

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 2014

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Chairman's Report

I am pleased to present the 2014 Annual Financial Report of Corporate Travel Management Limited ("CTM" or "the Group").

The Group 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 Group expanded its global presence with entry into the Asian market. A majority 75.1% interest in Wealthy Aim Investments Limited ("Westminster Travel") was acquired on 29 January 2014. The Group now has operations in Australia, New Zealand, North America and Asia.

The past year also saw the Group achieve continued strong organic growth in a challenging global economic climate, which, together with the Asian acquisition, enabled CTM to achieve a record turnover. A particular challenge this year was the continuing intense competition in the Australian domestic airline market, which had an impact on Total Transaction Value.

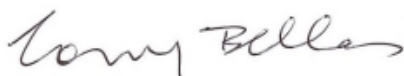
The Group continued its investment in delivering innovative client facing products to the market. This investment, coupled with the continued high service levels, has allowed the Group to have a strong year and establish a good platform for continued growth moving forward.

In July 2014, the Company was awarded the Best National Travel Management Company for the ninth time in eleven years at the Australia Federation of Travel Agents 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 also 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 7.5 cents per share on 28 August, which will be paid on 10 October 2014 to all shareholders registered on 9 September 2014.



Tony Bellas
Chairman
Corporate Travel Management Limited
28 August 2014

Managing Director's Report

Dear Shareholders,

Introduction

CTM has again delivered an excellent result in tough economic conditions. The most pleasing aspect was that all CTM regions experienced record profits, and all acquisitions contributed to the organic profit growth. We remain well placed to benefit from future upturns in the general economic environment. The 75.1% acquisition of Wealthy Aim Investments Limited ("Westminster Travel"), on 29 January 2014, continues the global expansion strategy and has the Group operating out of 37 cities in 15 countries with over 1,300 employees.

Outstanding performance

In the year to 30 June 2014, CTM's TTV (total transaction value) of \$1,384m (unaudited) was 56.6% higher than the previous year and travel income of \$109.3m was 41.9% higher than the previous year.

CTM's statutory net profit after tax ("NPAT") of \$15.8m for the year to 30 June 2014 compares with \$11.3m (restated for voluntary change in accounting policy) in the previous year, representing a 39.8% increase.

Financial position

CTM is in a sound financial position, with total assets of \$247.8m at 30 June 2014, an increase of \$131.8m or 113.6% from 30 June 2013. The growth in assets is largely due to the acquisition of 75.1% of Westminster Travel.

The continued generation of strong cash flows contributed to the Group's sound financial position, with net cash flows from operating activities of \$11.8m over the year to 30 June 2014.

In January 2014, CTM raised a further \$53.3m through the equity market, to assist with funding the acquisition of the Asian based agency, Westminster Travel.

Total equity of \$132.9m at 30 June 2014 compares with \$69.1m at 30 June 2013, an increase of \$63.8m or 92.3% over the year.

The Group focused on the following initiatives during the year:

Win and retain clients

- CTM's client service was enhanced through the delivery of innovative technology, particularly implementing its SMART technology during the year.
- CTM is now leveraging its expanding global footprint, to grow the business through cross selling across its regions, noting that CTM now manages 32 clients across more than one CTM region.
- Continued investment in sales and marketing resources, resulted in a record new client wins year, which positions the Company well for FY15 and beyond. In addition, client retention has continued to be strong, exceeding 97%.

Staff and client satisfaction

- CTM maintains a continuous feedback process through innovation, to ensure productivity improvement for our clients.
- Client and staff survey's response results were at record levels.

Mergers and acquisitions

- During the year, the Group completed the acquisition of 75.1% of Westminster Travel, an Asian based travel agent. The Group now has operations in Australia, New Zealand, North America and Asia, across 37 cities in 15 countries.
- In North America, the transition of two acquisitions into the business, translated into organic growth and improved profit margin, through leveraging our scale and synergies.
- CTM continues to pursue additional EPS accretive acquisitions.

Business drivers

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

- Strong client wins across the Group with CTM's continued investment in technology and business tools continuing to strengthen CTM's competitive advantage.
- Continued high levels of client retention, underpinned by high levels of client satisfaction and staff engagement.
- Improving CTM's internal processes and the competency of CTM's people, so that CTM's service platform is most effective in supporting CTM's clients' needs.

Managing Director's Report (continued)

Employees

A competent 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.

Over the past year, the total number of employees increased by 116.6% to 1,334, reflecting the Westminster Travel acquisition and CTM's positioning to underwrite growth with the most skilled talent.

The Board and the senior management team appreciate the contribution that CTM's staff have made to the Group's strong performance in 2013/14. 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, particularly the introduction of CTM SMART, coupled with the entry into the Asian market, has the Company well positioned for growth.

The entry into the Asian market is an exciting new phase for the Group. With CTM now operating out of 37 cities in 15 countries, the Group is building on expansive global footprint that positions itself for sustained growth.

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
28 August 2014

Directors' Report

The Directors present their report, together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries (CTM or "the Group"), for the financial period ended 30 June 2014.

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.
Admiral Robert J.Natter, U.S. Navy (Ret.) (appointed 5 February 2014).

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

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.

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).

Special responsibilities:

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

Jamie Pherous

BCom CA
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, North America and Asia, now employing more than 1,300 staff.

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

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

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

Former directorships in last 3 years:

- None.

Special responsibilities:

- Managing Director.

Directors' Report (continued)

INFORMATION ON DIRECTORS (continued)

Greg Moynihan
BCom, Grad Dip SIA, CPA, SFFin, MAICD
Independent Non-Executive Director

Greg Moynihan is a former Chief Executive Officer of Metway Bank Limited. He has also held senior executive positions with Citibank Australia and Suncorp Metway.

Since leaving Suncorp Metway in 2003, Greg has focussed on his commitments as a non-executive company director, as well as pursuing business interests in the investment management and private equity sectors.

Greg is currently a non-executive director of Sunwater Limited (since 2007), Shine Corporate Limited (since 2013), and a Director of several private companies. He has previously held public company 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 Committee member.
- 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, Dart Energy Limited, since 2013, and Retail Food Group Limited, since 2013.

Former directorships in last 3 years:

- Non-Executive Director CMI Limited (2012 to 2013).
- Non-Executive Director Oaks Hotels & Resorts Limited (2011).
- Chairman The Rock Building Society Limited (2010 to 2011).

Special responsibilities:

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

Claire Gray
MBA, 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 brings over 10 years experience in global travel management having held executive roles with Globalstar Travel Management.

Claire Gray graduated from her 2 year MBA programme through the Thunderbird School of Global Management majoring in Global Business Management, in May 2014.

Former directorships in last 3 years:

- None.

Special responsibilities:

- Business development.

Directors' Report (continued)

INFORMATION ON DIRECTORS (continued)

Admiral Robert J. Natter

U.S. Navy (Ret.)

Independent Non-Executive Director

Robert Natter retired from military service a decade ago and now has more than 10 years experience in both the government and private sectors in the North American market. Robert is the Chairman of G4S Government Solutions Inc. since 2012, and U.S. Naval Academy Alumni Association Board since 2012.

Robert Natter also holds Directorships with Eyelock since 2011, BAE Systems In., since 2005, and National U.S. Navy SEAL Museum Board, since 2000. He is also on the Advisory Board of Physical Optics Corp., since 2010.

In Robert Natter's navy career, he served as the Commander in Chief to the U.S. Atlantic Fleet and as the First Commander of U.S. Fleet Forces Command, overseeing all Continental U.S. Navy bases, facilities and training operations.

Former directorships in last 3 years:

- None.

Special responsibilities:

- Remuneration Committee member.
- Nominations Committee member.

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.

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 Audit and Risk Manager.

Lyndall McCabe is a member of the Governance Institute of Australia.

Steve Fleming

BBus (Accounting) CA

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.

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 2014
Mr Tony Bellas	229,630
Mr Stephen Lonie	229,630
Mr Greg Moynihan	229,630
Mr Jamie Pherous	23,000,000
Ms Claire Gray	5,003,624
Admiral Robert J.Natter	92,000

Directors' Report (continued)

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 2014, and the number of meetings attended by each Director were:

Director	Full meetings of directors		Audit		Committee meetings					
					Risk Management		Remuneration		Nominations	
	A	B	A	B	A	B	A	B	A	B
Mr Tony Bellas	12	12	5	5	5	5	3	3	2	2
Mr Stephen Lonie	12	12	5	5	5	5	3	3	2	2
Mr Greg Moynihan	12	12	5	5	5	5	3	3	2	2
Mr Jamie Pherous	12	12	*	*	*	*	*	*	*	*
Ms Claire Gray	11	12	*	*	*	*	*	*	*	*
Admiral Robert J.Natter	6	6	*	*	*	*	1	1	*	*

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 2014. A full schedule of meetings is also in place for the year ended 30 June 2015.

	Number of meetings required per Charter	Number of meetings held in year to 30 June 2014
Full meetings of Directors	10	12
Audit	4	5
Risk Management	4	5
Remuneration	3	3
Nominations	2	2

DIVIDENDS

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

	2014 \$'000
Final ordinary dividend for the year ended 30 June 2013 of 6.5 cents per fully paid share paid on 11 October 2013	5,084
Interim ordinary dividend for the year ended 30 June 2014 of 4.5 cents per fully paid share paid on 11 April 2014	4,045
	9,129

Since the end of the financial year, the Directors have recommended the payment of a final ordinary dividend of \$6,744,853 (7.5 cents per fully paid share), to be paid on 10 October 2014 out of retained earnings at 30 June 2014.

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

Group overview

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

On 29 January 2014, the Group announced completion of the acquisition of 75.1% of Wealthy Aim Investments Limited ("Westminster Travel") in Asia. Westminster Travel is an award winning travel management and services provider with offices in five Asian countries/territories – Hong Kong, Singapore, China, Macau and Taiwan. The acquisition was funded through a renounceable rights issue of \$53.3m.

Following the acquisition of Westminster Travel, the Group operates out of 37 cities in 15 countries and employs over 1,300 people.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Group overview (continued)

To fund the Westminster Travel acquisition, CTM undertook a renounceable rights issue of 4 new ordinary shares for every 27 shares held. As a result of this rights issue, on 24 January 2014, CTM issued 11,366,052 ordinary shares for a consideration of \$4.60 per share.

As part of the transaction, on 29 January 2014, CTM entered into a loan agreement whereby it loaned the vendors HK\$117,420,074. The loan was funded from CTM's banking facilities with ANZ Bank and was repayable in HK\$, within six months, including all associated costs, and was secured against the remaining 24.9% shares in Westminster Travel. The loan was fully repaid according to the terms of the loan agreement on 28 March 2014, including interest paid of \$45,894. Refer Note 26.

On 23 December 2013, the Group renegotiated its facility with the ANZ Bank. The facility now includes accessible lines of credit totalling \$31.7m. In addition, there are facilities for overdraft, merchant facilities and bank guarantees. The total facility is \$40.3m and has terms ranging from 5 months to 3 years. The amount of this facility used, which relates mainly to bank guarantees, as at 30 June 2014, was \$1.5m.

Group financial performance

Key financial metrics are summarised in the following table:

	2014	2013	Change
	\$'000	\$'000	%
Total Transaction Value (TTV) (unaudited)	1,383,759	883,804	56.6
Total revenue and other income	110,477	77,557	42.4
Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for acquisition / non-recurring costs	28,864	19,587	47.4
Profit before related income tax expense	22,978	15,970	43.9
Income tax expense	6,399	4,702	36.0
<i>Net profit after tax:</i>			
Attributable to members	15,845	11,268	40.7
Attributable to minority interest	734	-	100
Earnings per share (EPS) basic (cents per share)	19.0 cents	14.9 cents	27.5
Total dividends paid/proposed in relation to financial period	10,790	8,074	33.6
Net assets	132,884	69,119	92.3
Net operating cash flow	11,835	16,002	(26.0)

The net profit after tax of the Group for the financial period, amounted to \$15,845,000 (2013: \$11,268,000).

