-	238	2,476

Tax consolidation

Corporate Travel Management Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2008. The accounting policy in relation to this tax consolidation is set out in note 2(m). Corporate Travel Management Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement in order to enable Corporate Travel Management Limited to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities amongst the entities should the head entity default on its tax payment obligations.

Tax effect accounting by members of the tax consolidated group

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

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

8. EARNINGS PER SHARE

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

	2012 $'000	2011 $'000
Net profit attributable to ordinary equity holders of the parent	11,798	8,268

	2012 Shares	2011 Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	72,445,981	61,164,521

9. DIVIDENDS PAID AND PROPOSED

	2012 $'000	2011 $'000
Ordinary shares		
Final franked dividend declared or paid for the year ended 30 June 2011 of 5 cents (2010: $12.39*) per fully paid share.	3,572	750
Interim franked dividend for the year ended 30 June 2012 of 3 cents (2011: $nil) per fully paid share.	2,241	-
	5,813	**750**
Approved by the Board of Directors on 29 August 2012 *(not recognised as a liability as at 30 June 2012).*		
Final franked dividend for the year ended 30 June 2012 of 6 cents (2011: 5 cents) per fully paid share.	4,498**	3,572**

* Had the calculation of this dividend been performed on a consistent basis to retrospectively include the impact of the share split in December 2010, the dividend paid would have been 1.5 cents per share.
** This dividend applies to all shares including the post balance date share issue, refer note 20.

	2012 $'000	2011 $'000
Franking credit balance		
The amount of franking credits available for the subsequent financial year are:		
• Franking account balance as at the end of the financial year at 30% (2011: 30%)	6,675	3,985
• Plus franking credits that will arise from the income tax payable/(the receipt of income tax receivable) as at the end of the financial year	2,096	1,618
Equals the amount of franking credits available for future reporting periods	8,771	5,603
• Less impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(1,928)	(1,531)
Balance of franking credits available for subsequent years	**6,843**	**4,072**

10. CASH AND CASH EQUIVALENTS

	2012 $'000	2011 $'000
Current Assets		
Cash at bank and on hand	5,685	3,907*
Cash on short term deposit	-	6,000
Client accounts (note 2(k))	6,525	5,774*
	12,210	**15,681**
Current Liabilities		
Bank overdraft	-	-
	-	-
Net cash assets per Statement of Cash Flows	**12,210**	**15,681**

* Client funds of $3,061,000 have been reclassified for comparability.

Cash at bank earns interest at floating rates based on daily bank deposit rates: 2012: 0.00%-3.50% (2011: 0.00%-4.75%).

The client accounts earn interest at floating rates based on daily bank deposit rates: 2012: 0.00%-5.20% (2011: 0.00%-5.20%).

The weighted average interest rate for the year was 1.74% (2011: 4.22%).

A bank overdraft facility of $125,000 (2011: $125,000) was in place but unused at 30 June 2012. The overdraft incurs interest at floating rates based on daily bank overdraft rates: 2012: 11.21% (2011: 11.06%).

Security for the bank overdrafts is detailed in note 18.

	2012 $'000	2011 $'000
Reconciliation of profit after income tax to net cash flows from operating activities		
Profit for the year	11,798	8,268
Adjustments for:		
Depreciation and amortisation	1,400	857
Diminution in value of investments	(1)	4
Make good provision accretion	16	2
Net exchange differences	(10)	38
IPO costs included in financing cashflow	-	132
Re-measurement of the fair value of contingent consideration	(683)	199
Net loss on disposal of non-current assets	-	32
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(12,401)	(4,257)
(Increase) in prepayments	(93)	(91)
Decrease in deferred tax balances	1,532	417
Decrease in current tax liability/(receivable)	478	3,003
Increase in payables and provisions	5,452	3,571
Net cash flow from operating activities	**7,488**	**12,175**
Disclosure of financing facilities		
Refer to note 18 and note 21.		
Non-cash financing and investing activities		
Acquisition of assets by means of finance leases (note 14)	-	-

11. TRADE AND OTHER RECEIVABLES

	2012 $'000	2011 $'000
Trade receivables (i)	14,022	8,040
Client receivables (i)	11,100	4,244
Allowance for doubtful debts	(203)	(259)
	24,919	12,025
Other receivables	757	438
	25,676	**12,463**

(i) Trade and client receivables are non-interest bearing and are generally on terms ranging from 1 to 30 days.

Allowance for doubtful debts
As at 30 June 2012, current trade receivables of the Group with a nominal value of $203,000 (2011: $259,000) were impaired. The amount of the provision is $203,000 (2011: $259,000). An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired. The amount of the allowance has been measured as the difference between the carrying amount of the receivables and the estimated future cash flows expected to be received from the relevant debtor. There were no impaired trade receivables for the parent in 2012 or 2011.

