

Corporate Travel Management Limited

ABN 17 131 207 611

Registered office:
27A/52 Charlotte Street
Brisbane Queensland 4000

Annual Financial Report

for the year ended 30 June 2013

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Chairman's Report

I am pleased to present the 2013 Annual Report of Corporate Travel Management Limited ("CTM").

The Company has had another strong year, delivering excellent growth in profitability and return on equity to shareholders, despite the challenging economic conditions. This result has been underpinned by enhanced services to our clients, including the development of further innovative products.

During the year, the Company started an exciting new era with its entry into the North American market. Two acquisitions were made during the year, being R&A Travel on 2 July 2012 and Travelcorp LLC on 1 May 2013. These acquisitions provide the Company with an important platform to advance further growth, creating the ability to cross sell to CTM's Australian client base.

The past year also saw the Company achieve continued strong organic growth in a challenging global economic climate, which, together with the North American acquisitions, enabled CTM to achieve a record turnover.

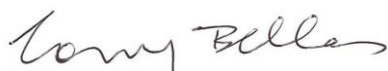
Importantly the Company also focused on productivity initiatives and delivering innovative products to the market, including CTM's mobile applications and access to the Wotif inventory. This continued investment in productivity and innovation secures an operating platform that CTM is confident will support future growth in the business.

In July 2013, the Company was awarded the Best National Travel Management Company for the eighth time in ten years at the Australia Federation of Travel Agents awards. In addition, for the second year running CTM's Meeting, Incentives and Events business unit, ETM, won the Best Events Company at the same National Travel Industry Awards.

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 corporate travel solutions company.

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

The Board has declared a dividend of 6.5 cents per share, which will be paid on 11 October 2013 to all shareholders registered on 11 September 2013.



Tony Bellas
Chairman
Corporate Travel Management Limited
28 August 2013

Managing Director's Report

Dear Shareholders,

Introduction

CTM has again delivered an excellent result in tough economic conditions, both in Australia and the broader global economy, and is also well placed to benefit from future upturns in the general economic environment.

Outstanding performance

In the year to 30 June 2013, CTM's TTV (total transaction value) of \$883.8m (unaudited) was 29.7 percent higher than the previous year and travel income of \$78.4m was 21.2 percent higher than the previous year.

CTM's statutory net profit after tax ("NPAT") of \$12.4m for the year to 30 June 2013 compares with \$11.8m in the previous year, representing a 5.1 percent increase.

Financial position

CTM is in a sound financial position, with total assets of \$121.1m at 30 June 2013, an increase of \$37.5m or 44.8 percent from 30 June 2012.

The continued generation of strong cash flows contributed to the Company's sound financial position, with net cash flows from operating activities of \$16.0m over the year to 30 June 2013.

In March 2013, the Company raised a further \$9.8m through the equity market, to assist with the funding the acquisition of the North American based agency, Travelcorp LLC.

Total equity of \$73.0m at 30 June 2013 compares with \$53.0m at 30 June 2012, an increase of \$20.0m or 37.7 percent over the year.

Business drivers

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

- Strong client wins across the Group. Our continued investment in technology and business tools strengthens CTM's competitive advantage.
- Continued high levels of client retention, underpinned by 98% client satisfaction and high staff engagement.
- Improving internal productivity and developing CTM's people, so that they are most effective in supporting CTM's clients.

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

- In July 2012, CTM acquired North American based agency, R&A Travel Inc, based in Denver Colorado, opening an important new market to CTM and providing a unique opportunity to cross-sell between the two markets.
- In May 2013, CTM made its second acquisition in North America, acquiring Travelcorp LLC, with operations in Texas and Louisiana, giving CTM greater scale in the North American market, enhancing buying power, and leveraging CTM's support services and client facing solutions.

Both acquisitions support CTM's proven competency in integrating people into CTM's culture, and empowering people to operate more effectively for their clients through a scalable and efficient business model and operating platform.

The business has also continued to invest in its service offering. During the year, new products were introduced, including *CTM Mobile*, *Wotif inventory and Business Intelligence*, as well as enhanced functionalities in CTM's core operating systems, which are integral to the continued success of the business.

Employees

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

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

Managing Director's Report (continued)

Employees (continued)

Over the past year, the total number of full time employees increased by 30% to 616, reflecting the North American acquisitions and CTM's positioning to underwrite growth with the most skilled talent.

Staff ownership of CTM equity is an important pillar in aligning the objectives of CTM with the personal aspirations of our people. At 30 June 2013, over 38% of all staff eligible to participate in the CTM Employee Share Scheme 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 2012/13. Their professionalism and commitment have been fundamental to the development of CTM's reputation as a highly valued business partner for its clients.

Positioning for the future

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

The entry into the North American market is an exciting new phase for the Group. CTM is well placed to drive improved returns from the North American businesses through the implementation of its key business processes and supporting platform.

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

I look forward to working with staff, clients, key suppliers and the 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

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 2013.

DIRECTORS

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

Mr Tony Bellas.
Mr Stephen Lonie.
Mr Greg Moynihan.
Mr Jamie Pherous.
Ms Claire 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 28 years experience in both the government and private sectors. Tony is the Principal of Queensland Infrastructure Partners, as well as, Chairman of ERM Power Limited, since 2009, and Shine Corporate Limited, since 2013.

Tony Bellas has previously held positions of Chief Executive Officer of Ergon Energy Ltd, CS Energy Ltd, Seymour Group Pty Ltd, and was previously Queensland's Deputy Under Treasurer, where he had oversight of a number of Queensland Treasury operations, including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.

Tony Bellas was also Chair of the Independent Review Panel appointed by the Queensland Government to review the Queensland Government electricity network businesses, which submitted its report to the Queensland Government in December 2012.

Former directorships in last 3 years:

- Non-Executive Director of Guildford Coal Limited (2010 to 2012).
- Non-Executive Director of Australian Water (Qld) Pty Ltd (2010 to 2013).

Special responsibilities:

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

Jamie Pherous
BCom ACA
Managing Director

Jamie Pherous founded Corporate Travel Management Ltd (CTM) 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, New Zealand and North America, now employing more than 600 staff.

Prior to establishing CTM, Jamie Pherous was employed by Arthur Andersen, now Ernst & Young, as a Chartered Accountant, specialising in business services and financial consulting in Australia, Papua New Guinea and the United Arab Emirates.

Directors' Report (continued)

INFORMATION ON DIRECTORS (continued)

Jamie Pherous 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 Pherous 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 Suncorp Metway over a range of disciplines including financial and capital management, investment management, corporate strategy and marketing, as well as having primary accountability for business operations covering general insurance, business banking, retail banking and wealth management.

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

Greg Moynihan is currently a Chairman of Sunwater Limited, since 2007, a non-executive Director of Shine Corporate Limited, since 2013 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 Ausenco Limited.

Former directorships in last 3 years:

- Ausenco Limited (2008 to 2013)

Special responsibilities:

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

Stephen Lonie
BCom, MBA, FCA, FFin, FAICD, FIMCA, MACS
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 Lonie is currently Chairman of Jellinbah Resources Pty Ltd, since 2002, and a non-executive Director of MyState Limited, since 2011, and Retail Food Group Limited, since 2013.

Former directorships in last 3 years:

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

Special responsibilities:

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

Directors' Report (continued)

INFORMATION ON DIRECTORS (continued)

Claire Gray
DIP TTM
Executive Director

Claire Gray brings 30 years experience to CTM. In 1989, Claire Gray joined with Craig Smith to form the independent travel management company, Travelogic, servicing Macquarie Bank Ltd. Travelogic merged with CTM in 2008, to create one of the largest business travel agencies in Australasia.

Claire Gray is the Vice Chairperson of the Asia Pacific region in GlobalStar Alliance, which represents a worldwide network of travel management companies owned and managed by local entrepreneurs in approximately 66 countries.

Claire Gray is currently undertaking an MBA in global business management.

Former directorships in last 3 years:

- None.

Special responsibilities:

- Global development.

COMPANY SECRETARIES

Mrs Lyndall McCabe.
Mr Steve Fleming.

Lyndall McCabe

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

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

She has more than 18 years experience in the travel industry sector, having previously been employed by a travel consolidator. In 2005, Lyndall McCabe became a shareholder and was appointed as a Director of CTM, from which she subsequently resigned 23 June 2010 as part of CTM's transition to a listed public corporation. Lyndall McCabe's current role is CTM's Risk Manager.

Lyndall McCabe is a member of the Chartered Secretaries of Australia. In 2013, Lyndall McCabe commenced the Graduate Diploma in Applied Corporate Governance through the Institute of Chartered Secretaries Australia.