The result was underpinned by a 56.6% increase in TTV, to \$1,384m (unaudited).

EBITDA adjusted for acquisition / non-recurring costs grew by 47.4% to \$28,864m. Refer Note 3 for the reconciliation to profit before income tax from continuing operations.

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.

	2014	2013
	\$'000	\$'000
TTV net of GST (unaudited)	1,383,759	883,804

CTM continues to maintain a strong financial position, with net current assets of \$30.2m and total equity of \$132.9m. At 30 June 2014, the Group had nil interest bearing debt and has continued to generate strong operating cash flows.

The business growth has been funded by a combination of operating cash flow and a capital raising in January 2014 of \$53.3 million, applied to fund the Westminster Travel acquisition. In addition to the Westminster Travel acquisition, there has been further deferred acquisition payments of \$2.0m and capital expenditure of \$2.1m during the year, which have been funded through operating cash flow.

The Company continues to pay dividends at its stated dividend policy level, with a final dividend declared at 7.5 cents per share (full year: 12 cents).

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review of underlying operations

Australia and New Zealand ("ANZ")

Revenue and other income, in the ANZ operation increased by 1.8% despite a 0.4% fall in TTV (unaudited). The ANZ operation's TTV (unaudited) was impacted by declining average ticket prices and tough economic conditions. Average ticket prices and client activity appear to have steadied in recent months.

Encouragingly, the adjusted EBITDA margin increased from 26.6% in 2013 to 27.7% in 2014, as the region was able to generate more productivity gains.

North America

TTV (unaudited) in North America rose by 7.4% on a like for like basis, with 2014 TTV (unaudited) at \$306.4m. Revenue increased by 23.2% to \$22.8m as a result of synergies from business integration and strong organic growth.

The adjusted EBITDA margin improved from 16.3% to 22.6%, due to synergies operating across North America.

CTM now has operations in 17 cities across 7 states in North America. The momentum and scale now in place bodes well for future activities.

Asia

The new operations in Asia contributed \$360m of TTV (unaudited) for the 5 months from date of acquisition to 30 June 2014. The yield in the Asian business is lower than ANZ and North America due to the Wholesale business line, which operates at a much lower yield than Corporate, Leisure and Events businesses.

In Hong Kong, Westminster Travel, as a Tier 1 consolidator, acts as a markets channel for major airlines, selling tickets to Third Party Tier 2 travel agents, as well as through its own, corporate and leisure businesses. This wholesale business reflects the operating structure of the travel industry in Hong Kong, and is an important part of Westminster Travel's business operations in Hong Kong, as it provides the platform to generate higher TTV and volume rebates for Westminster Travel.

EBITDA margin, however, is strong at 23.4% which has improved from 22.0% for the corresponding period.

Strategy and future performance

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

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

In the 2014 financial 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 in securing new clients, 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, but not through a reduction of service. In fact, service levels have risen as automation has replaced manual processes, providing CTM's consultants with the time to operate more effectively and for the benefit of clients.

The acquisition of Westminster Travel in Asia gives the Group presence in three of the four major travel markets.

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

The next twelve months will also involve leveraging global synergy opportunities, where available, and a greater focus on cross-selling between regions.

Material business risks

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

These risks include:

- Global terrorism and pandemics: International travel remains susceptible to the impact of regional terrorism and health pandemics

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Material business risks (continued)

- 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.

VOLUNTARY CHANGE IN ACCOUNTING POLICY

During the year, the Group made a voluntary change to its accounting policy in relation to Pay Direct Commissions ("PDC"). In assessing the revenue recognition policy, the Directors noted several factors including a deteriorating rate of PDC recoveries and the uncertainty that surrounds PDCs at the time of travel booking. These factors made it increasingly difficult to reliably estimate PDC revenue at time of booking.

The Directors concluded that it was not probable that revenue would flow to CTM until the point of receipt. Hence, the Directors consider that this voluntary change in accounting policy will allow a more reliable measurement and recognition of PDC in the future.

PDC revenue is now being recognised based on receipt of commission, as opposed to previous recognition based on a booking received. Full details of the impact of the voluntary change are found in Note 32.

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

UStTravel

The acquisition of 100% of the shares of UStTravel Inc. ("UST"), a North American based travel management company, was completed on 1 July 2014. As part of this transaction, an initial consideration of \$5,561,441 (US \$5,250,000) was paid via a mixture of cash and CTM Limited shares. Further cash contingent consideration of up to \$2,919,320 (US \$2,750,000) may also be payable on 31 August 2015, based on UST achieving annual profit before tax earnings of \$US1,600,00 by 30 June 2015. Should actual profit before tax earnings not reach this level by 30 June 2015, the amount of the earn-out will be reduced.

Avia International Travel

On 6 August 2014, CTM announced the acquisition of Avia International Travel ("Avia"), a travel company based in Houston, Texas, effective from 1 September 2014. As part of this transaction, an initial consideration of \$4,454,644 (US \$4,125,000) will be paid via a mixture of cash and CTM Limited shares. Further cash contingent consideration of up to \$5,175,159 (US \$4,875,000) may also be payable on 30 November 2015, based on Avia achieving annual profit before tax earnings of \$US1,800,000 by 31 August 2015. Should actual profit before tax earnings not reach this level by 31 August 2015, the amount of the earn-out will be reduced.

No other matter or circumstance has arisen since 30 June 2014 that will significantly affect the Group's operation, 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.

OTHER MATTERS

During the year, CTM issued 25,000 Ordinary shares to Admiral Robert J. Natter, in consideration for consultancy services in relation to CTM's North American operations. On 5 February 2014, CTM appointed Admiral Natter, as an independent Non-Executive Director, based in North America. Admiral Natter, has been actively engaged with CTM as a consultant since September 2013, and brings with him a wealth of knowledge and experience in the North American market.

Directors' Report (continued)

OTHER MATTERS (continued)

During the year, CTM made an unsecured short term bridging loan to Mr Jamie Pherous of \$3,867,716 (2013: Nil) at an arm's length interest rate of 6.66%, based on a 100 day term. The loan was fully repaid according to the terms of the loan agreement on 17 December 2013, including interest paid of \$57,886 (2013: Nil).

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.
Admiral Robert J. Natter	Non-Executive Director (appointed on 5 February 2014).
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.
Mr Larry Lo	Chief Executive Officer – Asia (since 29 January 2014).
Mr Romeo Cuter	Chief Executive Office – North America (since 2 April 2014).

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 2013.

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 \$600,000 (2013: \$400,000).

Retirement allowances for non-executive Directors

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

Executive Remuneration Framework

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

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

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

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

Directors' Report (continued)

REMUNERATION REPORT (continued)

Principles used to determine the nature and amount of remuneration (continued)

Executive Remuneration Framework (continued)

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 2015, 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.

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 2014 year was approximately 67% (2013: 49%) 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.

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

The STI target annual payment is reviewed annually.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Principles used to determine the nature and amount of remuneration (continued)

Short-term incentives (continued)

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 2014, 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 relationship between STI and Corporate Travel Management Ltd's performance over the last 5 years is set out in the following table:

	2014	2013 restated	2012	2011	2010
Profit for the year attributable to owners of Corporate Travel Management Ltd (\$'000)	15,845	11,268	11,798	8,268	3,317
Basic earnings per share (cents)	19.0	14.9	16.3	13.5	6.6
Dividend payments (\$'000)	9,129	7,497	5,813	750	-
Dividend payout ratio (%)	57.6%	66.5%	49.3%	9.1%	0.0%
Increase / (decrease) in share price %	56.6%	111.3%	(0.5%)	100.0%	n/a
Total KMP STI as a percentage of profit / (loss) for the year (%)	0.9%	2.6%	1.9%	3.4%	4.4%

Long-term incentives

In the prior year, the Company introduced a long term incentive scheme 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 absolute discretion and no individual has a contractual right to participate in the plan.

Details of remuneration

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

Name	Cash salary and fees	Short-term benefits			Long-term benefits			Total
		Short-term incentive*	Annual leave	Non-monetary benefits	Super-annuation	Long service leave	Share appreciation rights	
2014	\$	\$	\$	\$	\$	\$	\$	
<i>Non-executive Directors</i>								
Tony Bellas	99,769	-	-	-	9,229	-	-	108,998
Stephen Lonie	77,212	-	-	-	7,142	-	-	84,354
Greg Moynihan	77,212	-	-	-	7,142	-	-	84,354
Admiral Robert J. Natter	35,804	-	-	-	3,649	-	-	39,453
Sub-total non-executive Directors	289,997	-	-	-	27,162	-	-	317,159
<i>Executive Directors</i>								
Jamie Pherous	300,000	-	26,538	2,172	27,750	5,756	-	362,216
Claire Gray	94,747	-	-	-	-	-	-	94,747
<i>Other key management personnel of the group</i>								
Laura Ruffles	293,269	100,000	26,539	-	38,227	3,786	24,338	486,159
Steve Fleming	260,000	40,000	23,000	-	27,750	4,101	6,659	361,510
Larry Lo ^	165,748	-	4,420	-	929	-	-	171,097
Romeo Cuter ^	95,572	-	-	-	-	-	-	95,572
Total key management personnel compensation	1,499,333	140,000	80,497	2,172	121,818	13,643	30,997	1,888,460

* Balances include a prior period incentive of \$30,000 paid to Laura Ruffles, in excess of amounts previously provided.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Details of remuneration (continued)

^ Larry Lo was appointed as Chief Executive Officer - Asia on 29 January 2014 and Romeo Cuter was appointed as Chief Executive Officer - North America on 2 April 2014. Admiral Robert J. Natter was appointed as Director on 5 February 2014. The amounts presented in the previous tables, represent remuneration paid from the dates of these respective appointments.

Name	Cash salary and fees	Short-term benefits			Long-term benefits			Total
		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

** Balances reflect the net impact of leave accrued and leave taken.

Directors and other key management personnel of the Group are included in this disclosure for the period they held the applicable roles.

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

Name	Fixed remuneration		At risk – STI		At risk – LTI	
	2014 %	2013 %	2014 %	2013 %	2014 %	2013 %
<i>Directors of Corporate Travel Management Limited</i>						
Tony Bellas	100%	100%	-	-	-	-
Stephen Lonie	100%	100%	-	-	-	-
Greg Moynihan	100%	100%	-	-	-	-
Jamie Pherous	100%	100%	-	-	-	-
Claire Gray	100%	24%	-	76%	-	-
Admiral Robert J. Natter	100%	-	-	-	-	-
<i>Other key management personnel of the group</i>						
Laura Ruffles	70%	70%	24%	28%	6%	2%
Steve Fleming	85%	81%	13%	19%	2%	-
Larry Lo	100%	-	-	-	-	-
Romeo Cuter	100%	-	-	-	-	-

Directors and other key management personnel of the Group are included in this disclosure for the period they held the applicable roles.

Service agreements

There are no fixed-term service agreements with Directors or other 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.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Details of remuneration (continued)

Short term incentive bonus

For each short term incentive included in the tables on pages 15 and 16, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited, is disclosed in the following section. No part of the bonus is payable in future years.

Name	2014		2013	
	Awarded %	Forfeited %	Awarded %	Forfeited %
Laura Ruffles	51	49	75	25
Steve Fleming	37	63	62	38
Claire Gray	-	-	50	50

Long-term incentives

In the prior year, the Company introduced a long term incentive scheme via a Share Appreciation Rights Plan (SARs).