	2012 $'000	2011 $'000
The ageing of these trade and client receivables is as follows:		
0-30 days	-	-
31-60 days	-	-
60+ days	203	259
Balance at 30 June	203	259
Movements in provision for doubtful debts were as follows:		
At 1 July	259	155
Charge/(release) for the year	(22)	85
Amounts written off	(34)	(21)
Movements through acquisitions of entities	-	40
Balance at 30 June	203	259

As of 30 June 2012, trade receivables of $6,914,000 (2011: $4,057,000) were past due but not impaired. Operating units are following up on these receivables with the relevant debtors and are satisfied that payment will be received in full.

	2012 $'000	2011 $'000
The ageing analysis of these trade and client receivables is as follows:		
0-30 days	3,306	2,223
31-60 days	811	648
60+ days	2,797	1,186
Balance at 30 June	6,914	4,057

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

Fair value and credit risk
Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivable. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purposes entities.

Market risk
There is not considered to be any additional risk due to the market.

Interest rate risk
Detail regarding interest rate risk exposure is disclosed in note 21.

12. FINANCIAL ASSETS AT FAIR VALUE

	2012 $'000	2011 $'000
Current Assets		
Shares in unlisted companies	6	6
Shares in listed companies	10	9
	16	**15**

13. OTHER CURRENT ASSETS

Prepayments	**396**	**273**

14. PLANT AND EQUIPMENT

	Plant and equipment under lease $'000	Plant and equipment owned $'000	Total plant and equipment $'000
2012			
Cost	160	5,499	5,659
Accumulated amortisation/depreciation	(51)	(3,036)	(3,087)
	109	**2,463**	**2,572**
At 1 July, net of accumulated amortisation/ depreciation	117	1,231	1,348
Additions	-	2,245	2,245
Additions through the acquisition of entities/ businesses (note 22)	-	35	35
Disposals	-	-	-
Amortisation/depreciation charge for the year	(8)	(1,048)	(1,056)
At 30 June, net of accumulated amortisation/ depreciation	**109**	**2,463**	**2,572**
2011			
Cost	160	3,173	3,333
Accumulated amortisation/depreciation	(43)	(1,942)	(1,985)
	117	**1,231**	**1,348**
At 1 July, net of accumulated amortisation/ depreciation	181	1,376	1,557
Additions	-	501	501
Additions through the acquisition of entities/ businesses (note 22)	-	10	10
Disposals	(55)	(17)	(72)
Amortisation/depreciation charge for the year	(9)	(639)	(648)
At 30 June, net of accumulated amortisation/ depreciation	**117**	**1,231**	**1,348**

Leased assets and assets under hire purchase agreements are pledged as security for the related finance lease and hire purchase liabilities.

No additions during the year (2011: $nil) were financed under finance lease agreements.

Additions of $141,000 (2011: $12,000) relate to the lease make good asset recognised under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.* This amount corresponds with the provision for make good in note 19.

15. INTANGIBLE ASSETS

	Client contracts and relationships $'000	Intellectual property $'000	Software $'000	Goodwill $'000	Total intangible assets $'000
2012					
Cost	761	189	1,248	41,942	44,140
Accumulated amortisation	(616)	(101)	(489)	(190)	(1,396)
	145	**88**	**759**	**41,752**	**42,744**
At 1 July, net of accumulated amortisation	223	98	100	28,513	28,934
Additions	-	-	701	-	701
Additions through the acquisition of entities/ businesses (note 22)	200	-	14	13,229	13,443
Disposals	-	-	-	-	-
Amortisation charge for the year	(278)	(10)	(56)	-	(344)
Change due to changes in foreign currency exchange rates	-	-	-	10	10
At 30 June, net of accumulated amortisation	**145**	**88**	**759**	**41,752**	**42,744**
2011					
Cost	561	189	470	28,703	29,923
Accumulated amortisation	(338)	(91)	(370)	(190)	(989)
	223	**98**	**100**	**28,513**	**28,934**
At 1 July, net of accumulated amortisation	-	107	46	11,359	11,512
Additions	-	-	129	-	129
Additions through the acquisition of entities/ businesses (note 22)	350	-	-	17,179	17,529
Disposals	-	-	(2)	-	(2)
Amortisation charge for the year	(127)	(9)	(73)	(25)	(234)
Change due to changes in foreign currency exchange rates	-	-	-	-	-
At 30 June, net of accumulated amortisation	**223**	**98**	**100**	**28,513**	**28,934**

16. IMPAIRMENT TESTING OF GOODWILL

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

	2012 $'000	2011 $'000
The carrying amount of Goodwill allocated to the cash generating unit:		
Travel Services	41,752	28,513
	41,752	28,513

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

	Travel Services 2012	Travel Services 2011
Pre tax discount rate applied to the cash flow projection	14.83%	15.58%
Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:		
Revenue; and	3.5%	3.5%
Operating costs.	3.0%-4.0%	3.1%
Terminal value	6 times	6 times

Key assumptions used in value in use calculations for the years ended 30 June 2012 and 30 June 2011

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

- Budgeted revenue values – the basis used to determine the value assigned to the budgeted sales volume is the average value achieved in the year immediately before the budgeted year, adjusted for growth and other known circumstances.
- Budgeted operating expenses – the basis used to determine the value assigned to the budgeted costs is the average value achieved in the year immediately before the budgeted year, adjusted for growth and other known circumstances.
- Terminal value – calculated based on a multiple of estimated Year 5 Earnings before interest, tax, depreciation and amortisation.