Steve Fleming **BBus (Accounting) ACA**

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

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

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

Directors' Report (continued)

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 2013
Mr Tony Bellas	200,000
Mr Stephen Lonie	200,000
Mr Greg Moynihan	200,000
Mr Jamie Pherous	24,000,000
Ms Claire 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 2013, and the number of meetings attended by each Director were:

Director	Full meetings of directors		Committee meetings					
			Audit & Risk Management		Remuneration		Nominations	
	A	B	A	B	A	B	A	B
Mr Tony Bellas	13	13	4	5	3	3	2	2
Mr Stephen Lonie	13	13	5	5	3	3	2	2
Mr Greg Moynihan	13	13	5	5	3	3	2	2
Mr Jamie Pherous	13	13	*	*	*	*	*	*
Ms Claire Gray	12	13	*	*	*	*	*	*

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 2013. A full schedule of meetings is also in place for the year ended 30 June 2014.

	Number of meetings required per Charter	Number of meetings held in year to 30 June 2013
Full meetings of Directors	10	13
Audit & Risk Management	4	5
Remuneration	3	3
Nominations	2	2

DIVIDENDS

	Per share	\$'000
Final franked dividend approved by the Board on 28 August 2013 in relation to the 2013 financial year:		
• On ordinary shares	6.5 cents	<u>5,075*</u>

*This dividend does not include shares issued post balance date as part of the R&A Travel contingent consideration payment, refer Note 22.

DIVIDENDS PAID AND PROPOSED IN THE YEAR

	Per share	\$'000
Interim for the year		
• On ordinary shares	4 cents	<u>2,999</u>
Dividend provided but not paid at 30 June 2012		
• On ordinary shares	6 cents	<u>4,498</u>

Directors' Report (continued)

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

During the year, the Company started on an exciting new era with its entry into the North America market. Two acquisitions were made during the year, being R&A Travel on 2 July 2012 and TravelCorp LLC on 1 May 2013.

During the year, the Company has also focused on productivity initiatives and delivering innovative products to the market, including CTM's mobile applications and access to the Wotif inventory. This continued investment secures an operating platform that CTM is confident will support future growth in the business.

Operating results for the year

The net profit after tax of the Group for the financial period, after providing for income tax, amounted to \$12,394,000 (2012: \$11,798,000).

The result was underpinned by a 29.7% increase in Total Transaction Value (TTV) to \$883.8m (unaudited). The new operations in North America contributed \$165.3m (unaudited) of TTV, whilst the Australian operation grew to \$718.5m (unaudited), a 5.4% increase. The Australian operation's TTV was impacted by declining average ticket prices and tough economic conditions.

Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) (adjusted for acquisition costs "adjusted EBITDA") grew by 19.9% to \$21.0m. In isolation, the Australian operation increased adjusted EBITDA by 10.3% to \$19.3m. The EBITDA margin in the business improved largely as a result of productivity initiatives.

Total Transaction Value ("TTV") (unaudited)

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

	2013 \$'000	2012 \$'000
Total Transaction Value net of GST (TTV) (unaudited)	883,803	681,300

Financial Position

CTM continues to maintain a strong financial position, with net current assets of \$10.6m and total equity of \$73.0m. At balance date, the Group has interest bearing debt of \$3.3m and has continued to generate strong operating cashflows.

The operating cashflow has largely funded the continued growth of the business, with \$3.3m debt at balance date despite acquisition payments of \$15.9m and capital expenditure of \$3.5m during the year. The funding was also complemented with an equity capital raising of \$9.8m in March 2013.

The Company continues to pay dividends at its stated dividend policy level, with a final dividend declared at 6.5 cents per share (full year 10.5 cents).

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Business strategies and prospects

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

- Retaining current clients.
- Winning new clients.
- Improving productivity.

In the 2013 year, the Group has executed well on these key business drivers, notwithstanding the tough economic conditions in the Australian market.

Client retention has been successful during the year and the Group has had a record year of new business sales, including some significant new clients in North America.

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

The two acquisitions in North America allow the Group to move towards a new phase, creating the opportunity to cross sell into the Australian client base and become a viable player in the global travel market.

The Group intends to continue its growth globally, with aspirations to be in every major region (Asia, Europe, North America and Australia/New Zealand). The organic growth will also be underpinned by continued investment in new client facing technology.

In the next twelve months, the integration of the two acquired businesses in North America will be a focus, to ensure maximum output from the acquisitions.

In the Australian operation CTM expects to grow through enhanced client service and experience, enhanced by CTM's technology development programme.

Material business risks

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

These risks include:

- Economic conditions: Economic downturn may have an adverse impact on the Group's operating performance.
- Information technology: The Group relies heavily on outsourced technology platforms. Whilst all systems are licensed, any disruption to supply or performance of systems may have a long term impact on client and supplier satisfaction.
- Competition: The Group operates in a competitive market, and current competitors or new competitors may become more effective.
- Key personnel: The Group is reliant on talent and experience to run its business. The Group's ability to retain and attract key people is important to its continued success.
- Employee costs: Employee costs represent a significant component of the Group's total cost base. Legislative changes in relation to employee costs may have an adverse impact on the Group's cash flow and profitability.

Directors' Report (continued)

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

There have been no 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 Tony Bellas	Non-Executive Director.
Mr Stephen Lonie	Non-Executive Director.
Mr Greg Moynihan	Non-Executive Director.
Mr Jamie Pherous	Managing Director & Chief Executive Officer
Ms Claire Gray	Executive Director.

(ii) Other key management personnel

Mr Steve Fleming	Chief Financial Officer.
Ms Laura Ruffles	Chief Executive Officer - Australia & New Zealand

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.

CTM'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 2012.

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 \$400,000 (2012: \$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.

Directors' Report (continued)

REMUNERATION REPORT (continued)

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

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 three components:

- Base remuneration and benefits, including superannuation;
- Short-term performance incentives; and
- Long-term incentives through participation in the Share Appreciation Rights Plan.

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 2014, 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. 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 as part of the fixed remuneration package.

Superannuation

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

Directors' Report (continued)

REMUNERATION REPORT (continued)

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 CTM's approved business plan. The incentive pool is leveraged for performance above the threshold, to provide an incentive for executive superior 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 2013 year was approximately 20% (2012: 31%) of base fixed remuneration and benefits.

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.

Payments made under the STI plan over the last four years have typically risen and fallen in line with the Group's financial results. For the year ended 30 June 2013, the key performance indicators (KPIs) linked to STI plans were based on the 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 also has absolute 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

During the year, the Company has begun the process of introducing long term incentives via a Share Appreciation Rights Plan.

The plan is designed to focus executives on delivering long-term shareholder returns. Under the plan, participants are granted shares only if performance conditions pertaining to the earnings per share growth are met and the employee is still employed at the end of the vesting period. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Details of remuneration

Amounts of remuneration

Details of the remuneration of the Directors and the key management personnel of the Group are set out in the following tables.

Key management personnel of the group

Name	Short-term employee benefits				Long-term benefits			Total
	Cash salary and fees	Short-term incentive*	Annual leave**	Non-monetary benefits	Super-annuation	Long service leave**	Share appreciation rights	
	\$	\$	\$	\$	\$	\$	\$	\$
2013								
<i>Non-executive Directors</i>								
Tony Bellas	89,615	-	-	-	8,065	-	-	97,680
Stephen Lonie	64,712	-	-	-	5,824	-	-	70,536
Greg Moynihan	64,712	-	-	-	5,824	-	-	70,536
Sub-total non-executive Directors	219,039	-	-	-	19,713	-	-	238,752
<i>Executive Directors</i>								
Jamie Pherous	300,000	-	3,462	4,927	27,000	4,986	-	340,375
Claire Gray	107,415	166,500	-	-	-	-	-	273,915
<i>Other key management personnel of the group</i>								
Laura Ruffles	275,000	90,000	(1,115)	-	33,075	701	9,317	406,978
Steve Fleming	248,942	40,000	1,102	-	26,105	1,417	-	317,566
Total key management personnel compensation	1,150,396	296,500	3,449	4,927	105,893	7,104	9,317	1,577,586

Name	Short-term employee benefits				Long-term benefits			Total
	Cash salary and fees	Short-term incentive*	Annual leave**	Non-monetary benefits	Super-annuation	Long service leave**	Share appreciation rights	
	\$	\$	\$	\$	\$	\$	\$	\$
2012								
<i>Non-executive Directors</i>								
Tony Bellas	70,000	-	-	-	6,300	-	-	76,300
Stephen Lonie	50,000	-	-	-	4,500	-	-	54,500
Greg Moynihan	50,000	-	-	-	4,500	-	-	54,500
Sub-total non-executive Directors	170,000	-	-	-	15,300	-	-	185,300
<i>Executive Directors</i>								
Jamie Pherous	300,000	86,605	(13,846)	9,840	34,794	5,006	-	422,399
Claire Gray	123,884	-	-	-	-	-	-	123,884
<i>Other key management personnel of the group</i>								
Laura Ruffles	269,231	86,605	(7,786)	-	32,025	1,730	-	381,805
Nova Fleming	110,051	5,479	14,962	-	10,398	650	-	141,540
Steve 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

Directors 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 except Nova Fleming, who is 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.