The plan is designed to focus executives on delivering long-term shareholder returns. Under the plan, SARs will only vest, 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 absolute discretion and no individual has a contractual right to participate in the plan. Once vested, a participant will be deemed to have automatically exercised all vested SARs and CTM will settle its obligation in line with the SARs Plan. There is no consideration payable by the participant upon exercising of vested SARs. Upon vesting, the conversion of a SAR to an equity or cash based settlement, is determined using a formula referencing the relevant share prices of CTM, the number of SARs exercised, and is at the Board's sole discretion.

Grants made during 2014 will vest on a scaled basis as follows:

- 75% vest at 80% target achievement;
- 100% at 100% target achievement.

Grants made to key management personnel that have not yet vested as at 30 June 2014 are as follows:

Name	Year of grant	Years in which rights may vest	Number of rights granted	Value per right at grant date	Number of rights vested during the year	Vested %	Forfeited %	Max value yet to vest
Laura Ruffles	2014	2017	75,000	\$0.41	-	-	-	30,075
	2013	2016	75,000	\$0.57	-	-	-	43,050
Steve Fleming	2014	2017	50,000	\$0.41	-	-	-	20,050
	2013	2016	-	-	-	-	-	-

No Directors or other key management personnel hold any share appreciation rights.

Loans to Directors and Executives

Information on loans to Directors and Executives, including amounts, interest rates and repayment terms are set out in Note 26 to the financial statements.

Shares under option

There are currently no unissued ordinary shares of CTM under option.

Equity instruments held by key management personnel

(i) Share appreciation rights

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

No share options were granted as equity compensation benefits during the financial year (2013: nil).

Directors' Report (continued)

REMUNERATION REPORT (continued)

Details of remuneration (continued)

Equity instruments held by key management personnel (continued)

(ii) Shares held by key management personnel:

	Balance at 30 June 2013	Purchased	Disposed	Other changes during year	Balance at 30 June 2014
Directors					
Ordinary shares					
Mr Jamie Pherous	24,000,000	500,000	(1,500,000)	-	23,000,000
Ms Claire Gray	5,424,999	-	(421,375)	-	5,003,624
Mr Tony Bellas	200,000	29,630	-	-	229,630
Mr Stephen Lonie	200,000	29,630	-	-	229,630
Mr Greg Moynihan	200,000	29,630	-	-	229,630
Admiral Robert J. Natter	35,000	32,000	-	25,000	92,000
<i>Other key management personnel of the group</i>					
Ordinary shares					
Ms Laura Ruffles	150,000	3,956	-	-	153,956
Mr Steve Fleming	150,000	3,955	(110,000)	-	43,955
Mr Larry Lo	-	-	-	25,000*	25,000
	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
<i>Other key management personnel of the group</i>					
Ordinary shares					
Ms Laura Ruffles	150,000	-	-	-	150,000
Mr Steve Fleming	150,000	-	-	-	150,000

* A total of 25,000 shares were issued on 31 January 2014 to Mr Larry Lo to assist in his reward and retention.

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

Loans to key management personnel

During the year, CTM made an unsecured short term bridging loan to Mr Jamie Pherous of \$3,867,716 (2012: Nil) at an arm's length interest rate of 6.66%, based on a 100 day term. The loan was fully repaid according to the terms of the loan agreement on 17 December 2013, including interest paid of \$57,886 (2012: Nil). The loan balance represents the highest amount of indebtedness during the year.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

Other transactions and balances with key management personnel

During the year, \$359,324 (2013: \$333,677) has been paid to a party related to Mr Jamie Pherous for rent and outgoings in relation to an office lease. The balance payable at 30 June 2014 is \$24,756 (2013: \$nil).

On 12 September 2013, CTM issued 25,000 Ordinary shares to Admiral Robert J. Natter, in consideration for consultancy services in relation to CTM's North American operations. On 5 February 2014, Admiral Natter, was appointed as an independent Non-Executive Director of CTM.

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

Directors' Report (continued)

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:

Amounts received or due and receivable by:

	2014 \$	2013 \$
The auditor of the Group is PricewaterhouseCoopers		
<i>PricewaterhouseCoopers Australia:</i>		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	361,000	285,000
• Other services in relation to the entity and any other entities in the consolidated group:		
- Tax compliance	165,984	140,146
- Tax services – acquisitions	88,904	23,600
- Other advisory services	39,619	9,552
Total remuneration of PricewaterhouseCoopers Australia	655,507	458,298
<i>Other PricewaterhouseCoopers network firms:</i>		
• Other services in relation to the entity and any other entity in the consolidated group:		
- Audit and Review of the Financial Report	269,059	-
- Tax compliance	52,594	26,736
- Tax services – acquisitions	98,566	27,163
Total remuneration of PricewaterhouseCoopers network firms	420,219	53,899

Directors' Report (continued)

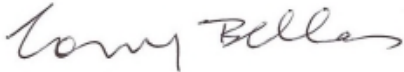
AUDITORS' INDEPENDENCE DECLARATION

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, 2014



Auditor's Independence Declaration

As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 2014, 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, appearing to read 'Michael Shewan', with a long horizontal flourish extending to the right.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
28 August 2014

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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. During the year, 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) Assess and monitor the Group's corporate culture and values;
- (d) Monitor performance against business and financial targets;
- (e) Appoint and oversee the performance of executive management; and
- (f) 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 2014 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. The Board Charter details the Board's composition and responsibilities.

Board composition

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

- (a) The Board should comprise at least four Directors with a broad range of experience, qualifications, diversity, expertise, skills and contacts relevant to the Group and its business;
- (b) Half of the Board must be Non-Executive Directors, independent from management; and
- (c) A majority of independent Directors, including the Chairman, unless, in the circumstances of the Company, it is reasonable for the Director not to be an Independent Director and fully disclosed under the ASX Principles.

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

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

Corporate Governance Statement (continued)

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

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 Officer 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'. Following the appointment of a new Board member in February 2014, the Board is currently comprised of 6 Directors (the Company's constitution provides for a minimum of 3 and a maximum of 12 Directors), which the Board considers to be an appropriate size to discharge its duties as well as be conducive to effective discussion and efficient decision making. At the date of signing the Directors' Report, the Company has two executive Directors and four non-executive Directors.

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 Officer, if a Director, must also retire if a third Annual General Meeting falls during the period in which they have held office. Retiring Directors are eligible to be re-elected.

Chairman and Chief Executive Officer ("CEO")

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

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

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

Induction

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

Corporate Governance Statement (continued)

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

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 2014, 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 2014.

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 26 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 2013 and July 2014.

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

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, 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 the Board's consideration.

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.

Corporate Governance Statement (continued)

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

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: Act ethically and responsibly

Code of ethics and values

The Company has developed and adopted a detailed code of ethics and values to guide Directors in the performance of their duties. The code reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity and takes into account legal obligations and reasonable expectations of the Company's stakeholders.

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

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

Corporate Governance Statement (continued)

Principle 3: Act ethically and responsibly (continued)

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 remuneration.

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

The Diversity Policy is available on the Company's website.

In accordance with this policy and ASX Corporate Governance Principles, the Board has established objectives in relation to gender diversity. The position at 30 June 2014 is detailed as follows:

Item	Actual	
	Men	Women
Number of total employees	323	1,011
Percentage of total employees	24%	76%
Number of employees in senior executive positions	15	15
Percentage of employees in senior executive positions	50%	50%
Number of total Board members	5	1
Percentage of employees on the Board	83%	17%

Corporate Governance Statement (continued)

Principle 3: Act ethically and responsibly (continued)

Diversity policy (continued)

The Group's focus is predominately on maintaining gender diversity, and more importantly, CTM offers 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.

In accordance with the ASX Recommendations, the Group's policies provide the framework for measurable objectives to be set out by the Board, and the progress towards achieving them, are as follows.

Measure		FY2014	FY2015
Base Camp – Frontline Development Program	Objective	50% female gender participation.	Expand this program to staff in international locations.
	Progress	Female participation was 80% for the program.	
Pay Parity Review	Objective	A pay equity review and audit will be undertaken.	
	Progress	Review and audit have been completed.	
Engagement of Female Employees*	Objective	Equal to or greater than CTM-wide engagement score, with any negative differences not statistically significant.	Equal to or greater than CTM-wide engagement score, with any negative differences not statistically significant.
	Progress	Objective was achieved.	

* FY14 result does not include staff in Westminster Travel, as they did not participate in the 2014 Employee Engagement Survey.

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 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:

- Board and Committee structures, to facilitate a proper review function by the Board;
- Internal control framework, including management information systems;
- Compliance with internal controls;
- Internal audit function and management processes supporting external reporting;
- Compliance with relevant legislative and regulatory requirements;
- Review of financial statements and other financial information distributed externally;
- Review of the effectiveness of the audit function;
- Review of the performance and independence of the external auditor;
- Review of the external audit function, to ensure prompt remedial action by management, in relation to any deficiency in or breakdown of controls;
- Assessing the adequacy of external reporting for the needs of Shareholders; and
- Monitoring compliance with the Company's Code of Conduct.

In fulfilling its responsibilities, the Audit 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 auditor at least twice a year, or more frequently if necessary;
- Meets separately with the external auditor at least twice a year without the presence of management; and
- Provides the external auditor with a clear line of direct communication at any time to either the Chair of the Audit Committee or the Chair of the Board.

Corporate Governance Statement (continued)

Principle 4: Safeguard integrity in financial reporting (continued)

Audit Committee (continued)

The Audit 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 Committee meetings are set out in the Directors' report on page 9.

Corporate reporting

The CEO and CFO state in writing to the Board in each reporting period that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial position and operational results and that they are in accordance with relevant accounting standards.

External auditor

The Company's policy is to appoint an external auditor which 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 was introduced this year.

An analysis of fees paid to the external auditor, including a break-down of fees for non-audit services, is provided in the Directors' Report and in Note 30 to the financial statements. It is the policy of the external auditor to provide an annual declaration of their independence to the Audit Committee.

The external auditor will attend the Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

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

Continuous disclosure and shareholder communication

A Share Trading and Continuous Disclosure Policy has been adopted by the Board to provide guidance to the Directors, identified employees including senior management, and other employees ("staff") where the disclosure of information, which may materially affect the price or value of the Company's shares, is required.

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

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

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

Any non-compliance with the Share Trading and Continuous Disclosure Policy will be regarded as an act of serious misconduct. The Share Trading and Continuous Disclosure Policy is available on the Company's website.

The Company Secretary has been nominated as the person responsible for communications with the 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.

Corporate Governance Statement (continued)

Principle 7: Recognise and manage risk

Risk Management Committee

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 Risk Management Committee and reviewed by the full Board.

The purpose of the Risk Management Committee is to ensure 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 Risk Management 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 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.