Sensitivity to changes in assumptions

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

Assumption	Possible change considered	Change required to indicate an impairment
Growth rates – Travel Services:		
Revenue	Reduction in yield rates, client retention	Decrease of 6.4% to (2.9%)
Operating costs	Higher labour and/or other support costs	Increase of 7.4% to 10.4%-11.4%

17. TRADE AND OTHER PAYABLES

	2012 $'000	2011 $'000
Current		
Trade payables (i)	949	268
Client creditors (i)	14,486	5,842
Other payables and accruals	3,475	3,732
Contingent consideration payable – note 22(a)	4,017	5,875
	22,927	**15,717**
Non-current		
Other payables and accruals	266	269
	266	**269**

(i) Trade payables and client creditors are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.

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

Interest rate and liquidity risk
Information regarding interest rate and liquidity risk exposure is set out in note 21.

18. BORROWINGS

	Maturity	2012 $'000	2011 $'000
Current			
Interest bearing borrowings			
Obligations under hire purchase contracts (i)	2013	52	62
Loans (ii)	2013	787	19
		839	**81**
Borrowings - Related parties (note 24)			
Helen Logas		-	217
		-	**217**

(i) Hire purchase contracts
The remaining hire purchase contract is secured by a limited unsupported guarantee in the name of J Pherous, in excess of the residual loan values.

(ii) Loans
The loans, as part of the overall facilities including term loans, overdraft, merchant facilities, and bank guarantees, are fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Pty Ltd.

The loan balance held at 30 June 2012 was an interest only facility. The facility was converted on 6 July 2012 to have a repayment schedule.

The interest rates applicable to these facilities are 7.96%-9.51% (2011: 5.81%-9.95%).

The weighted average interest rate for all borrowings, including the overdraft during the year, was 8.06% (2011: 8.98%).

(iii) Borrowings from related parties
Balances owed to other related parties relate to unpaid dividends owed to shareholders. The balances were unsecured, had no fixed repayment plans and did not accrue interest. Repayments expected to be made in the next 12 months are disclosed as current balances.

See note 24 for details on the movements in these balances in the current year.

Fair values
Unless disclosed in the following table, the carrying amount of the Group's current and non-current borrowings approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates varying from 7.96%-9.51% (2011: 5.81%-9.95%) depending on the type of borrowing.

	Carrying amount		Fair value	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Obligations under hire purchase contracts	52	62	49	59
Loans	787	19	758	19
	839	81	807	78

Interest rate and liquidity risk
Details regarding interest rate and liquidity risk are disclosed in note 21.

Financial facilities
As at 30 June 2012, the Group had facilities with the Westpac Bank, including term loans, overdraft, merchant facilities and bank guarantees, that were fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Pty Ltd.

As at the signing of this report, the Group has contracted for new facilities with the ANZ bank, covering overdraft, merchant facilities, bank guarantees and an accessible line of credit. The transition to these new ANZ facilities is currently in progress.

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19. PROVISIONS

	Employee entitlements $'000	Make good provision $'000	Total $'000
At 1 July 2011	1,688	87	1,775
Arising during the year	2,652	157	2,809
Acquisition of subsidiary	278	-	278
Utilised	(2,217)	(29)	(2,246)
	2,401	215	2,616
Current 2012	1,777	73	1,850
Non-current 2012	624	142	766
	2,401	215	2,616
Current 2011	1,252	15	1,267
Non-current 2011	436	72	508
	1,688	87	1,775

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

The assumptions used to calculate the provision were based on current assessments of the possible timing of the restoration liability crystallising and on current restoration costs being accreted at rates of 2.6% to 3.1% (2011: 2.6% to 4.5%).

20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS

	2012 $'000	2011 $'000
(a) Contributed equity		
Ordinary shares		
Issued and fully paid	**34,344**	**25,548**

Effective 1 July 1998, the Corporations' legislation abolished the concepts of authorised capital and par value shares. Accordingly, the Group does not have authorised capital nor par value in respect of its issued shares.