Directors' Report (continued)

REMUNERATION REPORT (continued)

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

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2013 %	2012 %	2013 %	2012 %	2013 %	2012 %
<i>Directors of Corporate Travel Management Limited</i>						
Tony Bellas	100%	100%	-	-	-	-
Stephen Lonie	100%	100%	-	-	-	-
Greg Moynihan	100%	100%	-	-	-	-
Jamie Pherous	100%	72%	-	28%	-	-
Claire Gray	24%	100%	76%	-	-	-
<i>Other key management personnel of the group</i>						
Laura Ruffles	70%	71%	28%	29%	2%	-
Nova Fleming	-	100%	-	-	-	-
Steve Fleming	81%	76%	19%	24%	-	-

Directors 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 except Nova Fleming, who is 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 and bonus

For each cash bonus included in the tables on page 15, 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.

Name	Current year STI entitlement		Share appreciation rights							Financial years in which shares may vest	Max value yet to vest
Name	Awarded %	Forfeited %	Year granted	No. granted	Value per share	Vested %	Vested number	Forfeited %			
Directors of Corporate Travel Management Limited											
Tony Bellas	*	*	*	*	*	*	*	*	*	*	*
Stephen Lonie	*	*	*	*	*	*	*	*	*	*	*
Greg Moynihan	*	*	*	*	*	*	*	*	*	*	*
Jamie Pherous	*	*	*	*	*	*	*	*	*	*	*
Claire Gray	50	50	*	*	*	*	*	*	*	*	*
Other key management personnel of the group											
Laura Ruffles	75	25	2013	75,000	\$0.57	-	-	-	-	30/6/2016	43,050
Steve Fleming	62	38	*	*	*	*	*	*	*	*	*

*Not eligible for any share based or bonus compensation during the financial year.

Share appreciation rights

Pending required regulatory approval, LTI grants will be made in the form of Share Appreciation Rights (SARs). Participation in the SARs is limited to certain executive and key management personnel. The grants are made on an annual cycle and vest every three years subject to achievement of a minimum percentage EPS growth average across three years. The disclosure in this report reflects the position of the intended grants proceed.

Directors' Report (continued)

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 CTM under option.

Pending any required regulatory approval, any grants made during 2013 will vest on a scaled basis as follows:

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

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 key executives. The liabilities covered by the insurance include legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Officers in their capacity as Officers of the Company or its controlled entities. Disclosure of premiums paid is prohibited under the insurance contract.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court, under section 237 of the Corporations Act 2001, for leave to bring proceedings on behalf of the 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 in addition 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:

	Consolidated	
	2013	2012
	\$	\$
<i>Amounts received or due and receivable by:</i>		
<i>PricewaterhouseCoopers Australia:</i>		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	285,000	271,737
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	140,146	64,522
- Tax services – acquisitions	23,600	36,000
- Remuneration advice	9,552	-
	458,298	372,259
<i>Other PricewaterhouseCoopers network firms:</i>		
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	26,736	8,843
- Tax services – acquisitions	27,163	31,916
	53,899	40,759
	512,197	413,018

Directors' Report (continued)

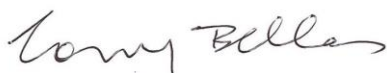
AUDITORS' INDEPENDENCE DECLARATION

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 Tony Bellas
Chairman



Mr Jamie Pherous
Managing Director

Brisbane, 28 August, 2013



Auditor's Independence Declaration

As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 2013, 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.

A handwritten signature in black ink that reads 'Sarah Nelson'.

Sarah Nelson
Partner
PricewaterhouseCoopers

Brisbane
28 August 2013

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 for the entire year and they comply with the Australian Stock Exchange (ASX) Corporate Governance Principles and Recommendations, including the 2010 Amendments.

The Board has a commitment to ongoing improvement in the way it carries out its duties. Subsequent to 30 June 2013, the Audit and Risk Committee was split to form two separate committees, being the Audit Committee and the Risk Management Committee. The Board is of the view that our governance structure is enhanced by a committee that focuses on risk. As part of our continuous improvement, the role and function of the Risk Management Committee will be evaluated not later than 12 months after its establishment.

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 2013 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.

Corporate Governance Statement (continued)

Principle 2: Structure the board to add value (continued)

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 purposes.

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 Tony Bellas is currently a Director of a client of the Group as detailed in Note 24 to the financial statements. Arrangements for this client are on similar terms to other clients thus this relationship is not considered to be of a value or significance that adversely affects this 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.

Corporate Governance Statement (continued)

Principle 2: Structure the board to add value (continued)

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 2013, and the number of meetings attended by each director is disclosed on page 9.

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 2013.

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. 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 external board evaluation was performed in both July 2012 and July 2013.

The Chair undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss this assessment.

Corporate Governance Statement (continued)

Principle 2: Structure the board to add value (continued)

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 9.

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.

Corporate Governance Statement (continued)

Principle 3: Promote ethical and responsible decision making (continued)

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 measurable 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 the role of the Remuneration Committee 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.

Corporate Governance Statement (continued)

Principle 3: Promote ethical and responsible decision making (continued)

In accordance with this policy and ASX Corporate Governance Principles, the Board has established objectives in relation to gender diversity. The position at 30 June 2013 is detailed as follows:

Item	Actual	
	Men	Women
Number of total employees	134	522
Percentage of total employees	20%	80%
Number of employees in senior executive positions	13	9
Percentage of employees in senior executive positions	59%	41%
Number of employees on the Board	4	1
Percentage of employees on the Board	80%	20%

The Group's focus is predominately on maintaining gender diversity, and more importantly, ensuring we offer flexible working arrangements to allow all employees and especially female employees, options to continue to work or to return to work during periods where they traditionally leave the workforce, for example, following parental leave.

The following measurable objective relating to gender diversity was adopted by the Board for FY13:

- Candidates interviewed for any key management personnel positions will include each gender, subject to all eligible candidates meeting the appropriate requirements in terms of skills and experience.

The Board assessment is that this objective has been achieved.

In FY13, there was an increase of seven senior executive positions, primarily due to corporate acquisitions in the North America. For five of these positions, the incumbents were males. As a consequence the number of female employees in senior executive positions decreased from 47% in FY12 to 41% in FY13.

Other highlights are as follows:

- A "High Potential" program was launched and employees identified as part of the company's succession planning process.
- Continue to provide and promote flexible working practices which are detailed in CTM's "Working from Home" policy.

Continuous Improvement

In FY14, the Group will take the following steps to further enhance gender diversity:

- The commencement of "Base Camp" – a Frontline Management Development program
- A pay equity review and audit will be undertaken

Monitoring and tracking performance against diversity plans will continue to be undertaken as part of the Group's internal compliance requirements. Progress against each year's measurable objectives will continue to be disclosed in the Annual Report along with the proportion of women in the workforce, in senior management and on the Board.

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. The Committee consists of Senior Executives and is chaired by a Non-Executive Director. Its current 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.

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting (continued)

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 9.

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.

External auditors

The Company's 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.

Corporate Governance Statement (continued)

Principles 5 and 6: Make timely and balanced disclosures and respect the rights of shareholders (continued)

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 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 systems during the year; and
- The Company's management of its material business 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. The committee consists of Senior Executives and is chaired by a Non-Executive Director. Its current members are Greg Moynihan (Chairman), Stephen Lonie and Tony Bellas.

Corporate Governance Statement (continued)

Principle 8: Remunerate fairly and responsibly (continued)

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 9.