Corporate reporting

In complying with recommendation 7.3, the CEO and CFO have made the following certifications to the board:

- That the Group'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 the Group and are in accordance with relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the board, and that the company's risk management and internal compliance and control, is operating efficiently and effectively in all material respects in relation to financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Remuneration Committee

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

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 2014

		2014	2013 restated*
	Note	\$'000	\$'000
Revenue	4	110,014	77,557
Other income	5	463	-
Total revenue and other income		110,477	77,557
Employee benefits expenses		(63,988)	(47,004)
Occupancy expenses		(5,328)	(2,676)
Depreciation and amortisation expenses	6	(3,599)	(2,079)
Information technology and telecommunications expenses		(5,847)	(4,859)
Travel and entertainment expenses		(2,029)	(1,232)
Administrative and general expenses		(6,068)	(3,013)
Total operating expenses		(86,859)	(60,863)
Finance costs	6	(640)	(724)
Profit before income tax		22,978	15,970
Income tax expense	7	(6,399)	(4,702)
Profit for the year		16,579	11,268
Profit attributable to:			
Owners of Corporate Travel Management Limited		15,845	11,268
Non-controlling interests		734	-
		16,579	11,268
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations		(4,136)	1,533
Other comprehensive income for the period, net of tax		(4,136)	1,533
Total comprehensive income for the year		12,443	12,801
Total comprehensive income for the year attributable to:			
Owners of Corporate Travel Management Limited		12,275	12,801
Non-controlling interests		168	-
		12,443	12,801
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of Corporate Travel Management Limited:			
- Basic (cents per share)	8	19.0	14.9
- Diluted (cents per share)	8	18.8	14.9

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

*The comparative statement for the year ended 30 June 2013 has been restated to show the effect of the voluntary change in accounting policy, refer Note 32.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2014

	Note	30 June 2014 \$'000	30 June 2013 restated* \$'000	1 July 2012 restated* \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	10	32,000	13,535	12,213
Trade and other receivables	11	101,286	22,847	22,019
Financial assets at fair value	12	18	18	16
Other current assets	13	1,961	688	396
Total Current Assets		135,265	37,088	34,644
Non-current Assets				
Plant and equipment	14	3,371	3,166	2,572
Intangible assets	15	109,031	75,714	42,744
Deferred tax assets	7	98	-	-
Total Non-current Assets		112,500	78,880	45,316
TOTAL ASSETS		247,765	115,968	79,960
LIABILITIES				
Current Liabilities				
Trade and other payables	17	94,126	26,046	22,931
Borrowings	18	-	3,192	840
Income tax payable		2,567	552	2,096
Provisions	19	8,343	1,869	1,850
Total Current Liabilities		105,036	31,659	27,717
Non-current Liabilities				
Trade and other payables	17	4,151	12,295	266
Borrowings	18	-	157	-
Provisions	19	1,766	795	766
Deferred tax liabilities	7	3,928	1,943	908
Total Non-current Liabilities		9,845	15,190	1,940
TOTAL LIABILITIES		114,881	46,849	29,657
NET ASSETS		132,884	69,119	50,303
EQUITY				
Contributed equity	20(a)	99,823	47,856	34,344
Reserves	20(b)	(1,944)	1,530	(3)
Retained earnings	20(c)	26,449	19,733	15,962
Capital and reserves attributable to owners of Corporate Travel Management Limited		124,328	69,119	50,303
Non-Controlling Interests – Equity		8,556	-	-
TOTAL EQUITY		132,884	69,119	50,303

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

*The comparative statement for the year ended 30 June 2013 has been restated to show the effect of the voluntary change in accounting policy, refer Note 32.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Attributable to equity holders of the parent					Total equity \$'000
		Contributed equity \$'000	Retained earnings \$'000	Other reserves \$'000	Total \$'000	Non-controlling Interests \$'000	
Balance at 1 July 2012		34,344	18,668	(3)	53,009	-	53,009
Effect of change in accounting policy*		-	(2,706)	-	(2,706)	-	(2,706)
Balance at 1 July 2012 (restated)		34,344	15,962	(3)	50,303	-	50,303
Profit for the period as reported in 2013 financial statements		-	12,394	-	12,394	-	12,394
Effect of change in accounting policy*		-	(1,126)	(34)	(1,160)	-	(1,160)
Other comprehensive income		-	-	1,567	1,567	-	1,567
Total comprehensive income for the year		-	11,268	1,533	12,801	-	12,801
Transactions with owners in their capacity as owners:							
Shares issued	20(a)	13,512	-	-	13,512	-	13,512
Dividends declared or paid	9	-	(7,497)	-	(7,497)	-	(7,497)
		13,512	(7,497)	-	6,015	-	6,015
Balance at 30 June 2013		47,856	19,733	1,530	69,119	-	69,119
Profit for the period as reported in 2014 financial statements		-	15,845	-	15,845	734	16,579
Other comprehensive income		-	-	(3,570)	(3,570)	(566)	(4,136)
Total comprehensive income for the year		-	15,845	(3,570)	12,275	168	12,443
Transactions with owners in their capacity as owners:							
Shares issued	20(a)	51,967	-	-	51,967	-	51,967
Dividends declared or paid	9	-	(9,129)	-	(9,129)	-	(9,129)
Non-controlling interest on acquisition of a subsidiary		-	-	-	-	8,388	8,388
Employee share scheme		-	-	96	96	-	96
		51,967	(9,129)	96	42,934	8,388	51,322
Balance at 30 June 2014		99,823	26,449	(1,944)	124,328	8,556	132,884

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

* The comparative statement for the year ended 30 June 2013 has been restated to show the effect of the voluntary change in accounting policy, refer Note 32.

Consolidated Statement of Cash Flows FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$'000	2013 restated* \$'000
Cash flows from operating activities			
Receipts from customers (including GST)		112,092	87,363
Payments to suppliers and employees (including GST)		(94,737)	(64,806)
Transaction costs relating to acquisition of subsidiary		(792)	(1,014)
Dividends received		2	-
Interest received		255	201
Finance costs		(235)	(553)
Income tax (paid) / received		(4,750)	(5,189)
Net cash flows from operating activities	10	11,835	16,002
Cash flows from investing activities			
Payment for plant and equipment	14	(797)	(2,144)
Payment for intangibles	15	(1,285)	(1,367)
Proceeds from sale of plant and equipment		4	56
Loans to related party		(21,140)	-
Repayment of loans by related party		20,196	-
Distributions received from joint ventures and associates		430	-
Proceeds from disposal of joint venture		274	-
Purchase of controlled entities, net of cash acquired	23	(27,354)	(15,918)
Net cash flows used in investing activities		(29,672)	(19,373)
Cash flows from financing activities			
Proceeds from issue of new shares	20	53,335	9,764
Share issue transaction costs		(2,326)	-
Proceeds from borrowings		29,040	13,587
Repayments of borrowings		(32,856)	(11,154)
Dividends paid	9	(9,129)	(7,497)
Net cash flows from financing activities		38,064	4,700
Net (decrease) / increase in cash and cash equivalents		20,227	1,329
Effects of exchange rate changes on cash and cash equivalents		(1,762)	(7)
Cash and cash equivalents at beginning of year		13,535	12,213
Cash and cash equivalents at end of year	10	32,000	13,535

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

*The comparative statement for the year ended 30 June 2013 has been restated to show the effect of the voluntary change in accounting policy, refer Note 32.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

The financial report of Corporate Travel Management Limited and its controlled entities (the "Group") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of Directors on 28 August 2014. 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 financial assets and liabilities, fair value through profit or loss.

(b) New and amended standards

The group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2013:

- *AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements and AASB 12 Disclosure of Interest and Other Entities*
- *AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13*
- *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*

The adoption of these standards only affected the disclosures in the notes to the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending 30 June 2014 and have not been adopted early by the Group. The Group's assessment of the impact of these new standards and interpretations is set out in the following table.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New and amended standards (continued)

Title of standard	Nature of change	Impact	Mandatory application date/ Date of adoption by the Group
AASB 9 <i>Financial instruments</i>	AASB 9 sets out new rules for hedge classification, remeasurement and de-recognition.	The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule, it will be easier to apply hedge accounting in the future. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group is still considering the full impact.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 July 2017.
IFRS 15 <i>Revenue from contracts with customers</i>	The IASB has issued a new standard for the recognition of revenue to replace IAS 18. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. While the AASB has not yet issued an equivalent standard, they are expected to do so in the second half of 2014.	The Group has not yet considered the impact of the new rules on its revenue recognition policies. It will undertake a detailed assessment in the near future.	Mandatory for financial years commencing on or after 1 January 2017. Expected date of adoption by the group: 1 July 2017.

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

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

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

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

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, amount of any non-controlling interest in the acquired entity, over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred of the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the profit and loss in the Consolidated Statement of Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

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

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

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

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

(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 (CODM). The CODM has 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.

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

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

- *Value of intangible assets relating to acquisitions*

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting estimates and judgements (continued)

- *Impairment of goodwill*

The Group determines whether goodwill is impaired on an annual basis. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Refer to Notes 2(o) and 16 for further details.

- *Impairment of intangible with finite life*

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash-generating unit level. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the intangibles are allocated. Refer to Note 2(o) for further details.

- *Lease make-good*

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

- *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 2014

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 functional currencies different to the presentation currencies are translated into the presentation currency as follows:

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

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

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

(h) Revenue recognition

The Group has revised its revenue recognition policy for Pay Direct Commissions (PDC's) during the period. For further details on the voluntary change in accounting policy, refer to Note 32.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria set out are met.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

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

Revenue is recognised for the major business activities as follows:

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

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

- *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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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

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

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

(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, with a maturity of three months or less.

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

(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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Income tax and other taxes (continued)

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

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

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

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

Other taxes

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

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

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

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

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

(n) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Derivatives and hedging activities (continued)

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 21. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

ii. Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are reclassified from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as cost of goods sold in the case of inventory, or as depreciation or impairment in the case of fixed assets.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

iii. Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

iv. Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other income or other expenses.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 using the following estimated useful lives and methods:

Item	Years	Method
Plant and equipment:		
Leasehold improvements	5	Straight Line
Computer hardware	2.5 - 3	Straight Line
Furniture, fixture and equipment	4 - 5	Diminishing Value or Straight Line

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

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.

(p) 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.

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

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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	Straight line - ranging between two and seventeen 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.

(r) 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.

(s) 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) 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.

(u) 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.

(v) 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Employee Benefits

(i) Short term obligations

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

(ii) Other long term obligations

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

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

(iii) Retirement benefit obligations

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

(iv) Bonus plans

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

(v) Termination benefits

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

(vi) Share-based payments

Share-based compensation benefits are provided to employees by way of a Share Appreciation Rights Plan (SARs). Information relating to the SARs Plan is set out in Note 27.

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

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

(x) 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.

(y) 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Earnings per share

Basic earnings per share are calculated as net profit attributable to owners of the Company, 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.

(aa) Parent entity financial information

The financial information for the parent entity, Corporate Travel Management Limited, disclosed in Note 28, has been prepared on the same basis as the consolidated financial statements, except as follows:

(i) Investments in subsidiaries

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

(ii) Tax consolidation legislation

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

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

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

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

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

(iii) Financial guarantees

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

3. SEGMENT REPORTING

(a) Description of segments

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

Following the acquisition of the Westminster Travel (refer Note 23) and also the appointment of Romeo Cuter as Chief Executive Officer of CTM North America, the Chief Operating Decision Makers ("CODM") are considered to be Jamie Pherous (MD) and Steve Fleming (CFO). Laura Ruffles continues in her role as CEO of ANZ.

The CODM considers, organises and manages the business from a geographic perspective. Since the acquisition of Westminster Travel (refer Note 23), the CODM has identified three reportable segments being Travel Services Australia and New Zealand, Travel Services North America, and Travel Services Asia.