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

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	Number of shares	$'000
Opening balance as at 1 July 2010	**60,509**	**6,583**
Share split (i)	50,309,491	-
Shares issued (i)	20,000,000	18,965
At 30 June 2011	**70,370,000**	**25,548**
Shares issued (ii)	1,075,800	2,000
Shares issued (iii)	3,255,800	6,796
At 30 June 2012 (iv)	**74,701,600**	**34,344**

Shares issued
(i) A total of 20.0m shares were issued as part of the Initial Public Offering ("IPO") in December 2010. Prior to the IPO, existing shareholders undertook a share split at a ratio of 1:832.4381. Issue costs of $1.610m ($1.127m net of tax) were incurred as part of the IPO. Of these costs incurred, the portion relating to existing shares of $0.132m ($0.092m net of tax) has been recognised in administrative and general expenses in the Consolidated Statement of Comprehensive Income.

(ii) A total of 1,075,800 shares were issued on 4 August 2011, as part of the deferred consideration for the Travelcorp business combination - refer note 22.

(iii) A total of 3,255,800 shares were issued on 27 February 2012, as part of a share placement.

(iv) A total of 269,400 shares were issued on 2 July 2012, as part of the initial consideration for the US business combination - refer note 27.

Capital management
Corporate Travel Management Limited maintains a conservative funding structure that allows the Company to meet its operational and regulatory requirements, while providing sufficient flexibility to fund future strategic opportunities.

The Group's capital structure includes a mix of debt (refer to note 18), general cash (refer to note 10) and equity attributable to the parent's equity holders.

When determining dividend returns to shareholders, Corporate Travel Management Limited's Board considers a number of factors, including the Company's anticipated cash requirements to fund its growth and operational plans and current and future economic conditions.

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

	2012 $'000	2011 $'000
Total borrowings	839	81
Total equity	53,009	38,231
Gearing ratio	**1.58%**	**0.21%**

	2012 $'000	2011 $'000
(b) Foreign currency translation reserve		
Movements in this reserve were as follows:		
Balance 1 July	-	-
Net exchange differences on translation of foreign operations	(3)	-
Balance 30 June	**(3)**	**-**

	2012 $'000	2011 $'000
(c) Retained earnings		
Movements in retained earnings were as follows:		
Balance 1 July	12,683	5,165
Net profit for the year	11,798	8,268
Dividends	(5,813)	(750)
Balance 30 June	**18,668**	**12,683**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks which are summarised in this note. The Group is not exposed directly to foreign exchange or commodity trading risks. The only foreign exchange impacts relate to revaluation on consolidation of the New Zealand subsidiary and the revaluation of intercompany balances between the New Zealand subsidiary and the rest of the Group.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate and the Group's policy is to manage its interest cost using a mix of the financial instruments described in this report. The level of debt is disclosed in note 18.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2012 $'000	2011 $'000
Financial Assets		
Cash	12,210	15,681
	12,210	15,681
Financial Liabilities		
Overdraft	-	-
Borrowings	(839)	(81)
	(839)	(81)
Net exposure	**11,371**	**15,600**

The Group constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the Statement of Financial Position date. At 30 June 2012, if interest rates had moved, as illustrated in the following table, with all other variables held constant, post tax profit would have been affected as follows:

	2012 $'000	2011 $'000
Judgements of reasonably possible movements:		
+2% (200 basis points)	(163)	(218)
- 2% (200 basis points)	163	218

These movements in profit are due to higher/lower interest costs from variable rate debt and cash balances.

Credit risk

The Group trades only with recognised, creditworthy third parties and the Group's policy is that all clients which wish to trade on credit terms are subject to credit verification procedures and subsequent risk limits which are set for each individual client in accordance with the Group's policies.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is not considered to be significant.

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

The Group trades only with recognised, creditworthy third parties, and, as such, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

Liquidity risk

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

The Group manages liquidity risk by monitoring cash flows and estimating future operational draws on cash reserves.

The following table reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2012. No derivative financial instruments are held and for other obligations, the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2012.

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

	Contractual Cashflows		Carrying amount	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
1 year or less	23,797	16,016	23,766	16,015
1-5 years	266	269	266	269
Over 5 years	-	-	-	-
	24,063	16,285	24,032	16,284

22. BUSINESS COMBINATIONS

a) ETM
On 3 October 2011, the Group acquired 100% of the issued shares in ETM Travel Pty Ltd ("etm"), a Melbourne based travel management company, which enabled the Group to enhance its events offering and provide a complete integrated corporate travel solution to clients. In addition, the acquisition strengthens the Group's presence in the Victorian market.

The initial cost of the acquisition was $8,500,000, with further contingent consideration payable as at 31 August 2012, as set out in this note.

The potential undiscounted amount of all the future payments that the Group could be required to make, to the extent that net profit before tax in the earn out period from 3 October 2011 to 30 June 2012 exceeds $1,275,000 ranges from $1 and is capped at $4,100,000.