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 2013

	Note	2013 \$'000	2012 \$'000
Revenue	4	78,964	65,551
Other income	5	-	683
Total revenue and other income		78,964	66,234
Employee benefits expenses		(47,004)	(38,691)
Occupancy expenses		(2,675)	(2,198)
Depreciation and amortisation expenses	6	(2,079)	(1,400)
Information technology and telecommunications expenses		(4,859)	(3,764)
Travel and entertainment expenses		(1,232)	(1,289)
Administrative and general expenses		(3,009)	(2,052)
Total operating expenses		(60,858)	(49,394)
Finance costs	6	(724)	(60)
Profit before income tax		17,382	16,780
Income tax expense	7	(4,988)	(4,982)
Profit for the year		12,394	11,798
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations	20	1,567	(3)
Other comprehensive income for the period, net of tax		1,567	(3)
Total comprehensive income for the year, attributable to the ordinary equity holders of Corporate Travel Management Limited		13,961	11,795
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:			
- Basic (cents per share)	8	16.3	16.3
- Diluted (cents per share)	8	16.3	16.3

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2013

	Note	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	10	13,535	12,210
Trade and other receivables	11	27,975	25,676
Financial assets at fair value	12	18	16
Other current assets	13	688	396
Total Current Assets		42,216	38,298
Non-current Assets			
Plant and equipment	14	3,166	2,572
Intangible assets	15	75,714	42,744
Total Non-current Assets		78,880	45,316
TOTAL ASSETS		121,096	83,614
LIABILITIES			
Current Liabilities			
Trade and other payables	17	26,048	22,927
Interest bearing borrowings	18	3,192	839
Income tax payable		552	2,096
Provisions	19	1,869	1,850
Total Current Liabilities		31,661	27,712
Non-current Liabilities			
Trade and other payables	17	12,294	266
Interest bearing borrowings	18	157	-
Provisions	19	795	766
Deferred tax liabilities	7	3,204	1,861
Total Non-current Liabilities		16,450	2,893
TOTAL LIABILITIES		48,111	30,605
NET ASSETS		72,985	53,009
EQUITY			
Contributed equity	20(a)	47,856	34,344
Reserves	20(b)	1,564	(3)
Retained earnings	20(c)	23,565	18,668
TOTAL EQUITY		72,985	53,009

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 2013

	Note	Contributed equity \$'000	Attributable to equity holders of the parent Retained Earnings \$'000	Reserves \$'000	Total equity \$'000
Balance at 30 June 2011		25,548	12,683	-	38,231
Profit for the period as reported in 2012 financial statements		-	11,798	-	11,798
Other comprehensive income		-	-	(3)	(3)
Total comprehensive income for the year		-	11,798	(3)	11,795
Transactions with owners in their capacity as owners:					
Shares issued	20(a)	8,796	-	-	8,796
Dividends declared or paid	9	-	(5,813)	-	(5,813)
		8,796	(5,813)	-	2,983
Balance at 30 June 2012		34,344	18,668	(3)	53,009
Profit for the period as reported in 2013 financial statements		-	12,394	-	12,394
Other comprehensive income		-	-	1,567	1,567
Total comprehensive income for the year		-	12,394	1,567	13,961
Transactions with owners in their capacity as owners:					
Shares issued	20(a)	13,512	-	-	13,512
Dividends declared or paid	9	-	(7,497)	-	(7,497)
		13,512	(7,497)	-	6,015
Balance at 30 June 2013		47,856	23,565	1,564	72,985

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 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		85,920	60,421
Payments to suppliers and employees (including GST)		(64,409)	(50,180)
Interest received		201	274
Finance costs		(553)	(54)
Income tax (paid) / received		(5,189)	(2,973)
Net cash flows from operating activities	10	15,970	7,488
Cash flows from investing activities			
Payment for plant and equipment		(2,229)	(2,135)
Payment for intangibles		(1,282)	(701)
Proceeds from sale of plant and equipment		56	-
Purchase of controlled entities, net of cash acquired	22	(15,918)	(9,482)
Net cash flows used in investing activities		(19,373)	(12,318)
Cash flows from financing activities			
Proceeds from issue of new shares	20	9,765	6,709
Proceeds from borrowings		13,586	881
Repayments of borrowings		(11,154)	(544)
Repayment of related party loans	24	-	(217)
Receipt from related party receivable	24	-	337
Dividends paid	9	(7,497)	(5,813)
Net cash flows from financing activities		4,700	1,353
Net (decrease) / increase in cash and cash equivalents		1,297	(3,477)
Effects of exchange rate changes on cash and cash equivalents		28	6
Cash and cash equivalents at beginning of year		12,210	15,681
Cash and cash equivalents at end of year	10	13,535	12,210

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 2013

1. CORPORATE INFORMATION

The financial report of Corporate Travel Management Limited and its controlled entities (the "Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of Directors on 28 August 2013. 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, and 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 2013. 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 including future customer retention rates and cash flows.

- *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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting estimates and judgements (continued)

(ii) Critical accounting estimates and assumptions (continued)

- *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.

- *Allowance for doubtful debts*

The Group determines whether client and trade receivables are collectable on an ongoing basis. This assessment requires estimations of the individual recoverability of each debt and if considered uncollectable, is subject to an impairment provision. Refer to Note 2(l).

- *Override Revenue*

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

- *Year-end differences*

As supplier contract periods do not always correspond to the Group's financial year, judgements and estimation techniques are required to determine anticipated future flown revenues over the remaining contract year and the associated override rates applicable to these forecast levels.

- *Timing*

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

- *Re-negotiations*

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

(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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Foreign currency translation (continued)

(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 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 net revenue earned on transactions made through the provision of travel services, and includes any commission 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases (continued) 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 substantively 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax and other taxes (continued)

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	37.50% - 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.

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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 - three 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.

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Short term obligations

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

(ii) Other long term obligation

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 of ordinary shares, adjusted for any bonus element.

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

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

(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

Investments in subsidiaries 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

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 (MD), Laura Ruffles (CEO A&NZ) and Steve Fleming (CFO).

The CODM has identified two reportable segments, being Travel Services North America and Travel Services Australia & New Zealand. Performance for these two segments is monitored separately since the identification of the Travel Services North America segment, as a result of the business acquisitions during 2013 (refer Note 22).

There are currently no non-reportable segments.

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

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

The segment information provided to the CODM for the reportable segments for the year ended 30 June 2013 is as follows:

	Travel Services North America \$'000	Travel Services Australia & New Zealand \$'000	Unallocated/ Eliminated \$'000	Total \$'000
2013				
<i>Revenue from the sale of travel services</i>	10,888	67,492	-	78,380
<i>Revenue from other sources</i>	10	574	-	584
Revenue from external parties	10,898	68,066	-	78,964
Adjusted EBITDA	1,684	19,314	-	20,998
Interest Revenue	-	201	-	201
Interest Expense	214	510	-	724
Depreciation and amortisation	259	1,820	-	2,079
Income tax expense	485	4,503	-	4,988
Total segment assets	36,772	90,610	(6,286)	121,096
Total assets includes:				
<i>Non-current assets</i>				
- Plant and equipment	83	3,083	-	3,166
- Intangibles	31,828	43,886	-	75,714
Total segment liabilities	29,231	18,880	-	48,111

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

3. SEGMENT REPORTING (continued)

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

2012	Travel Services		
	Australia & New Zealand \$'000	Unallocated/ Eliminated \$'000	Total \$'000
<i>Revenue from the sale of travel services</i>	64,661	-	64,661
<i>Revenue from other sources</i>	890	-	890
Revenue from external parties	65,551	-	65,551
Adjusted EBITDA	17,514	-	17,514
Interest Revenue	274	-	274
Interest Expense	60	-	60
Depreciation and amortisation	1,400	-	1,400
Income tax expense	4,982	-	4,982
Total segment assets	83,614	-	83,614
Total assets includes:			
<i>Non-current assets</i>			
- Plant and equipment	2,572	-	2,572
- Intangibles	42,744	-	42,744
Total segment liabilities	30,605	-	30,605

During 2012, there was only one reportable segment being Travel Services Australia & New Zealand.

(c) Other segment information

(i) Segment Revenue

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the Statement of Comprehensive Income.

The entity is domiciled in Australia. The amount of its revenue from external customers in Australia and other countries is included in the table following. Segment revenues are allocated based on the location of the CTM offices rather than by client location or travel destination.

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

	2013 \$'000
Australia	66,863
North America	10,898
New Zealand	1,203
Revenue from external customers	78,964

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

3. SEGMENT REPORTING (continued)

(b) Other segment information (continued)

(ii) Adjusted EBITDA

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

	2013 \$'000	2012 \$'000
Adjusted EBITDA	20,998	17,514
Interest revenue	201	274
Finance costs	(724)	(60)
Depreciation	(1,136)	(1,056)
Amortisation	(943)	(344)
Acquisition costs	(1,014)	452
Profit before income tax from continuing operations	17,382	16,780

(iii) Segment assets

The amounts provided to the CODM with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The total of non-current assets other than financial instruments and deferred tax assets located in Australia and other countries is included in the following table.