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 2014 is as follows:

	Travel Services	Travel Services	Travel Services		
2014	Australia & New Zealand \$'000	North America \$'000	Asia \$'000	Unallocated/ Eliminated \$'000	Total \$'000
<i>Revenue from the sale of travel services</i>	66,220	22,792	20,244	-	109,256
<i>Revenue from other sources</i>	2,160	2	1	(1,405)	758
Revenue from external parties	68,380	22,794	20,245	(1,405)	110,014
Adjusted EBITDA	18,974	5,145	4,745	-	28,864
Interest revenue	628	-	1	(374)	255
Interest expense	477	534	3	(374)	640
Depreciation and amortisation	2,326	570	703	-	3,599
Income tax expense	4,566	1,154	679	-	6,399
Total segment assets	147,628	35,835	131,993	(67,691)	247,765
Total assets includes:					
<i>Non-current assets</i>					
- Plant and equipment	2,538	118	715	-	3,371
- Intangibles	44,132	30,463	34,436	-	109,031
Total segment liabilities	25,623	33,006	75,038	(18,786)	114,881

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

3. SEGMENT REPORTING (continued)

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

2013	Travel Services	Travel Services	Unallocated /Eliminated \$'000	Total \$'000
	Australia & New Zealand \$'000	North America \$'000		
<i>Revenue from the sale of travel services</i>	66,602	10,371	-	76,973
<i>Revenue from other sources</i>	574	10	-	584
Revenue from external parties	67,176	10,381	-	77,557
Adjusted EBITDA	17,900	1,687	-	19,587
Interest revenue	201	-	-	201
Interest expense	510	214	-	724
Depreciation and amortisation	1,819	260	-	2,079
Income tax expense	4,409	293	-	4,702
Total segment assets	86,054	36,200	(6,286)	115,968
Total assets includes:				
<i>Non-current assets</i>				
- Plant and equipment	3,083	83	-	3,166
- Intangibles	43,886	31,828	-	75,714
Total segment liabilities	17,830	29,019	-	46,849

(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 following table. 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.

	2014 \$'000	2013 \$'000
Australia	67,003	66,032
North America	22,794	10,380
Hong Kong	17,669	-
Singapore	1,673	-
New Zealand	1,377	1,145
Other	903	-
Unallocated/Eliminated	(1,405)	-
Revenue from external customers	110,014	77,557

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

3. SEGMENT REPORTING (continued)

(c) Other segment information (continued)

(ii) Adjusted EBITDA

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

	2014 \$'000	2013 \$'000
Adjusted EBITDA	28,864	19,587
Interest revenue	255	201
Finance costs	(640)	(724)
Depreciation	(1,492)	(1,137)
Amortisation	(2,107)	(943)
Acquisition / Non-recurring costs	(1,902)	(1,014)
Profit before income tax from continuing operations	22,978	15,970

(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, located in Australia and other countries, is included in the following table.

	2014 \$'000	2013 \$'000
Australia	113,545	46,215
North America	30,581	31,910
Hong Kong	35,248	-
New Zealand	817	755
Unallocated/Eliminated	(67,691)	-
Non-current assets	112,500	78,880

4. REVENUE

	2014 \$'000	2013 \$'000
<i>Revenue from the sale of travel services</i>	109,256	76,973
<i>Revenue from other sources</i>		
Rental income	148	67
Interest	255	201
Other revenue	355	316
	758	584
Total Revenue	110,014	77,557

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

5. OTHER INCOME

	2014 \$'000	2013 \$'000
Research and Development Tax Incentive (i)	300	-
Acquisition consideration adjustment	163	-
Total Other Income	463	-

(i) Government grants are required to be recognised at their fair value, where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate. There are no unfulfilled conditions or other contingencies attaching to the Research and Development Tax Incentive Government grant. The Group did not benefit directly from any other forms of Government assistance.

6. EXPENSES

	2014 \$'000	2013 \$'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	1,492	1,136
Amortisation of non-current assets – intangibles - Note 15	2,107	943
	3,599	2,079
<i>Finance costs</i>		
Bank loans	235	332
Finance charges under hire purchase contracts	-	2
Net exchange differences	(45)	-
Other interest	450	390
	640	724
<i>Other expense disclosures</i>		
Defined contribution superannuation expense	2,862	2,808
Rental expense relating to operating leases Minimum lease payments – operating leases	4,211	2,157
Net loss on the disposal of plant and equipment and intangible assets	(4)	32

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

7. INCOME TAX

	2014 \$'000	2013 restated \$'000
Income tax expense		
<i>Current income tax</i>		
Current income tax charge	6,503	4,250
Adjustment in respect of current income tax of previous years	73	(582)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	(177)	1,034
Income tax expense reported in the Consolidated Statement of Comprehensive Income	6,399	4,702
(Increase) decrease in deferred tax assets	(100)	110
Increase (Decrease) in deferred tax liabilities	(77)	924
	(177)	1,034
Numerical reconciliation of income tax expense to prima facie tax payable		
Accounting profit before income tax	22,978	15,970
Tax at the Australian tax rate of 30% (2013: 30%)	6,893	4,791
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non-deductible amounts	192	26
Other amounts	(24)	3
	168	29
Recognition of temporary differences previously not brought to account	(347)	372
Difference in overseas tax rates	(341)	92
Adjustments for current tax of prior periods	73	(582)
Research and development tax credit	(90)	-
Unrecognised tax losses	43	-
	(662)	(118)
Income tax expense	6,399	4,702

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2014

7. INCOME TAX (continued)

	2014	2013
	\$'000	restated \$'000
Deferred income tax		
<i>Deferred tax assets</i>		
Provisions and expenses not yet deductible	2,205	1,992
Tax losses carried forward	-	26
Other	30	32
	<u>2,235</u>	<u>2,050</u>
Set-off against deferred tax liabilities	<u>(2,137)</u>	<u>(2,050)</u>
Net deferred tax assets	<u>98</u>	<u>-</u>
<i>Deferred tax liabilities</i>		
Difference tax to accounting depreciation/amortisation	2,842	191
Accrued income assessable in year of receipt	3,264	3,802
Other	(41)	-
	<u>6,065</u>	<u>3,993</u>
Set-off against deferred tax assets	<u>(2,137)</u>	<u>(2,050)</u>
Net deferred tax liabilities	<u>3,928</u>	<u>1,943</u>
Deferred tax assets expected to be recovered within 12 months	1,801	1,651
Deferred tax assets expected to be recovered after more than 12 months	434	399
	<u>2,235</u>	<u>2,050</u>
Deferred tax liabilities expected to be settled within 12 months	3,590	1,765
Deferred tax liabilities expected to be settled after more than 12 months	2,475	178
	<u>6,065</u>	<u>1,943</u>

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

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 subsi- diaries	Change in FX Rates	At 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax assets							
<i>2014</i>							
Provisions and expenses not yet deductible	1,992	-	130	-	92	(9)	2,205
Tax losses carried forward	26	-	(26)	-	-	-	-
Other	32	-	(4)	-	-	2	30
	2,050	-	100	-	92	(7)	2,235
<i>2013 (restated)</i>							
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
	At 1 July	Transfer from income tax receivable	Charged/ (credited) in year via P&L	Charged/ (credited) in year via equity	Acquisition of subsi- diaries	Change in FX Rates	At 30 June
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities							
<i>2014</i>							
Difference tax to accounting depreciation /amortisation	192	188	314	-	2,215	(67)	2,842
Accrued income assessable in year of receipt	3,802	-	(537)	-	-	(1)	3,264
Other	-	-	(42)	-	-	1	(41)
	3,994	188	(265)	-	2,215	(67)	6,065
<i>2013 (restated)</i>							
Difference tax to accounting depreciation /amortisation	32	183	(24)	-	-	-	191
Accrued income assessable in year of receipt	3,037	-	765	-	-	-	3,802
	3,069	183	741	-	-	-	3,993

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 2014

8. EARNINGS PER SHARE

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

	2014 \$'000	2013 restated \$'000
Net profit attributable to ordinary equity holders of Corporate Travel Management Limited	15,845	11,268
	2014 Shares	2013 Shares
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	83,467,543	75,869,113
Adjustments for calculation of diluted earnings per share:		
Share appreciation rights	132,850	-
Deferred shares on acquisitions	566,448	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	84,166,841	75,869,113

9. DIVIDENDS PAID AND PROPOSED

	2014 \$'000	2013 \$'000
Ordinary shares		
Final franked dividend declared or paid for the year ended 30 June 2013 of 6.5 cents (2012: 6 cents) per fully paid share.	5,084	4,498
Interim franked dividend for the year ended 30 June 2014 of 4.5 cents (2013: 4 cents) per fully paid share.	4,045	2,999
	9,129	7,497
Approved by the Board of Directors on 28 August 2014 (<i>not recognised as a liability as at 30 June 2014</i>)		
Final franked dividend for the year ended 30 June 2014 of 7.5 cents (2013: 6.5 cents) per fully paid share.	6,745*	5,075*

* This dividend does not include shares issued post balance date as part of the R&A Travel and Travelcorp contingent consideration payments, refer Note 23.

Franking credit balance

	2014 \$'000	2013 restated \$'000
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% (2013: 30%)	5,493	6,289
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	1,863	663
Equals:		
The amount of franking credits available for future reporting periods	7,356	6,952
Less:		
• The 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	(2,891)	(2,175)
Balance of franking credits available for subsequent years	4,465	4,777

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

10. CASH AND CASH EQUIVALENTS

	2014 \$'000	2013 \$'000
Current Assets		
Cash at bank and on hand	14,416	1,265
Client accounts (Note 2(k))	17,584	12,270
	32,000	13,535

Cash at bank earns interest at floating rates based on daily bank deposit rates: 2014: 0.00%-2.95% (2013: 0.00%-3.20%).

The client accounts earn interest at floating rates based on daily bank deposit rates: 2014: 0.00%-1.40% (2013: 0.00%-1.65%).

The weighted average interest rate for the year was 1.49% (2013: 1.64%).

A bank overdraft facility of \$1,000,000 (2013: \$1,000,000) was in place but unused at 30 June 2014. The overdraft incurs interest at floating rates based on daily bank overdraft rates: 2014: 3.42% (2013: 3.56%).

Security for the bank overdrafts is detailed in Note 18.

Reconciliation of profit after income tax to net cash flows from operating activities

	2014 \$'000	2013 restated \$'000
Profit for the year	16,579	11,268
<i>Adjustments for:</i>		
Depreciation and amortisation	3,599	2,079
Appreciation in value of investments	1	(2)
Make-good provision accretion	2	3
Non-cash interest	334	168
Net exchange differences	95	(106)
Net loss on disposal of non-current assets	(4)	32

Changes in operating assets and liabilities

(Increase) in trade and other receivables	(13,625)	784
(Increase) in prepayments	363	(261)
Decrease in deferred tax balances	(178)	1,035
Decrease in current tax liability/(receivable)	1,366	(1,544)
Increase in payables and provisions	3,303	2,546
Net cash flow from operating activities	11,835	16,002

Disclosure of financing facilities

Refer to Note 18 and Note 21.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

11. TRADE AND OTHER RECEIVABLES

	2014 \$'000	2013 \$'000
Trade receivables (i)	17,823	12,727
Client receivables (i)	69,169	9,959
Allowance for doubtful debts	(591)	(323)
	<u>86,401</u>	<u>22,363</u>
Deposits (ii)	12,129	42
Other receivables (iii)	2,756	442
	<u>101,286</u>	<u>22,847</u>

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

(ii) Deposits relate to advance deposits to suppliers within the Westminster Travel business, which is the business practise in Hong Kong, and pertains to securing access during high sales periods.

(iii) Other receivables includes amounts due from related party, refer Note 26.

Allowance for doubtful debts

As at 30 June 2014, trade receivables of the Group with a nominal value of \$591,000 (2013: \$323,000) were impaired and provided for in the profit and loss. 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>	2014 \$'000	2013 \$'000
0-30 days	62	-
31-60 days	83	-
60+ days	446	323
Balance at 30 June	<u>591</u>	<u>323</u>
<i>Movements in provision for doubtful debts were as follows:</i>		
At 1 July	323	203
Charge/(release) for the year	333	27
Amounts written off	(322)	(210)
Movements through acquisitions of entities	271	303
Change due to change in FX Exchange Rates	(14)	-
Balance at 30 June	<u>591</u>	<u>323</u>

As of 30 June 2014, trade and client receivables of \$19,394,000 (2013: \$3,039,000) 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>	2014 \$'000	2013 \$'000
0-30 days	14,637	2,181
31-60 days	3,931	417
60+ days	826	441
Balance at 30 June 2014	<u>19,394</u>	<u>3,039</u>

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

11. TRADE AND OTHER RECEIVABLES (continued)

Market risk

During the period, the Group entered the Asian travel market through its 75.1% acquisition of Westminster Travel. It is more common for trading terms to be offered by its Hong Kong operations. Westminster Travel has a history of minimal losses, resulting from bad debts or non-payment by customers.