At the acquisition date, the projected result for the nine months ending 30 June 2012 was assessed, to determine the acquisition date fair value of this contingent consideration as at the acquisition date, as set out in the following table. Any subsequent adjustment to the final contingent consideration, based on the actual result as at 30 June 2012, is reflected in the Consolidated Statement of Comprehensive Income.

	$'000
Purchase consideration:	
Initial cash paid/payable*/**	8,500
Acquisition date fair value contingent consideration – cash earn-out **	4,100
Total acquisition date fair value contingent consideration	**12,600**
Re-measurement of the fair value of the contingent consideration – cash earn-out recognised as income in the Statement of Comprehensive Income – note 5**	(683)
Final purchase consideration payable	**11,917**

*$7,900,000 paid in the year to 30 June 2012 and the balance of $600,000 payable 31 August 2012.

** The estimated future amounts payable totalling $4,017,000 have been included in current Trade and Other Payables in the Consolidated Statement of Financial Position at 30 June 2012.

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

Item	Acquiree's carrying amount $'000	Fair Value $'000
Cash and cash equivalents	2,633	2,633
Accounts receivable	2,156	2,156
Receivable from related parties	337	337
Other assets	544	544
Plant and equipment	35	35
Software	14	14
Client contracts and relationships	-	200
Trade and other payables	(6,239)	(6,239)
Provisions	(278)	(278)
Borrowings	(421)	(421)
Deferred tax balances	450	390
Net identifiable assets/(liabilities) acquired	**(769)**	**(629)**
Goodwill on acquisition		13,229
Net assets acquired		**12,600**

The consideration payable for the combination effectively includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of the acquiree, which has resulted in goodwill of $13,229,000. No portion of this goodwill balance is expected to be deductible for tax purposes.

Acquisition related costs of $132,000 are included in administrative and general expenses in the Consolidated Statement of Comprehensive Income. The acquired business contributed revenues of $7,035,000 and net profit after tax of $1,257,000 to the Group for the period 3 October 2011 to 30 June 2012. If the acquisition had occurred on 1 July 2011, Group consolidated revenue and consolidated profit for the year ended 30 June 2012 would have been $68,579,000 and $12,217,000 respectively.

b) New Zealand business (prior period)

The Group acquired the business of a New Zealand based travel management company, effective from 3 August 2010. The cost of the acquisition at acquisition date was $629,000 (NZ $775,000), with a further $95,000 (NZ $125,000) available on earn out.

	$'000
Purchase consideration:	
Cash paid*	629
Contingent consideration paid on 1 August 2011	95
Total purchase consideration	**724**

*This amount includes the deposit of $81,950 paid prior to June 2010.

The fair values of the assets and liabilities of the New Zealand business acquired as at the date of acquisition are as follows:

	Fair Value $'00
Plant & equipment	10
Client contracts and relationships	17
Total Fair Value of Identifiable Net Assets	**27**
Goodwill on acquisition	**697**

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of acquiree, which has resulted in goodwill of $697,000. No portion of this goodwill balance is expected to be deductible for tax purposes.

c) Travelcorp (prior period)

On 3 January 2011, the Group acquired 100% of the issued shares in Travelcorp Holdings Pty Ltd, a Sydney based travel management company. The initial cost of the acquisition was $11,125,000, with further contingent consideration payable as at 31 July 2011, as set out in this note.

The potential undiscounted amount of all future payments that the Group could be required to make based on the financial criteria were as follows:

- $3,875,000 in cash earn-out, based on Travelcorp achieving Net Profit Before Tax (NPBT) earnings of $1,500,000 for the six months ending 30 June 2012, calculated under certain specific criteria included in the purchase agreement; and
- Further scrip earn-out calculated on a four times multiple on the amount by which the Travelcorp business exceeds NPBT above $1,500,000 for the 6 month period ending 30 June 2012, calculated under certain specific criteria included in the purchase agreement. There was no cap on the scrip earn-out.

At the acquisition date, the projected result for the six months ending 30 June 2011 was assessed to determine the acquisition date fair value of this contingent consideration as at the acquisition date, as set out in the following table. Any subsequent adjustment to the final contingent consideration paid, based on the actual result as at 30 June 2012, has been reflected as an expense in the Consolidated Statement of Comprehensive Income.

	$'000
Purchase consideration:	
Initial Cash paid	11,125
Acquisition date fair value contingent consideration – cash earn-out*	3,875
Acquisition date fair value contingent consideration – scrip earn-out*	1,801
Total acquisition date fair value purchase consideration	**16,801**
Re-measurement of the fair value of the contingent consideration – scrip earn-out recognised as an expense in the Statement of Comprehensive Income – note 6*	199
Final purchase consideration paid as at 31 July 2011	**17,000**

* At 30 June 2012, $nil (2011: $5,875,000) was reported as contingent consideration payable in Note 17.