	2013 \$'000
Australia	46,215
North America	31,910
New Zealand	755
Non-current assets	78,880

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

4. REVENUE	2013 \$'000	2012 \$'000
<i>Revenue from the sale of travel services</i>	78,380	64,661
<i>Revenue from other sources</i>		
Rental income	67	274
Interest	201	274
Other revenue	316	342
	584	890
Total Revenue	78,964	65,551
5. OTHER INCOME	2013 \$'000	2012 \$'000
<i>Re-measurement income of the fair value of contingent consideration - scrip earn-out - Note 22</i>	-	683
6. EXPENSES	2013 \$'000	2012 \$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation and amortisation</i>		
Depreciation of non-current assets –plant and equipment - Note 14	1,136	1,056
Amortisation of non-current assets – intangibles - Note 15	943	344
	2,079	1,400
<i>Finance costs</i>		
Bank loans	332	36
Finance charges under hire purchase contracts	2	7
Net exchange differences	-	(10)
Other interest	390	27
	724	60
<i>Other expense disclosures</i>		
Defined contribution superannuation expense	2,808	2,671
Rental expense relating to operating leases		
Minimum lease payments – operating leases	2,157	1,637
Net loss on the disposal of plant and equipment and intangible assets	32	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
7. INCOME TAX		
Income tax expense		
The major components of income tax expense are:		
<i>Statement of Comprehensive Income</i>		
<i>Current income tax</i>		
Current income tax charge	4,250	3,484
Adjustment in respect of current income tax of previous years	(523)	(35)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	1,261	1,533
Income tax expense reported in the Consolidated Statement of Comprehensive Income	4,988	4,982
Decrease in deferred tax assets	211	48
Increase in deferred tax liabilities	1,050	1,485
	1,261	1,533
Accounting profit before income tax	17,382	16,780
At the Group's statutory income tax rate of 30% (2012: 30%)	5,215	5,034
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible amounts	26	(85)
Other amounts	2	18
	28	(67)
Recognition of temporary differences previously not brought to account	176	50
Difference in overseas tax rates	92	-
Adjustments for current tax of prior periods	(523)	(35)
	(255)	15
Income tax expense	4,988	4,982

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
7. INCOME TAX (continued)		
Deferred income tax		
<i>Deferred tax assets</i>		
Provisions and expenses not yet deductible	1,992	1,726
Tax losses carried forward	26	393
Other	32	41
	<u>2,050</u>	<u>2,160</u>
Set-off against deferred tax liabilities	<u>(2,050)</u>	<u>(2,160)</u>
Net deferred tax assets	<u>-</u>	<u>-</u>
<i>Deferred tax liabilities</i>		
Difference tax to accounting depreciation/amortisation	191	32
Accrued income assessable in year of receipt	5,063	3,989
	<u>5,254</u>	<u>4,021</u>
Set-off against deferred tax assets	<u>(2,050)</u>	<u>(2,160)</u>
Net deferred tax liabilities	<u>3,204</u>	<u>1,861</u>
 Deferred tax assets expected to be recovered within 12 months	1,651	1,965
Deferred tax assets expected to be recovered after more than 12 months	399	195
	<u>2,050</u>	<u>2,160</u>
 Deferred tax liabilities expected to be settled within 12 months	5,075	4,021
Deferred tax liabilities expected to be settled after more than 12 months	179	-
	<u>5,254</u>	<u>4,021</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

7. INCOME TAX (continued)

	At 1 July	Transfer from income tax receivable	(Charged)/ credited in year via P&L	(Charged)/ credited in year via equity	Acquisition of subsidiaries	At 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets						
2013						
Provisions and expenses not yet deductible	1,726	-	165	101	-	1,992
Tax losses carried forward	393	-	(367)	-	-	26
Other	41	-	(9)	-	-	32
	2,160	-	(211)	101	-	2,050
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
	At 1 July	Transfer from income tax receivable	Charged/ (credited) in year via P&L	Charged/ (credited) in year via equity	Acquisition of subsidiaries	At 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities						
2013						
Difference tax to accounting depreciation /amortisation	32	183	(24)	-	-	191
Accrued income assessable in year of receipt	3,989	-	1,074	-	-	5,063
	4,021	183	1,050	-	-	5,254
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

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

8. EARNINGS PER SHARE

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

Net profit attributable to ordinary equity holders of the parent

2013 \$'000	2012 \$'000
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12,394	11,798
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Weighted average number of ordinary shares for basic and diluted earnings per share

2013 Shares	2012 Shares
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75,869,113	72,445,981
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9. DIVIDENDS PAID AND PROPOSED

Ordinary shares

Final franked dividend declared or paid for the year ended 30 June 2012 of 6 cents (2011: 5 cents) per fully paid share.

4,498	3,572
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Interim franked dividend for the year ended 30 June 2013 of 4 cents (2012: 3 cents) per fully paid share.

2,999	2,241
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7,497	5,813
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Approved by the Board of Directors on 28 August 2013
(not recognised as a liability as at 30 June 2013)

Final franked dividend for the year ended 30 June 2013 of 6.5 cents (2012: 6 cents) per fully paid share.

5,075*	4,498**
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* This dividend does not include shares issued post balance date as part of the R&A Travel contingent consideration payment, refer Note 22.

** This dividend applies to all shares including the post balance date share issue, refer Note 20.

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% (2012: 30%)
- 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

2013 \$'000	2012 \$'000
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6,289	6,675
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663	2,096
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Equals the amount of franking credits available for future reporting periods

6,952	8,771
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- 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

(2,175)	(1,928)
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Balance of franking credits available for subsequent years

4,777	6,843
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Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
10. CASH AND CASH EQUIVALENTS		
Current Assets		
Cash at bank and on hand	1,265	5,685
Client accounts (Note 2(k))	12,270	6,525
	13,535	12,210

Cash at bank earns interest at floating rates based on daily bank deposit rates: 2013: 0.00%-3.20% (2012: 0.00%-3.50%).

The client accounts earn interest at floating rates based on daily bank deposit rates: 2013: 0.00%-1.65% (2012: 0.00%-5.20%).

The weighted average interest rate for the year was 1.64% (2012: 1.74%).

A bank overdraft facility of \$1,000,000 (2012: \$125,000) was in place but unused at 30 June 2013. The overdraft incurs interest at floating rates based on daily bank overdraft rates: 2013: 3.56% (2012: 11.21%).

Security for the bank overdrafts is detailed in Note 18.

Reconciliation of profit after income tax to net cash flows from operating activities	2013 \$'000	2012 \$'000
Profit for the year	12,394	11,798
<i>Adjustments for:</i>		
Depreciation and amortisation	2,079	1,400
Appreciation in value of investments	(2)	(1)
Make-good provision accretion	3	16
Non-cash interest	168	-
Net exchange differences	(106)	(10)
Re-measurement of the fair value of contingent consideration	-	(683)
Net loss on disposal of non-current assets	32	-
Changes in operating assets and liabilities		
(Increase) in trade and other receivables	(678)	(12,401)
(Increase) in prepayments	(261)	(93)
Decrease in deferred tax balances	1,342	1,532
Decrease in current tax liability/(receivable)	(1,544)	478
Increase in payables and provisions	2,543	5,452
Net cash flow from operating activities	15,970	7,488

Disclosure of financing facilities

Refer to Note 18 and Note 21.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
11. TRADE AND OTHER RECEIVABLES		
Trade receivables (i)	19,975	15,526
Client receivables (i)	10,486	11,100
Allowance for doubtful debts	(2,970)	(1,707)
	27,491	24,919
Other receivables	484	757
	27,975	25,676

(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 2013, trade receivables of the Group with a nominal value of \$2,970,000 (2012: \$1,707,000) were impaired. The amount of the provision is \$2,970,000 (2012: \$1,707,000). 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.

<i>The ageing of these trade and client receivables is as follows:</i>	2013 \$'000	2012 \$'000
0-30 days	297	194
31-60 days	130	99
60+ days	2,543	1,414
Balance at 30 June	2,970	1,707
<i>Movements in provision for doubtful debts were as follows:</i>		
At 1 July	1,707	1,949
Charge/(release) for the year	3,296	1,884
Amounts written off	(2,336)	(2,352)
Movements through acquisitions of entities	303	226
Balance at 30 June	2,970	1,707

As of 30 June 2013, trade receivables of \$6,481,000 (2012: \$6,914,000) 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.