Interest rate risk

Detail regarding interest rate risk exposure is disclosed in Note 21.

12. FINANCIAL ASSETS AT FAIR VALUE

	2014 \$'000	2013 \$'000
Current Assets		
Shares in unlisted companies	6	6
Shares in listed companies	12	12
	18	18

	2014 \$'000	2013 \$'000
13. OTHER CURRENT ASSETS		
Prepayments	1,961	688

14. PLANT AND EQUIPMENT

	Furniture, Fixture and Equipment \$'000	Computer Equipment \$'000	Leasehold Improvements \$'000	Other \$'000	Total \$'000
2014					
Cost	3,572	2,635	3,980	689	10,876
Accumulated depreciation	(2,979)	(2,008)	(2,037)	(481)	(7,505)
	593	627	1,943	208	3,371
At 1 July, net of accumulated depreciation	626	543	1,868	129	3,166
Additions	64	370	332	31	797
Additions through the acquisition of entities/businesses (Note 23)	215	226	385	133	959
Disposals	-	-	-	-	-
Depreciation charge for the year	(299)	(493)	(621)	(79)	(1,492)
Change due to changes in foreign currency exchange rates	(13)	(19)	(21)	(6)	(59)
At 30 June, net of accumulated depreciation	593	627	1,943	208	3,371
2013					
Cost	1,946	1,339	2,589	180	6,054
Accumulated depreciation	(1,320)	(796)	(721)	(51)	(2,888)
	626	543	1,868	129	3,166
At 1 July, net of accumulated depreciation	386	1,042	946	199	2,573
Additions	522	335	1,373	72	2,302
Additions through the acquisition of entities/businesses (Note 23)	18	16	17	-	51
Transfers to intangibles (Note 14)	-	(466)	-	(61)	(527)
Disposals	(49)	(1)	-	(54)	(104)
Depreciation charge for the year	(238)	(392)	(483)	(23)	(1,136)
Change due to changes in foreign currency exchange rates	(13)	9	15	(4)	7
At 30 June, net of accumulated depreciation	626	543	1,868	129	3,166

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

14. PLANT AND EQUIPMENT (continued)

No additions during the year (2013: \$nil) were financed under finance lease agreements.

Additions of \$31,306 (2013: \$66,000) relate to a lease make-good asset recognised under AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

15. INTANGIBLE ASSETS

	Client contracts and relationships \$'000	Intellectual property \$'000	Software \$'000	Goodwill \$'000	Total \$'000
2014					
Cost	17,114	219	4,147	94,474	115,954
Accumulated amortisation	(4,636)	(120)	(1,953)	(214)	(6,923)
	12,478	99	2,194	94,260	109,031
At 1 July, net of accumulated amortisation	759	79	2,000	72,876	75,714
Additions	-	7	1,278	-	1,285
Additions through the acquisition of entities/businesses (Note 23)	13,587	-	14	23,605	37,206
Transfers/reallocations	-	22	(22)	(366)	(366)
Disposals	-	-	-	-	-
Amortisation charge for the year	(1,011)	(9)	(1,079)	(8)	(2,107)
Change due to changes in foreign currency exchange rates	(857)	-	3	(1,847)	(2,701)
At 30 June, net of accumulated amortisation	12,478	99	2,194	94,260	109,031
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 23)	897	-	-	28,104	29,001
Transfers to intangibles (Note 14)	-	-	526	-	526
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

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.

	2014 \$'000	2013 \$'000
The carrying amount of Goodwill allocated to the cash generating unit:		
Travel Services – Australia & New Zealand (ANZ)	41,879	41,803
Travel Services – North America	30,247	31,073
Travel Services – Asia	22,134	-
	94,260	72,876

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

16. IMPAIRMENT TESTING OF GOODWILL (continued)

2014	Travel Services ANZ	Travel Services North America	Travel Services Asia
Pre-tax discount rate applied to the cash flow projection	18.12%	17.05%	14.62%
Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:			
Revenue	3.5%	5.0%	3.5%
Operating expenses	3.0%-4.0%	4.0%-5.0%	3.0%-4.0%
Terminal multiple of EBITDA in year 5	6.03 times	6.49 times	7.22 times
2013	Travel Services ANZ	Travel Services North America	Travel Services Asia
Pre-tax discount rate applied to the cash flow projection	15.35%	12.75%	n/a
Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:			
Revenue	3.5%	3.5%	n/a
Operating expenses	3.0%-4.0%	3.0%-4.0%	n/a
Terminal multiple of EBITDA in year 5	6 times	6 times	n/a

Key assumptions used in value in use calculations for the years ended 30 June 2014 and 30 June 2013

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

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

Sensitivity to changes in assumptions

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

Assumption	Possible change considered	Change required to indicate an impairment
Growth rates – Travel Services ANZ:		
Revenue	Reduction in yield rates, client retention	Decrease to (3.8%)
Operating expenses	Higher labour and/or other support costs	Increase to 11.3% - 12.3%
Growth rates – Travel Services North America:		
Revenue	Reduction in yield rates, client retention	Decrease to 0.3%
Operating expenses	Higher labour and/or other support costs	Increase to 10.0% - 11.0%
Growth rates – Travel Services Asia:		
Revenue	Reduction in yield rates, client retention	Decrease to (0.5%)
Operating expenses	Higher labour and/or other support costs	Increase to 7.0% - 8.0%

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

17. TRADE AND OTHER PAYABLES

	2014 \$'000	2013 \$'000
<i>Current</i>		
Trade payables (i)	984	1,462
Client creditors (i)	72,370	16,671
Other payables and accruals (ii)	20,734	4,965
Contingent consideration payable (ii)	38	2,948
	94,126	26,046
<i>Non-current</i>		
Other payables and accruals (ii)	4,130	450
Contingent consideration payable (ii)	19	11,845
	4,149	12,295

(i) Trade payables and client creditors are non-interest bearing and are normally settled on terms ranging from 7 to 30 days.
(ii) During the period, \$11,466,000 was transferred from contingent consideration payable to other payables. Refer Note 22 and 23. Other payables and accruals includes amounts due to related parties (\$302,000), refer Note 26.

Fair value

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

Interest rate and liquidity risk

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

18. BORROWINGS

	2014 \$'000	2013 \$'000
Current		
Bank loans	-	3,192
	-	3,192
Non-current		
Bank loans	-	157
	-	157

Financial facilities

Australia and New Zealand

On 23 December 2013, the Group renegotiated its facility with the ANZ Bank. The facility now includes accessible lines of credit totalling \$31.7m. In addition, there are facilities for overdraft, merchant facilities and bank guarantees. The total facility is \$40.3m and has terms ranging from 5 months to 3 years. The amount of this facility used, which relates mainly to bank guarantees, as at 30 June 2014, was \$1.5m. The facility is fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Pty Ltd.

The interest rates applicable to these facilities are 3.12%-4.72% (2013: 3.86%-5.16%). Line fees in addition to interest are 1.00%-1.75% (2013: 1.50%-1.75%). The weighted average interest rate for all borrowings, including line fees, was 4.76% (2013: 5.78%).

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 3.12%-4.72% (2013: 3.86%-5.16%), depending on the type of borrowing.

Interest rate and liquidity risk

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

18. BORROWINGS (continued)

Asia

In addition to facilities with the ANZ Bank, there are two available bank loan facilities totalling \$4,793,669 consisting of \$684,809 from HSBC and \$4,108,857 Standard Chartered Bank. The amount of these facilities used as at 30 June 2014 was \$nil. Interest rates applicable to these facilities range from 3.21%-4.66%.

Additional facilities are held for bank guarantees totalling \$25,193,760 consisting of \$13,246,518 from HSBC, \$11,097,201 Standard Chartered Bank and First Bank, \$850,040. The amount of these facilities used as at 30 June 2014 was \$17,478,646. Interest rates applicable to these facilities range from 3.21%-4.66%. Refer Note 24.

19. PROVISIONS

	Employee entitlements \$'000	Make-good provision \$'000	Provision for other liabilities and charges \$'000	Total \$'000
At 1 July 2013	2,478	186	-	2,664
Arising during the year	3,721	33	8,515	12,269
Acquisition of subsidiary	494	525	6,788	7,807
Utilised	(3,645)	-	(7,542)	(11,187)
Write back of provision	-	-	(973)	(973)
Changes due to change in foreign currency	(33)	(32)	(406)	(471)
At 30 June 2014	3,015	712	6,382	10,109
Current 2014	1,933	28	6,382	8,343
Non-current 2014	1,082	684	-	1,766
	3,015	712	6,382	10,109
Current 2013	1,847	22	-	1,869
Non-current 2013	631	164	-	795
	2,478	186	-	2,664

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 1.1% to 2.4% (2013: 2.2% to 2.7%).

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision of \$1,933,000 (2013 - \$1,847,000) is presented as a current liability, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that may not to be expected to be taken or paid within the next 12 months:

	2014 \$'000	2013 \$'000
Current leave obligations expected to be settled after 12 months	51	56

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS

(a) Contributed equity

	2014 \$'000	2013 \$'000
Ordinary shares		
Issued and fully paid	99,823	47,856

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.

	Number of shares	\$'000
Opening balance as at 1 July 2012	74,701,600	34,344
Shares issued (i)	269,420	526
Shares issued (ii)	2,439,024	9,765
Shares issued (iii)	671,140	3,221
Total shares issued	3,379,584	13,512
At 30 June 2013	78,081,184	47,856
Shares issued (iv)	140,061	613
Shares issued (v)	25,000	116
Shares issued (vi)	11,366,052	49,957
Shares issued (vii)	228,466	1,051
Shares issued (viii)	50,000	230
Total shares issued	11,809,579	51,967
At 30 June 2014	89,890,763	99,823

(i) 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 23.

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

(iii) 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 23.

(iv) A total of 140,061 shares were issued on 2 September 2013, as part of the contingent consideration payment for the R&A Travel Inc. business combination - refer Note 23.

(v) A total of 25,000 shares were issued on 12 September 2013, as part of a contract for the provision of consultancy service to Admiral Robert J. Natter, as set out in the Remuneration Report.

(vi) A total of 11,366,052 shares were issued on 24 January 2014, as part of a renounceable rights issue, to fund the Westminster Travel business combination – refer Note 23. This was net of transaction costs of \$2,326,355.

(vii) A total of 228,466 shares were issued on 29 January 2014, as part of a renounceable rights issue, to fund the Westminster Travel business combination – refer Note 23.

(viii) A total of 50,000 shares were issued on 31 January 2014 to two senior management executives of Westminster Travel, to assist in the reward and retention of these key individuals.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

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

(a) Contributed equity (continued)

Capital management

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

The Group's capital structure includes a mix of debt (refer 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, 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.

	2014 \$'000	2013 Restated \$'000
Total borrowings	-	3,349
Total equity	132,884	69,155
Gearing ratio	0%	4.84%

(b) Reserves

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

	FX translation	Share based payment	Total
At 30 June 2013	1,530	-	1,530
Currency translation differences – current period	(3,570)	-	(3,570)
Other comprehensive income	(3,570)	-	(3,570)
<i>Transactions with owners in their capacity as owners:</i>			
Share-based payment expenses	-	96	96
At 30 June 2014	(2,040)	96	(1,944)
	FX translation	Share based payment	Total
At 30 June 2012	(3)	-	(3)
Currency translation differences – current period	1,533	-	1,533
Other comprehensive income	1,533	-	1,533
At 30 June 2013	1,530	-	1,530

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

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

(b) Reserves (continued)

Nature and purpose of other reserves

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in Other Comprehensive Income as described in Note 2(g) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is sold.