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

	Acquiree's carrying amount $'000	Fair Value $'000
Cash and cash equivalents	853	853
Accounts receivable	3,152	3,152
Other assets	10	11
Goodwill	2,657	-
Client contracts and relationships	-	333
Trade and other payables	(3,737)	(3,737)
Provisions	(152)	(152)
Deferred tax balances	(141)	(141)
Net identifiable assets/(liabilities) acquired	**2,642**	**319**
Goodwill on acquisition		16,482
Net assets acquired		**16,801**

The consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of acquiree, which has resulted in goodwill of $16,482,000. No portion of this goodwill balance is expected to be deductible for tax purposes.

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23. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases for the rental of premises. These leases have an average life of between 1 and 3 years. There are no restrictions placed upon the lessee by entering into these leases.

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

	2012 $'000	2011 $'000
Within one year	1,341	1,669
After one year but not more than five years	1,985	1,376
More than five years	-	-
	3,326	**3,045**

Other Loan Commitments

The Group has hire purchases contracts for various items of plant and equipment.

Future minimum payments under the hire purchases contracts are as follows:

	2012 $'000	2011 $'000
Within one year	53	63
After one year but not more than five years	-	-
Total minimum lease payments	53	63
Less amounts representing finance charges	(1)	(1)
Present value of minimum lease payments	**52**	**62**

Capital Commitments

There were $38,000 of capital commitments as at reporting date (2011: $151,000).

Contingencies

Guarantees/Letter of credit facilities

The Group has provided bank guarantees and letters of credit in relation to various facilities with vendors and in accordance with local travel agency licensing and International Air Transport Regulations. Guarantees provided by the parent are held on behalf of other group entities.

Guarantees provided for:

	2012 $'000	2011 $'000
Various vendors	1,448	1,196
	1,448	**1,196**

Guarantees, as part of the overall facilities including term loans, overdraft, merchant facilities and bank guarantees, are fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Pty Ltd.

There were no other contingencies as at reporting date (2011 - $nil).

24. RELATED PARTY DISCLOSURES

(i) Controlled Entities

The consolidated financial statements include the financial statements of Corporate Travel Management Limited and the subsidiaries listed in the following table:

		Percentage of Equity Interest Held		Investment	
Name	**Country of Incorporation**	**2012 %**	**2011 %**	**2012 %**	**2011 %**
Corporate Travel Management Group Pty Ltd	Australia	100	100	20,990	20,990
Sainten Pty Ltd	Australia	100	100	3,094	3,094
Floron Nominees Pty Ltd	Australia	100	100	2,907	2,907
WA Travel Management Pty Ltd	Australia	100	100	180	180
Travelogic Pty Ltd	Australia	100	100	1	1
Corporate Travel Management (New Zealand) Limited	New Zealand	100	100	-	-
Travelcorp Holdings Pty Ltd	Australia	100	100	16,801	16,801
Travelcorp (Aust) Pty Ltd	Australia	100	100	-	-
ETM Travel Pty Ltd	Australia	100	-	12,600	-
Corporate Travel Management North America Limited	US	100	-	-	-
Total investments in controlled entities – at cost				**56,573**	**43,973**

Corporate Travel Management Limited is the ultimate parent entity - refer to notes 2(a) and 2(c) with respect to the basis of preparation and basis of consolidation accounting policies.

ETM Travel Pty Ltd was acquired in the business combination completed on 3 October 2011.

Corporate Travel Management North America Limited was incorporated on 29 June 2012 to hold the USA business acquired 2 July 2012.

(ii) Deed of Cross Guarantee

Entities subject to class order relief

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

By entering into the Deed, the wholly owned Australian entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321, 01/1087, 02/0248 and 02/1017) issued by the Australian Securities and Investments Commission.

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Closed Group Class Order Disclosures

Corporate Travel Management Limited and all of its controlled entities are party to the above Deed of Cross Guarantee and represent a 'Closed Group' for the purposes of the Class Order.

As the consolidated financial statements cover all parties to the Deed of Cross Guarantee, no separate disclosure of consolidated information of the Closed Group has been made.

(iii) Transactions with Directors and Director related entities

During the year, $227,319 (2011: $203,802) has been paid to a party related to J Pherous for rent and outgoings in relation to an office lease. The balance outstanding at 30 June 2012 is $19,268 (2011: $nil).

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

Details of security provided by Directors and their related parties are detailed in note 18 and note 24.

(iv) Transactions with shareholders and shareholder related entities

Balances of loans outstanding to shareholders in relation to unpaid dividends are detailed in note 18. The balances were unsecured, had no fixed repayment plans and did not accrue interest.

Details of security provided by shareholders and their related parties are detailed in note 18 and note 24.