<i>The ageing analysis of these trade and client receivables is as follows:</i>	2013 \$'000	2012 \$'000
0-30 days	2,489	3,306
31-60 days	659	811
60+ days	3,333	2,797
Balance at 30 June	6,481	6,914

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000	
12. FINANCIAL ASSETS AT FAIR VALUE			
Current Assets			
Shares in unlisted companies	6	6	
Shares in listed companies	12	10	
	18	16	
13. OTHER CURRENT ASSETS			
Prepayments	688	396	
14. PLANT AND EQUIPMENT			
	Plant and equipment under lease \$'000	Plant and equipment owned \$'000	Total plant and equipment \$'000
2013			
Cost	-	6,054	6,054
Accumulated amortisation/depreciation	-	(2,888)	(2,888)
	-	3,166	3,166
At 1 July, net of accumulated amortisation/depreciation	109	2,463	2,572
Additions	-	2,302	2,302
Additions through the acquisition of entities/businesses (Note 22)	-	50	50
Transfers/reallocations	(61)	61	-
Transfers to intangibles (Note 15)	-	(526)	(526)
Disposals	(44)	(59)	(103)
Amortisation/depreciation charge for the year	(4)	(1,132)	(1,136)
Change due to changes in foreign currency exchange rates	-	7	7
At 30 June, net of accumulated amortisation/depreciation	-	3,166	3,166
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

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 (2012: \$nil) were financed under finance lease agreements.

Additions of \$66,000 (2012: \$141,000) relate to a lease make-good asset recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

15. INTANGIBLE ASSETS

	Client contracts and relationships \$'000	Intellectual property \$'000	Software \$'000	Goodwill \$'000	Total intangible assets \$'000
2013					
Cost	1,762	189	2,691	73,092	77,734
Accumulated amortisation	(1,003)	(110)	(691)	(216)	(2,020)
	759	79	2,000	72,876	75,714
At 1 July, net of accumulated amortisation	145	88	759	41,752	42,744
Additions	-	-	1,282	-	1,282
Additions through the acquisition of entities/businesses (Note 22)	897	-	-	28,104	29,001
Transfers to intangibles (Note 14)	-	-	526	-	526
Disposals	-	-	-	-	-
Amortisation charge for the year	(365)	(9)	(569)	-	(943)
Change due to changes in foreign currency exchange rates	82	-	2	3,020	3,104
At 30 June, net of accumulated amortisation	759	79	2,000	72,876	75,714
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

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.

	2013 \$'000	2012 \$'000
The carrying amount of Goodwill allocated to the cash generating unit:		
Travel Services – North America	31,073	-
Travel Services – Australia & New Zealand (A&NZ)	41,803	41,752
	72,876	41,752

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

16. IMPAIRMENT TESTING OF GOODWILL (continued)

	Travel Services North America	Travel Services A&NZ
2013		
Pre-tax discount rate applied to the cash flow projection	12.75%	15.35%
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%	3.0%-4.0%
Terminal value	6 times	6 times
2012		
Pre-tax discount rate applied to the cash flow projection	-	14.83%
Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:		
Revenue; and	-	3.5%
Operating costs.	-	3.0%-4.0%
Terminal value	-	6 times

Key assumptions used in value in use calculations for the years ended 30 June 2013 and 30 June 2012

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 changes required to each of the key assumptions to cause the carrying value of a unit to exceed its recoverable amount are shown as follows:

Assumption	Possible change considered	Change required to indicate an impairment
Growth rates – Travel Services		
North America:		
Revenue	Reduction in yield rates, client retention	Decrease to (1.25%)
Operating costs	Higher labour and/or other support costs	Increase of 8.7% to 11.67%
Growth rates – Travel Services		
A&NZ:		
Revenue	Reduction in yield rates, client retention	Decrease to (2.1%)
Operating costs	Higher labour and/or other support costs	Increase to 9.2%-12.6%

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

	2013 \$'000	2012 \$'000
17. TRADE AND OTHER PAYABLES		
<i>Current</i>		
Trade payables (i)	1,462	949
Client creditors (i)	16,671	14,486
Other payables and accruals	4,967	3,475
Contingent consideration payable – Note 22	2,948	4,017
	26,048	22,927
<i>Non-current</i>		
Other payables and accruals	449	266
Contingent consideration payable – Note 22	11,845	-
	12,294	266

(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.

	Maturity	2013 \$'000	2012 \$'000
18. BORROWINGS			
Current			
<i>Interest bearing borrowings</i>			
Obligations under hire purchase contracts		-	52
Loans (i)	2014	3,192	787
		3,192	839
Non-current			
<i>Interest bearing borrowings</i>			
Loans (i)	2015	157	-
		157	-

(i) 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 2013 consists of an interest only facility of \$2.9m. The remaining loans have a repayment schedule.

The interest rates applicable to these facilities are 3.86%-5.16% (2012: 7.96%-9.51%).

The weighted average interest rate for all borrowings, including the overdraft during the year, was 4.03% (2012: 8.06%).

Fair values

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 3.86%-5.16% (2012: 7.96%-9.51%) depending on the type of borrowing.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

18. BORROWINGS (continued)

Interest rate and liquidity risk

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

Financial facilities

In August 2012, the Group transitioned to new facilities with the ANZ Bank, including term loans, overdraft, merchant facilities and bank guarantees, which were fully secured by a fixed and floating charge over all existing and future assets and undertakings of the Group.

19. PROVISIONS

	Employee entitlements \$'000	Make-good provision \$'000	Total \$'000
At 1 July 2012	2,401	215	2,616
Arising during the year	3,147	66	3,213
Acquisition of subsidiary	195	-	195
Utilised	(3,293)	(60)	(3,353)
Changes due to change in foreign currency	28	-	28
Unused amounts reversed	-	(35)	(35)
	2,478	186	2,664
Current 2013	1,847	22	1,869
Non-current 2013	631	164	795
	2,478	186	2,664
Current 2012	1,777	73	1,850
Non-current 2012	624	142	766
	2,401	215	2,616

Make- good provision

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

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 2.2% to 2.7% (2012: 2.6% to 3.1%).

20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS

(a) Contributed equity

	2013 \$'000	2012 \$'000
Ordinary shares		
Issued and fully paid	47,856	34,344

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.

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS (continued)

(a) Contributed equity (continued)

	Number of shares	\$'000
Opening balance as at 1 July 2011	70,370,000	25,548
Share split (i)	1,075,800	2,000
Shares issued (ii)	3,255,800	6,796
Total shares issued	4,331,600	8,796
At 30 June 2012	74,701,600	34,344
Shares issued (iii)	269,420	526
Shares issued (iv)	2,439,024	9,765
Shares issued (v)	671,140	3,221
Total shares issued	3,379,584	13,512
At 30 June 2013	78,081,184	47,856

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

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

(iii) A total of 269,420 shares were issued on 2 July 2012, as part of the initial consideration for the R&A Travel Inc. business combination - refer Note 22.

(iv) A total of 2,439,024 shares were issued on 5 March 2013, as part of a share placement.

v) A total of 671,140 shares were issued on 2 May 2013, as part of the consideration for the TravelCorp LLC business combination - refer Note 22.

Capital management

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

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

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

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

	2013 \$'000	2012 \$'000
Total borrowings	3,349	839
Total equity	72,985	53,009
Gearing ratio	4.59%	1.58%

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS (continued)

(b) Foreign currency translation reserve

	2013 \$'000	2012 \$'000
Movements in this reserve were as follows:		
Balance 1 July	(3)	-
Net exchange differences on translation of foreign operations	1,567	(3)
Balance 30 June	1,564	(3)

(c) Retained earnings

	2013 \$'000	2012 \$'000
Movements in retained earnings were as follows:		
Balance 1 July	18,668	12,683
Net profit for the year	12,394	11,798
Dividends	(7,497)	(5,813)
Balance 30 June	23,565	18,668

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, credit risk and foreign exchange 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 commodity trading risks.

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 cash and debt obligations with a floating interest rate and the Group's policy is to manage its interest exposure 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:

	2013 \$'000	2012 \$'000
Financial Assets		
Cash	13,535	12,210
	13,535	12,210
Financial Liabilities		
Overdraft	-	-
Borrowings	(3,349)	(839)
	(3,349)	(839)
Net exposure	10,186	11,371

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

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 2013, 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:

	2013 \$'000	2012 \$'000
Judgements of reasonably possible movements:		
+2% (200 basis points)	143	163
- 2% (200 basis points)	(143)	(163)

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.

The Group's cash is held with the following financial institutions:

- Australia and New Zealand: ANZ Bank – AA credit rating with Moody's.
- North America: Capital One Bank – A3 credit rating with Moody's.
Colorado Business Bank – un-rated.

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

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 2013. 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 2013.