Share-based payments

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

(c) Retained earnings

	2014	2013
	\$'000	\$'000
Movements in retained earnings were as follows:		
Balance 1 July	19,733	15,962
Net profit for the year	15,845	11,268
Dividends	(9,129)	(7,497)
Balance 30 June	26,449	19,733

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 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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

As at 30 June 2014, the Group had no interest bearing borrowings, therefore the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has interest bearing assets (cash and cash equivalents) with a short turnover period. The interest earned from these assets is not considered material to the Group. The Group considers there to be an immaterial risk exposure as a result of interest rate returns on these assets.

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.

Credit risk

The Group trades only with, creditworthy third parties and the Group's policy is that all clients which wish to trade on credit terms are subject to credit verification procedures, and subsequent risk limits, which are set for each individual client in accordance with the Group's policies. For some client receivables, the Group may also obtain security in the form of deposits.

In addition, receivable balances are monitored on an ongoing basis, with the result that the Group's exposure to bad debts is 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's cash (refer Note 10), is held at financial institutions with the following credit ratings:

	2014 \$'000	Moody's Investor Service Rating
<i>Region:</i>		
Australia and New Zealand	10,282	Aa2
North America	3,215	A3
Asia	18,503	Aa1-Ba2
Total	32,000	

Client and Trade receivables are held with predominantly 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 repayments and interest resulting from recognised financial liabilities as at 30 June 2014.

The Groups Financial Liabilities comprise of Trade and Other Payables only, no derivative financial instruments are held. The respective undiscounted cash flows for the respective upcoming fiscal years are included in the following table. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

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

	Contractual Cash flows		Carrying amount	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
1 year or less	94,126	28,372	94,126	28,372
1-5 years	4,270	9,375	4,149	9,091
Over 5 years	-	-	-	-
Total Trade and Other Payables	103,584	37,747	98,275	37,463

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign exchange risk

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

Forward exchange contracts are used to reduce foreign currency risk. Additionally, the Group has a multi-currency debt facility which allows for borrowings in the relevant entity's functional currency.

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

2014	\$'000								
	USD	HKD	NZD	SGD	NTD	CNY	MOP	Others	Total
Cash and Cash Equivalents	75	40	-	2,116	507	362	393	1,217	4,710
Trade and Other Receivables	2,434	-	-	3,686	1,324	1,032	1,095	-	9,571
- Related Party Loans	402	-	1,308	-	-	-	-	-	1,710
Trade and Other Payables	(12,950)	-	-	(2,973)	(478)	(1,837)	(125)	-	(18,363)
Total	(10,039)	40	1,308	2,829	1,353	(443)	1,363	1,217	(2,372)

2013	\$'000		
	USD	NZD	Total
Cash and Cash Equivalents	-	-	-
Trade and Other Receivables	-	-	-
- Related Party Loans	269	1,086	1,355
Trade and Other Payables	-	-	-
- Related Party Loans	-	-	-
Total	269	1,086	1,355

Based on the 2014 balances, a 10% stronger / (weaker) Australian dollar against the currencies held, would result in movement of \$326,275 / (\$398,780).

22. FAIR VALUE MEASUREMENT

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

- Contingent consideration.

Fair value hierarchy

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

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

The following information represents the Group's assets and liabilities measured and recognised at fair value at 30 June 2014:

Liabilities: Level 3 – Contingent Consideration \$58,000 (30 June 2013: \$14,793,000).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

22. FAIR VALUE MEASUREMENT (continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 30 June 2014:

	Contingent Consideration \$'000
Opening balance 1 July 2013	14,793
Paid out (cash and shares)	(2,873)
Transfer to Other Payables	(11,466)
Release to Goodwill	(366)
Movements recognised in other comprehensive income and finance costs	(31)
Closing balance 30 June 2014	57

There were no changes made to any of the valuation techniques applied as of 30 June 2014.

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

Description:	Contingent Consideration
Fair Value at 30 June 2014:	\$57,000
Valuation technique used:	Discounted cash flows
Unobservable inputs:	Forecast EBITDA
Discount rate:	3.65%

Fair values of other financial instruments

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

Due to their short-term nature, the carrying amounts of the current receivables, current payables and current borrowings are assumed to approximate their fair value.

Valuation processes

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

23. BUSINESS COMBINATIONS

Wealthy Aim Investments Limited (“Westminster Travel”)

The acquisition of 75.1% of the shares in Wealthy Aim Investments Limited (“Westminster Travel”), an Asian based travel management company, was completed on 29 January 2014. Consideration paid to the vendors totalled \$48,905,128 (HK\$354,146,490) and was paid in cash. There is no further consideration payable.

	<u>\$'000</u>
Purchase consideration:	
Initial cash paid	<u>48,905</u>
Total acquisition date fair value consideration	<u>48,905</u>

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

Item	<u>Fair value \$'000</u>
Cash and cash equivalents	23,754
Accounts receivable	57,182
Other assets	12,031
Fixed assets	959
Intangible assets: Software	14
Intangible assets: Client contracts and relationships	13,587
Investment in equity accounted joint venture*	1,421
Trade payables	(57,383)
Accruals and other payables	(6,413)
Provisions and other liabilities	(7,835)
Deferred tax liability	(2,166)
Short term loan/bank overdraft	<u>(1,463)</u>
Net identifiable assets/(liabilities) acquired	33,688
Less: non-controlling interest	(8,388)
Goodwill on acquisition	<u>23,605</u>
Net assets acquired	<u>48,905</u>

*On 14 February 2014, this investment was sold for an amount equal to its carrying value at that date.

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 \$23,604,893 (HKD \$161,368,701)

Acquisition related costs of \$791,947 are included in Administrative and General Expenses classification in the Statement of Comprehensive Income. The amount of issue costs not recognised against the Statement of Comprehensive Income was \$2,326,355, which were directly recognised in equity.

Acquired Receivables

The fair value of acquired trade receivables is \$57,181,459. The gross contractual amount for trade receivables due is \$57,452,447, of which \$270,988, is expected to be uncollectable.

Accounting policy choice for non-controlling interests

The Group recognises non-controlling interests in an acquired entity at either fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. The decision is made on an acquisition-by-acquisition basis. For the non-controlling interest in Wealthy Aim Investments Limited, the Group elected to recognise the non-controlling interests at its proportionate share of the acquired net identifiable assets. See Note 2(d) for the Group's accounting policies for business combinations.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

23. BUSINESS COMBINATIONS (continued)

Wealthy Aim Investments Limited ("Westminster Travel") (continued)

Revenue and profit contribution

The acquired business contributed revenues of \$20,244,542 and net profit after tax of \$3,539,810 to the Group for the period 30 January 2014 to 30 June 2014. If the acquisition had occurred on 1 July 2013, consolidated revenue and profit for the year ended 30 June 2014 would have been \$138,451,000, and \$20,651,000 respectively.

Purchase consideration – cash outflow:

Outflow of cash to acquire subsidiary, net of cash acquired:

	<u>\$'000</u>
Cash consideration:	48,905
Less: Balances acquired:	
Cash	<u>23,754</u>
Outflow of cash – investing activities	<u>25,151</u>

R&A Travel Inc. (prior period)

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).

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.

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

* \$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. This amount has subsequently been reduced by the earn-out payment, made by CTM on 3 September 2013, of \$2,744,831 (\$US2,479,406) in cash and shares.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

23. BUSINESS COMBINATIONS (continued)

R&A Travel Inc. (prior period) (continued)

The final 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 deductible for US tax purposes.

Acquisition related costs of \$nil (June 13: \$22,016) are included in Administrative and General Expenses classification in the Statement of Comprehensive Income. The acquired business contributed revenues of \$11,220,000 and net profit after tax of \$1,128,000 to the Group for the year ended 30 June 2014.

TravelCorp (prior period)

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).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

23. BUSINESS COMBINATIONS (continued)

TravelCorp (prior period) (continued)

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.

	<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. This amount has subsequently been reduced by a working capital adjustment payment, made by CTM on 27 September 2013, of \$56,786 (\$US 53,146).

The final 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 deductible for US tax purposes.

Acquisition related costs of \$nil (2013: \$966,279) are included in Administrative and General Expenses classification in the Statement of Comprehensive Income. The acquired business contributed revenues of \$11,312,000 and net profit after tax of \$1,814,000 to the Group for the year ended 30 June 2014.

Boulder (prior period)

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

23. BUSINESS COMBINATIONS (continued)

Boulder (prior period) (continued)

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, has been reflected as an expense in the Statement of Comprehensive Income.

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

*The remaining unpaid contingent consideration has been accrued in the balance sheet within the Trade and Other Payables classification. This amount has subsequently been reduced during the year by a reversal of contingent consideration no longer payable, of \$366,067 (\$US 327,557) (refer Note 22), and payments totalling \$72,269 (\$US 68,078).

The final 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	-	<u>48</u>
Net identifiable assets/(liabilities) acquired	-	48
Goodwill on acquisition		<u>389</u>
Net assets acquired		<u>437</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 \$389,000 (US\$405,000). The full value of goodwill and client intangibles is deductible for US tax purposes.

Acquisition related costs of \$Nil (2013: \$25,671) 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 2014

24. 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 one and three 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:

	2014 \$'000	2013 \$'000
Within one year	5,818	2,290
After one year but not more than five years	7,095	6,381
More than five years	28	75
Total	12,941	8,746

Capital commitments

There were no capital commitments as at reporting date (2013: \$167,000).

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:

	2014 \$'000	2013 \$'000
Various vendors	19,278	2,738
Total	19,278	2,738

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 for Australia and New Zealand. There are no assets pledged as security for the facilities held in Asia. Refer Note 18.

There were no other contingencies as at reporting date (2013: \$nil)

25. INTERESTS IN OTHER ENTITIES

a) Material subsidiaries

The Group's principal subsidiaries at 30 June 2014 are set out in the following table. Unless otherwise stated, each entity has share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

25. INTERESTS IN OTHER ENTITIES (continued)

a) Material subsidiaries (continued)

Name of Entity	Place of business/ country of incorporation	Ownership interest held by The Group		Ownership interest held by non-controlling interest		Principal Activities
		2014	2013	2014	2013	
		%	%	%	%	
Corporate Travel Management Group Pty Ltd*	Australia	100	100	-	-	Travel Services
Sainten Pty Ltd*	Australia	100	100	-	-	Travel Services
Floron Nominees Pty Ltd*	Australia	100	100	-	-	Travel Services
WA Travel Management Pty Ltd*	Australia	100	100	-	-	Travel Services
Travelogic Pty Ltd*	Australia	100	100	-	-	Travel Services
Corporate Travel Management (New Zealand) Limited*	Australia	100	100	-	-	Travel Services
Travelcorp Holdings Pty Ltd*	Australia	100	100	-	-	Travel Services
Travelcorp (Aust) Pty Ltd*	Australia	100	100	-	-	Travel Services
ETM Travel Pty Ltd*	Australia	100	100	-	-	Travel Services
Corporate Travel Management North America Limited*	United States of America	100	100	-	-	Investment Holding
R&A Travel Inc.*	United States of America	100	100	-	-	Travel Services
Travelcorp LLC*	United States of America	100	100	-	-	Travel Services
Corporate Travel Management (UK) Limited	United Kingdom	100	-	-	-	Investment Holding
Wealthy Aim Investments Limited	British Virgin Islands	75.1	-	24.9	-	Investment Holding
Westminster Travel Limited	Hong Kong	100	-	-	-	Travel Services
Jecking Tours & Travel Limited	Hong Kong	100	-	-	-	Travel Services
Westminster Travel (China) Limited	Hong Kong	100	-	-	-	Investment Holding
Westminster Travel (Guangzhou) Limited	People's Republic of China	100	-	-	-	Investment Holding
Westminster Travel Consultancy (Guangzhou) Limited	People's Republic of China	100	-	-	-	Travel Services
Beijing Westminster Air Service Company Limited	People's Republic of China	100	-	-	-	Travel Services/ Sale of air tickets
Westminster Travel Limited	Macau	100	-	-	-	Travel Services
Wincastle Travel (HK) Limited	Hong Kong	75	-	25	-	Travel Services
Westminster Travel Limited	Taiwan	100	-	-	-	Travel Services
Far Extent Investments Limited	Hong Kong	100	-	-	-	Leasing of properties
Westminster Travel (S) Pte. Ltd	Singapore	100	-	-	-	Travel Services
S Travel Holdings Limited	British Virgin Islands	70	-	30	-	Investment Holding
S Travel Limited	Hong Kong	70	-	30	-	Travel Services
Profit Shine Holdings Limited	British Virgin Islands	100	-	-	-	Investment Holding
TLX Travel Limited	Hong Kong	100	-	-	-	Travel Services
TLX Overseas Education Centre Limited	Hong Kong	100	-	-	-	Overseas educational consultancy services
MIATravel International Limited	Hong Kong	60	-	40	-	Travel Services

*These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/14 issued by the Australian Securities and Investments Commission. For further information refer to Note 2(a).