Borrowings owed to shareholders	**2012 $**	**2011 $**
Balance 1 July	**217,058**	**2,162,616**
Loans recognised from the acquisition of entities/businesses	-	850,000
Repayments of loan balances outstanding	(217,058)	(2,795,558)
Balance 30 June	**-**	**217,058**

(v) Transactions other related parties

Receivables from the former etm Directors were held as at the etm acquisition date (refer note 22). These balances related to the finalisation of the loan owed by etm at that date. The balances were unsecured, had no fixed repayment plans and did not accrue interest.

Receivables from other related parties	**2012 $**	**2011 $**
Balance 1 July	-	-
Receivables recognised from the acquisition of entities/businesses	337,437	-
Repayments of loan balances outstanding	(337,437)	-
Balance 30 June	-	-

25. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information
The individual financial statements of the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Statement of Financial Position		
Current assets	11,121	9,360
Total assets	68,064	53,786
Current liabilities	6,548	7,868
Total liabilities	6,548	7,868
Shareholders' equity		
Issued capital	54,747	45,951
Retained earnings	6,769	(33)
	61,516	45,918
Profit or loss for the year	**(12,615)**	**(681)**
Total comprehensive income	**(12,615)**	**(681)**

(b) Guarantees entered into by the parent entity
The parent entity is party to the overall financing arrangements and related security, as detailed in note 18 and note 24.

In addition, the parent is party to the Group's cross guarantee arrangements, as detailed in note 24.

There are no other financial guarantees provided by the parent entity

(c) Contingent liabilities of the parent entity
The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

(d) Contractual commitments
The parent entity did not have any contractual commitments at 30 June 2012 or 30 June 2011.

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26. AUDITORS' REMUNERATION

The auditor of the Group is PricewaterhouseCoopers

	2012 $	2011 $
Amounts received or due and receivable by PricewaterhouseCoopers Australia:		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	271,737	330,870
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	64,522	17,990
- Tax services – acquisitions	36,000	-
- Transaction services – Initial Public Offering	-	215,288
	372,259	**564,148**
Other PricewaterhouseCoopers network firms: • Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	8,843	3,530
- Tax services – acquisitions	31,916	-
	40,759	**3,530**
	413,018	**567,678**

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Other than the following items, 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 of affairs of the Group or subsequent financial years.

The acquisition of 100% of the shares of R&A Travel Inc ("R&A"), a US based travel management company, was completed on 2 July 2012. As part of this transaction, a deposit of $244,459 (US $250,000) was paid prior to 30 June 2012, and $4,527,151 (US $4,613,620) of cash and $516,515 (US $526,380) of shares is payable on completion. Further contingent consideration of up to $3,885,782 (US $3,960,000) in cash and share earn-out may also be payable on 31 August 2013 and 31 August 2014, based on R&A Travel Inc achieving annual EBITDA earnings of US $1,700,000 by 30 June 2014. Should actual EBITDA earnings not reach this level by 30 June 2014, the amount of the cash and share earn-out will be reduced.

The determination of the final amount of the total consideration will depend on results to 30 June 2014 and, at the date of this report, a formal assessment as to whether these criteria will be met has not yet been finalised.

28. DIRECTOR AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

(i) Directors	
Mr T Bellas	Non-Executive Director.
Mr S Lonie	Non-Executive Director.
Mr G Moynihan	Non-Executive Director.
Mr J Pherous	Managing Director.
Ms C Gray	Executive Director.
(ii) Other executives	
Mr S Fleming	Chief Financial Officer.
Ms L Ruffles	Chief Operating Officer.
Ms N Fleming	General Manager Corporate Services (included in other executives until commencing extended leave 16 February 2012).

There were no changes in key management personnel after reporting date and before the date the financial report was authorised for issue.

b) Compensation of key management personnel

Compensation by Category: key management personnel

	2012 $	2011 $
Short-term	1,419,289	1,485,994
Post employment	116,272	121,454
Long-term benefits	10,264	8,876
	1,545,825	**1,616,324**

c) Compensation options: Granted during the year

During the financial year, no share options were granted as equity compensation benefits (2011: nil).

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d) Shares held by Key Management Personnel

	Balance at 30 June 2011	Purchased	Disposed	Other changes during year	Balance at 30 June 2012
Directors **Ordinary shares**					
Mr J Pherous	26,599,728	-	-	-	26,599,728
Ms C Gray	5,424,999	-	-	-	5,424,999
Mr T Bellas	200,000	-	-	-	200,000
Mr S Lonie	200,000	-	-	-	200,000
Mr G Moynihan	200,000	-	-	-	200,000
Other key management personnel of the group **Ordinary shares**					
Ms L Ruffles	150,000	-	-	-	150,000
Mr S Fleming	150,000	-	-	-	150,000
Ms N Fleming	-	-	-	-	-

	Balance at 30 June 2010	Purchased	Disposed	Other changes during year	Balance at 30 June 2011
Directors **Ordinary shares**					
Mr J Pherous	31,954	-	-	26,567,774*	26,599,728
Ms C Gray	6,517	-	-	5,418,482*	5,424,999
Mr T Bellas	-	200,000	-	-	200,000
Mr S Lonie	-	200,000	-	-	200,000
Mr G Moynihan	-	200,000	-	-	200,000
Other key management personnel of the group **Ordinary shares**					
Ms L Ruffles	-	150,000	-	-	150,000
Mr S Fleming	-	150,000	-	-	150,000
Ms N Fleming	-	-	-	-	-

* A share split was performed prior to the Initial Public Offering as detailed in Note 20.