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

	Contractual Cashflows		Carrying amount	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
1 year or less	28,372	23,797	28,372	23,766
1-5 years	9,375	266	9,091	266
Over 5 years	-	-	-	-
	37,747	24,063	37,463	24,032

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2013		2012	
	USD \$'000	NZD \$'000	USD \$'000	NZD \$'000
Trade and other receivables	269	1,086	-	1,019

Based on the balances in the previous table, movements in the Australian dollar by 10% against the US and NZ dollars, with all other variables held constant, would be considered immaterial.

22. BUSINESS COMBINATIONS

R&A Travel Inc

On 2 July 2012, the Group acquired 100% of the issued shares in R&A Travel Inc (R&A), a US based travel management company. The initial cost of the acquisition was \$5,448,000 (US\$5,390,000), paid in cash and shares, with further contingent consideration, payable as at 31 August 2013 and 31 August 2014, as set out in this note.

The potential undiscounted amounts of future payments that the Group could be required to make, in cash and shares, based on the financial criteria relating to the earn-out periods 1 July 2012 to 30 June 2013 and 1 July 2013 to 30 June 2014, are as follows:

- A multiple of EBITDA for the period, 1 July 2012 to 30 June 2013, reduced by the initial payments made, ranging from \$1(US\$1), capped to a value of \$3,814,000 (US\$3,960,000).
- A multiple of EBITDA for the period, 1 July 2013 to 30 June 2014, reduced by the initial payments made and the value of the first year clause above, ranging from \$1(US\$1), capped to a value, over the two years to 30 June 2014, of \$3,814,000 (US\$3,960,000).
- To the extent that EBITDA for the year, 1 July 2013 to 30 June 2014, exceeds \$1,637,000 (US\$1,700,000), 50% of the excess which is payable as Contingent Consideration.

At the acquisition date, the projected results for the earn-out periods, 1 July 2012 to 30 June 2013 and 1 July 2013 to 30 June 2014, were assessed to determine the acquisition date fair value of this contingent consideration, as set out in the following table. Any subsequent adjustment to the final contingent consideration, based on actual results as at 30 June 2013 and 30 June 2014, will be reflected in the Statement of Comprehensive Income.

	\$'000
Purchase consideration:	
Initial cash and shares paid/payable*	5,448
Acquisition date fair value contingent consideration - earn-out **	3,823
Total acquisition date fair value consideration	9,271

* \$244,000 (US\$250,000) deposit paid prior to 30 June 2012 and \$4,677,000 (US\$4,614,000) in cash and \$526,000 (US\$526,000) in shares, paid on 2 July 2012.

** The contingent consideration has been accrued in the balance sheet within Trade and Other Payables classification.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. BUSINESS COMBINATIONS (continued)

R&A Travel Inc (continued)

The provisional fair values of the assets and liabilities of the R&A business, acquired as at the date of acquisition, are as follows:

Item	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	29	29
Accounts receivable	717	717
Other assets	30	30
Fixed assets	50	50
Client intangibles	-	186
Trade and other payables	(858)	(858)
Provisions	(115)	(115)
Net identifiable assets/(liabilities) acquired	(147)	39
Goodwill on acquisition		9,232
Net assets acquired		9,271

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 \$9,232,000 (US\$9,441,000). The full value of the goodwill and client intangibles is expected to be deductible for US tax purposes.

Acquisition related costs of \$22,016 (June 12: \$89,616) are included in Administrative and General Expenses classification in the Statement of Comprehensive Income. The acquired business contributed revenues of \$9,558,430 and net profit after tax of \$873,574 to the Group for the period 2 July 2012 to 30 June 2013.

TravelCorp

On 1 May 2013, the Group acquired 100% of the issued shares in TravelCorp LLC (TravelCorp), a North American based travel management company. The initial cost of the acquisition was \$10,275,000 (US\$10,652,000), paid in cash \$7,054,000 (US\$7,312,500) and shares \$3,221,000 (US\$3,340,000), with further contingent consideration payable as at 31 August 2014 and 31 August 2015, as set out in this note.

The potential undiscounted amounts of future payments that the Group could be required to make, in cash and shares, based on the financial criteria relating to the earn-out periods, 1 July 2013 to 30 June 2014 and 1 July 2014 to 30 June 2015, are as follows:

- A multiple of EBITDA for the periods 1 July 2013 to 30 June 2014 and 1 July 2014 to 30 June 2015, reduced by the payment made relating to the first earn-out period, with the maximum payment being a capped value of \$3,581,000 (US\$3,712,500).
- A multiple of EBITDA for the periods, 1 July 2013 to 30 June 2014 and 1 July 2014 to 30 June 2015, reduced by the payment made relating to the first earn-out period, with the maximum payment being a capped value of \$5,570,560 (US\$5,775,000).

At the acquisition date, the projected results for the earn-out periods, 1 July 2013 to 30 June 2014 and 1 July 2014 to 30 June 2015, were assessed to determine the acquisition date fair value of this contingent consideration, as set out in the following table. Any subsequent adjustment to the final contingent consideration, based on actual results, as at 30 June 2014 and 30 June 2015, will be reflected in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. BUSINESS COMBINATIONS (continued)

TravelCorp (continued)

	<u>\$'000</u>
Purchase consideration:	
Initial cash and shares paid/payable*	10,275
Acquisition date fair value contingent consideration - earn-out **	<u>8,883</u>
Total acquisition date fair value consideration	<u>19,158</u>

* \$7,054,000 (US\$7,312,500) in cash and \$3,221,000 (US\$3,340,000) of shares paid on 1 May 2013.

** The contingent consideration has been accrued in the balance sheet within the Trade and Other Payables classification.

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

Item	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	74	74
Accounts receivable	639	639
Client intangibles	-	663
Trade and other payables	(621)	(621)
Provisions	<u>(80)</u>	<u>(80)</u>
Net identifiable assets/(liabilities) acquired	12	675
Goodwill on acquisition		<u>18,483</u>
Net assets acquired		<u>19,158</u>

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 \$18,483,000 (US\$19,162,000). The full value of the goodwill and client intangibles is expected to be deductible for US tax purposes.

Acquisition related costs of \$966,279 (June 12: Nil) are included in Administrative and General Expenses classification in the Statement of Comprehensive Income. The acquired business contributed revenues of \$1,427,975 and net profit after tax of \$197,837 to the Group for the period 1 May 2013 to 30 June 2013.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. BUSINESS COMBINATIONS (continued)

Boulder

On 1 December 2012, the Group acquired part of the business of Tzell Boulder, LLC (Boulder), a US based travel management company. The initial cost of the acquisition was \$5,000 (US\$5,000) paid in cash, with further contingent consideration payable monthly over the first three years, as set out in this note.

The potential undiscounted amounts of future cash payments that the Group could be required to make are based on financial criteria relating to percentages of collected revenues over the three earn-out years and range from \$1 with no capped maximum value.

At the acquisition date, the projected results for the three earn-out years were assessed to determine the acquisition date fair value of this contingent consideration, as set out in the following table. Any subsequent adjustment to the final contingent consideration, based on the actual results, will be reflected as an expense in the Statement of Comprehensive Income.

	\$'000
Purchase consideration:	
Initial cash payable	5
Acquisition date fair value contingent consideration	
– cash earn-out*	432
	<hr/>
Total acquisition date fair value purchase consideration	437

*The contingent consideration has been accrued in the balance sheet within the Trade and Other Payables classification.

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

Item	Acquiree's carrying amount \$'000	Fair value \$'000
Client intangibles	-	48
	<hr/>	<hr/>
Net identifiable assets/(liabilities) acquired	-	48
Goodwill on acquisition		389
		<hr/>
Net assets acquired		437

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 \$389,000 (US\$405,000). The full value of goodwill and client intangibles is expected to be deductible for US tax purposes.

Acquisition related costs of \$25,671 (US\$25,000) are included in administrative and general expenses in the Statement of Comprehensive Income.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. BUSINESS COMBINATIONS (continued)

ETM (prior period)

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 strengthened 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	<u>12,600</u>
Re-measurement of the fair value of the contingent consideration – cash earn-out recognised as income in the Statement of Comprehensive Income – Note 5**	<u>(683)</u>
Final purchase consideration payable	<u>11,917</u>

*\$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 (2013: \$4,017,000 paid).

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		<u>13,229</u>
Net assets acquired		<u>12,600</u>

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 Australian tax purposes.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

22. BUSINESS COMBINATIONS (continued)

ETM (prior period) (continued)

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.

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:

	2013 \$'000	2012 \$'000
Within one year	2,290	1,341
After one year but not more than five years	6,381	1,985
More than five years	75	-
	8,746	3,326

Other Loan Commitments

The Group had hire purchases contracts for various items of plant and equipment in the prior year.

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

	2013 \$'000	2012 \$'000
Within one year	-	53
After one year but not more than five years	-	-
Total minimum lease payments	-	53
Less amounts representing finance charges	-	(1)
Present value of minimum lease payments	-	52

Capital Commitments

There were \$167,000 of capital commitments as at reporting date (2012: \$38,000).

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:

	2013 \$'000	2012 \$'000
Various vendors	2,738	1,448
	2,738	1,448

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 (2012 - \$nil).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

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:

Name	Country of Incorporation	Percentage of Equity Interest Held	
		2013 %	2012 %
Corporate Travel Management Group Pty Ltd	Australia	100	100
Sainten Pty Ltd	Australia	100	100
Floron Nominees Pty Ltd	Australia	100	100
WA Travel Management Pty Ltd	Australia	100	100
Travelogic Pty Ltd	Australia	100	100
Corporate Travel Management (New Zealand) Limited	New Zealand	100	100
Travelcorp Holdings Pty Ltd	Australia	100	100
Travelcorp (Aust) Pty Ltd	Australia	100	100
ETM Travel Pty Ltd	Australia	100	100
Corporate Travel Management North America Limited	US	100	100
R&A Travel Inc	US	100	-
Travelcorp LLC	US	100	-

(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. As at balance date, the Group is submitting an application to include the newly acquired North American entities into the Deed of Cross Guarantee.

Closed Group Class Order Disclosures

Corporate Travel Management Limited and all of its controlled entities (with the current exception of its North American controlled entities - refer above) are party to the above Deed of Cross Guarantee and represent a 'Closed Group' for the purposes of the Class Order. Further disclosure of the Closed Group has not been made, due to the impending application to include the North American entities as party to the Deed of Cross Guarantee, within the required reporting period after balance date.

(iii) *Transactions with Directors and Director related entities*

During the year, \$333,677 (2012: \$227,319) has been paid to a party related to Mr Jamie Pherous for rent and outgoings in relation to an office lease. The balance outstanding at 30 June 2013 is \$nil (2012: \$19,268).

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

24. RELATED PARTY DISCLOSURES (continued)

(iv) Transactions with shareholders and shareholder related entities

	2013 \$	2012 \$
Borrowings owed to shareholders		
Balance 1 July	-	217,058
Repayments of loan balances outstanding	-	(217,058)
Balance 30 June	-	-

(v) Transactions other related parties

Receivables from the former ETM Directors were held as at the etm acquisition date (refer Note 22).

	2013 \$	2012 \$
Receivables from other related parties		
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:

	2013 \$'000	2012 \$'000
Statement of Financial Position		
Current assets	19,834	11,121
Total assets	83,045	68,064
Current liabilities	5,448	6,548
Total liabilities	5,448	6,548
Shareholders' equity		
Issued capital	68,259	54,747
Retained earnings	9,353	6,769
	77,612	61,516
Profit or loss for the year	(10,081)	(12,615)
Total comprehensive income	(10,081)	(12,615)

(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(ii).

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 2013 or 30 June 2012.

(d) Contractual commitments

The parent entity did not have any contractual commitments at 30 June 2013 or 30 June 2012.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

26. AUDITORS' REMUNERATION

	2013 \$	2012 \$
The auditor of the Group is PricewaterhouseCoopers		
<i>Amounts received or due and receivable by:</i>		
<i>PricewaterhouseCoopers Australia:</i>		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	285,000	271,737
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	140,146	64,522
- Tax services – acquisitions	23,600	36,000
- Remuneration advice	9,552	-
	458,298	372,259
<i>Other PricewaterhouseCoopers network firms:</i>		
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	26,736	8,843
- Tax services – acquisitions	27,163	31,916
	53,899	40,759
	512,197	413,018

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

28. DIRECTOR AND EXECUTIVE DISCLOSURES

a) Details of key management personnel

(i) Directors

Mr Tony Bellas	Non-Executive Director.
Mr Stephen Lonie	Non-Executive Director.
Mr Greg Moynihan	Non-Executive Director.
Mr Jamie Pherous	Managing Director & Chief Executive Officer
Ms Claire Gray	Executive Director.

(ii) Other executives

Mr Steve Fleming	Chief Financial Officer.
Ms Laura Ruffles	Chief Executive Officer - Australia & New Zealand

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

	2013 \$	2012 \$
Short-term	1,455,272	1,419,289
Post employment	105,893	116,272
Long-term benefits	7,104	10,264
Share-based payments	9,317	-
	1,577,586	1,545,825

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2013

28. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

c) Equity Instrument disclosures relating to key management personnel

(i) Share appreciation rights

During the financial year, share appreciation rights were issued to Ms Laura Ruffles as listed in the Directors' Report

No share options were granted as equity compensation benefits during the financial year, (2012: nil).

ii) Shares held by key management personnel:

	Balance at 30 June 2012	Purchased	Disposed	Other changes during year	Balance at 30 June 2013
Directors					
Ordinary shares					
Mr Jamie Pherous	26,599,728	-	(2,599,728)	-	24,000,000
Ms Claire Gray	5,424,999	-	-	-	5,424,999
Mr Tony Bellas	200,000	-	-	-	200,000
Mr Stephen Lonie	200,000	-	-	-	200,000
Mr Greg Moynihan	200,000	-	-	-	200,000
Other key management personnel of the group					
Ordinary shares					
Ms Laura Ruffles	150,000	-	-	-	150,000
Mr Steve Fleming	150,000	-	-	-	150,000

	Balance at 30 June 2011	Purchased	Disposed	Other changes during year	Balance at 30 June 2012
Directors					
Ordinary shares					
Mr Jamie Pherous	26,599,728	-	-	-	26,599,728
Ms Claire Gray	5,424,999	-	-	-	5,424,999
Mr Tony Bellas	200,000	-	-	-	200,000
Mr Stephen Lonie	200,000	-	-	-	200,000
Mr Greg Moynihan	200,000	-	-	-	200,000
Other key management personnel of the group					
Ordinary shares					
Ms Laura Ruffles	150,000	-	-	-	150,000
Mr Steve Fleming	150,000	-	-	-	150,000
Ms Nova Fleming	-	-	-	-	-

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.

d) Loans to key management personnel

There were no loans provided to or received from key management personnel during the financial year (2012: \$nil).

e) 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 29 to 70 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 2013 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.



Mr Tony Bellas
Chairman



Mr Jamie Pherous
Managing Director

Brisbane, 28 August 2013



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 2013, the consolidated statement of comprehensive income, 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 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* as issued by the International Accounting Standards Board.

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. Those 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 consolidated 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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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Auditor's opinion

In our opinion:

1. the financial report of Corporate Travel Management Limited is in accordance with the *Corporations Act 2001*, including:
 - giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
 - complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. 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 12 to 17 of the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Sarah Nelson

Sarah Nelson
Partner

Brisbane
28 August 2013

Shareholder Information

The shareholder information set out below was applicable at 23 August 2013.

A. Distribution of equity securities

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

	Number of Shareholders
1 – 1,000	1,011
1,001 – 5,000	1,876
5,001 – 10,000	489
10,001 – 100,000	354
100,001 and over	40
	3,770

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	24,000,000	31.21%
Claire Lesley Gray	5,424,999	7.05%
HSBC Custody Nominees (Australia) Limited	3,710,667	4.82%
Steven Craig Smith	3,479,649	4.52%
Matthew Michael Cantelo	2,960,032	3.85%
Mr Matthew Dalling	2,920,282	3.80%
National Nominees Limited	2,746,938	3.57%
J P Morgan Nominees Australia Limited	2,543,498	3.31%
RBC Investor Services Australia Nominees Pty Limited	1,404,880	1.83%
Helen Logas	1,075,800	1.40%
RBC Investor Services Australia Nominees Pty Limited	932,648	1.21%
Aust Executor Trustees SA Limited	872,512	1.13%
Matimo Pty Limited	784,157	1.02%
Doobie Investments Pty Limited	784,157	1.02%
Lyndall McCabe	667,911	0.87%
AMJJAS Pty Ltd	641,109	0.83%
Mr Michael Pherous and Mrs Diane Pherous	430,000	0.56%
Citicorp Nominees Pty Limited	421,068	0.55%
HSBC Custody Nominees (Australia) Limited	399,922	0.52%
UBS Wealth Management Australia Nominees Pty Ltd	354,500	0.46%
BNP Paribas Noms Pty Ltd	346,148	0.45%
Murdoch Investments Pty Ltd	313,000	0.41%
	57,213,877	74.39%

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	24,000,000	31.21%
Claire Lesley Gray	5,424,999	7.05%
HSBC Custody Nominees (Australia) Limited	4,110,589	5.34%

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

Joint Company Secretaries

Mrs Lyndall McCabe.
Mr Steve 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