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

e) Loans to Key Management Personnel

There were no loans provided to or received from key management personnel during the financial year (2011: $nil).

f) Other transactions and balances with Key Management Personnel

Details of other transactions with Key Management Personnel are set out in note 24.

Directors' Declaration

In the Director's opinion:

a. The financial statements and notes set out on pages 54-105 are in accordance with the *Corporations Act 2001*, including:
   (i) Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and
b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
c. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Tony Bellas

Mr T Bellas
Chairman

Mr J Pherous
Managing Director

Brisbane, 29 August, 2012

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

Report on the financial report

We have audited the accompanying financial report of Corporate Travel Management Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2012, the statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

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Independent auditor's report to the members of Corporate Travel Management Limited (continued)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Corporate Travel Management Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

 (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 15 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Corporate Travel Management Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Brett Delaney
Partner

Brisbane
29 August 2012

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Shareholder Information

The shareholder information set out below was applicable at 24 August 2012.

A. Distribution of equity securities
Analysis of numbers of equity security holders by size of holding:

	Number of Shareholders
1 – 1,000	112
1,001 – 5,000	502
5,001 – 10,000	280
10,001 – 100,000	285
100,001 and over	40
	1,219

There were 16 holders of less than a marketable parcel of ordinary shares.

B. Equity security holders
Twenty largest quoted equity security holders
The names of the twenty largest holders of quoted equity securities are listed as follows:

	Ordinary shares	
	Number held	Percentage of issued shares
Pherous Holdings Pty Limited	26,599,728	35.89%
Claire Lesley Gray	5,424,999	7.32%
Steven Craig Smith	4,779,649	6.45%
Matthew Michael Cantelo	3,460,032	4.67%
Mr Matthew Dalling	3,420,282	4.61%
J P Morgan Nominees Australia Limited	2,338,355	3.15%
National Nominees Limited	1,567,912	2.12%
Aust Executor Trustees SA Limited	1,563,210	2.11%
HSBC Custody Nominees (Australia) Limited	1,407,288	1.90%
RBC Investor Services Australia Nominees Pty Limited	1,368,055	1.85%
Helen Logas	1,075,800	1.45%
J P Morgan Nominees Australia Limited	835,328	1.13%

(continued on next page)

	Ordinary shares	
	Number held	Percentage of issued shares
Matimo Pty Limited	784,157	1.06%
Doobie Investments Pty Limited	784,157	1.06%
AMJJAS Pty Ltd	730,759	0.99%
UBS Wealth Management Australia Nominees Pty Ltd	674,500	0.91%
Lyndall Mccabe	667,911	0.90%
BNP Paribas Noms Pty Ltd	570,001	0.77%
BNP Paribas Noms Pty Ltd	496,415	0.67%
Mr Michael Pherous and Mrs Diane Pherous	410,000	0.55%
Citicorp Nominees Pty Limited	321,053	0.43%
	59,279,591	**79.98%**

C. Substantial holders

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

	Number held	Percentage of issued shares
Ordinary shares		
Pherous Holdings Pty Limited	26,599,728	35.89%
Claire Lesley Gray	5,424,999	7.32%
Steven Craig Smith	4,779,649	6.45%
Matthew Michael Cantelo (including personal holdings and an interest in Doobie Investments Pty Limited)	4,244,189	5.73%
Mr Matthew Dalling (including personal holdings and an interest in Matimo Pty Limited)	4,204,439	5.67%

Ordinary shares voting rights

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

corporate directory

Directors

Mr T Bellas
Mr S Lonie
Mr G Moynihan
Mr J Pherous
Ms C Gray

Joint Company Secretaries

Mrs L McCabe
Mr S Fleming

Principal registered office in Australia

27A Elizabeth Arcade
52 Charlotte Street
Brisbane QLD 4000

Share registry

Link Market Services Limited
Level 15, 324 Queen Street
Brisbane QLD 4000

Auditor

PricewaterhouseCoopers
Riverside Centre
Level 15, 123 Eagle Street
Brisbane QLD 4000

Stock exchange listings

Corporate Travel Management Limited shares are listed on the Australian Securities Exchange

Website address

www.travelctm.com

Corporate Travel Management Limited

ABN 17 131 207 611
Registered office:
27A/52 Charlotte Street
Brisbane Queensland 4000