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

25. INTERESTS IN OTHER ENTITIES (continued)

b) Non-controlling interests (NCI)

During the period, the Group acquired 75.1% of Wealthy Aim Investments Limited ("Westminster Travel") (refer Note 23).

The following table summarises the financial information for Westminster Travel, which has a non-controlling interest which is material to the Group. The Westminster Travel Group, includes non-controlling interests which are not material to the Group. The amounts disclosed are before inter-company eliminations.

	As at 30 June 14 \$'000
Summarised balance sheet	
Current assets	96,746
Current liabilities	(72,112)
Current net assets	24,634
Non-current assets	15,747
Non-current liabilities	(1,386)
Non-current net assets	14,361
Net Assets	38,995
Accumulated NCI	8,556
	For the five months to 30 June 14 \$'000
Summarised Statement of comprehensive income	
Revenue	20,245
Profit for the period	3,540
Other comprehensive income	(107)
Total comprehensive income	3,433
Profit/(loss) allocated to NCI	734
	For the five months to 30 June 14 \$'000
Summarised cash flows	
Cash flows from operating activities	(3,049)
Cash flows from investing activities	630
Cash flows from financing activities	(1,412)
Net increase/ (decrease) in cash and cash equivalents	(3,831)

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

26. RELATED PARTY DISCLOSURES

a) Parent Entities

The ultimate parent entry within the group is Corporate Travel Management Limited.

b) Subsidiaries

Interests in subsidiaries are set out in Note 25.

c) Key management personnel compensation

	2014 \$	2013 \$
Short-term	1,722,002	1,455,272
Post-employment	121,818	105,893
Long-term benefits	13,643	7,104
Share-based payments	30,997	9,317
	1,888,460	1,577,586

Detailed remuneration disclosures are provided in the Remuneration Report on pages 13-18.

d) Transactions with other related parties

The following transactions occurred with related parties:

	2014 \$'000	2013 \$'000
<i>Expenses</i>		
Payment for rent and outgoings in relation to an office lease paid to a party related to Mr Jamie Pherous.	359	334
<i>Dividend Revenue</i>		
Other related parties	1,098	-
<i>Subscription for new ordinary shares by key management personnel as a result of:</i>		
Consideration for consultancy services	116	-
Reward and retention	115	-

e) Outstanding balances arising from other related parties

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

	2014 \$'000	2013 \$'000
<i>Other Receivables</i>		
Other related parties	825	-
<i>Other Payables</i>		
Parties related to key management personnel	25	-
Other related parties	277	-

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

26. RELATED PARTY DISCLOSURES (continued)

f) Loans to/from related parties

	2014 \$'000	2013 \$'000
<i>Loans to key management personnel</i>		
Beginning of the year	-	-
Loans advanced	3,868	-
Loan repayments received	(3,868)	-
Interest charged	58	-
Interest received	(58)	-
End of year	-	-
	2014 \$'000	2013 \$'000
<i>Loans to other related parties</i>		
Beginning of the year	-	-
Loans advanced	17,272	-
Loan repayments received	(17,272)	-
Interest charged	46	-
Interest received	(46)	-
End of year	-	-

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

g) Terms and conditions

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.

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

Outstanding balances are unsecured and are repayable in cash.

27. SHARE-BASED PAYMENTS

Share appreciation rights

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

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

Grants made during 2014 will vest on a scaled basis as follows:

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

For equity based settlements, the calculation is as follows:

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

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

27. SHARE-BASED PAYMENTS (continued)

Share appreciation rights (continued)

For cash based settlements, the calculation is as follows:

Cash Settlement Amount = (SMV – BP) x PQSAR

Where:

Equity Settlement Amount - is the number of shares to be issued or transferred to the relevant participant in equity settlement of the performance qualified SAR at exercise;
 Cash Settlement Amount – is the amount paid to a participant in cash settlement of a performance qualified SAR at exercise;
 SMV – the Subsequent Market Value is the market value of a CTM Ltd share as at the performance qualification date in connection with that SAR;
 BP – the Base Price of the SAR as determined by the Board; and
 PQSAR – is the total number of performance qualified SARs with the same Base Price held by the relevant participant.

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

The following table summarises the SARs granted under the plan:

	2014		2013	
	Average Exercise Price per Share Right	Number of SARs	Average Exercise Price per Share Right	Number of SARs
As at 1 July		150,000		-
Granted during the year	\$0.00	345,000	\$0.00	150,000
Exercised during the year		-		-
Forfeited during the year		-		-
As at 30 June		495,000		150,000
Vested and exercisable at 30 June		-		-

No SARs expired during the periods covered by this table.

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

Grant Date	Expiry Date	Base Price	SARS 30 June 2014	SARS 30 June 2013
5 November 2012	5 November 2015	\$4.00	150,000	150,000
1 July 2013	1 July 2016	\$5.00	345,000	-
			495,000	150,000

Fair value of SARs granted

The assessed fair value at grant date of the SARs granted during the year ended 30 June 2014 was \$0.40 per SAR (2013 - \$0.57). The fair value at grant date has been determined using a Black-Scholes pricing model that takes into account the share price at the time of the grant, the exercise price, the term of the SAR, the expected dividend yield, the expected price volatility of the underlying share and the risk free interest rate for the term of the SAR.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

27. SHARE-BASED PAYMENTS (continued)

Share appreciation rights (continued)

Fair value of SARs granted (continued)

The fair value model inputs for SARs granted during the year ended 30 June 2014 included:

- SARs are granted for no consideration and vest based on Corporate Travel Management Limited's Earnings per Share growth over a 3 year vesting period.
- Base price: \$5.00 (2013 - \$4.00).
- Grant Date: 1 July 2013 (2013 - 5 November 2012).
- Expiry Date: 1 July 2016 (2013 – 5 November 2015).
- Share Price at Grant Date: \$4.05 (2013 - \$3.75).
- Expected price volatility of the Company's shares: 25% (2013 – 25%).
- Expected dividend yield: 2.7% (2013 – 2.7%).
- Risk-free interest rate: 4.0% (2013 – 4.5%).

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

28. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

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

	2014	2013
	\$'000	*restated \$'000
Statement of Financial Position		
Current assets	6,601	19,834
Total assets	131,017	83,045
Current liabilities	1,840	5,448
Total liabilities	1,840	5,448
Net assets	129,177	77,597
<i>Shareholders' equity</i>		
Issued capital	120,227	68,259
Reserves	1,158	-
Retained earnings	7,792	9,353
	<u>129,177</u>	<u>77,612</u>
Profit for the year	<u>7,339</u>	<u>10,081</u>
Total comprehensive income	<u>7,339</u>	<u>10,081</u>

(b) Guarantees entered into by the parent entity

The parent entity is party to the overall financing arrangements and related security, as detailed in Note 18 and Note 24.

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

There are no other financial guarantees provided by the parent entity.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

28. PARENT ENTITY FINANCIAL INFORMATION (continued)

(d) Contractual commitments

The parent entity did not have any contractual commitments at 30 June 2014 or 30 June 2013.

29. DEED OF CROSS GUARANTEE

Corporate Travel Management Limited, Corporate Travel Management Group Pty Ltd, Floron Nominees Pty Ltd, Sainten Pty Limited, Travelogic Pty Limited, WA Travel Management Pty Ltd, Travelcorp Holdings Pty Ltd, Travelcorp (Aust) Pty Ltd, ETM Travel Pty Ltd and Corporate Travel Management (New Zealand), Corporate Travel Management North America Limited, R&A Travel Inc. and Travelcorp LLC 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.

a) Consolidated Income Statement, Statement of Comprehensive Income and summary of movements in Consolidated Retained Earnings.

These companies represent a 'Closed Group' for the purposes of the Class Order and, as there are no other parties to the deed of cross guarantee that are controlled by Corporate Travel Management Limited, they also represent the 'extended closed group'.

The following table presents a Consolidated Income Statement, a Consolidated Statement of Comprehensive Income and a summary of movements in Consolidated Retained Earnings for the year ended 30 June 2014 of the Closed Group.

	2014	2013
	\$'000	restated* \$'000
Revenue	89,770	77,557
Other income	163	-
Total revenue and other income	89,933	77,557
Employee benefits expenses	(52,204)	(47,004)
Occupancy expenses	(3,390)	(2,676)
Depreciation and amortisation expenses	(2,896)	(2,079)
Information technology and telecommunications expenses	(5,659)	(4,859)
Travel and entertainment expenses	(1,844)	(1,232)
Administrative and general expenses	(4,664)	(3,013)
Total operating expenses	(70,657)	(60,863)
Finance costs	(637)	(724)
Profit before income tax	18,639	15,970
Income tax expense	(5,720)	(4,702)
Profit for the year	12,919	11,268
Other comprehensive income		
<i>Items that may be reclassified to profit and loss</i>		
Exchange differences on translation of foreign operations	(3,551)	1,533
Other comprehensive income for the period, net of tax	(3,551)	1,533
Total comprehensive income for the year, attributable to the ordinary equity holders of Corporate Travel Management Limited	9,368	12,801

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

29. DEED OF CROSS GUARANTEE (continued)

Summary of movements in consolidated retained earnings

	2014 \$'000	2013 restated* \$'000
Retained earnings at the beginning of the financial year	19,733	15,962
Profit for the period	12,919	11,268
Dividends provided for or paid	(9,129)	(7,497)
Retained earnings at the end of the financial year	23,523	19,733

b) Consolidated Balance Sheet

The following table sets out the Consolidated Balance Sheet as at 30 June 2014 of the Closed Group.

	30 June 2014 \$'000	30 June 2013 restated* \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	13,496	13,535
Trade and other receivables	24,365	22,847
Financial assets at fair value	18	18
Other current assets	641	688
Total Current Assets	38,520	37,088
Non-current Assets		
Plant and equipment	2,657	3,166
Intangible assets	74,593	75,714
Total Non-current Assets	77,250	78,880
TOTAL ASSETS	115,770	115,968
LIABILITIES		
Current Liabilities		
Trade and other payables	29,915	26,046
Interest bearing borrowings	-	3,192
Income tax payable	1,205	552
Provisions	1,803	1,869
Total Current Liabilities	32,923	31,659
Non-current Liabilities		
Trade and other payables	4,149	12,295
Interest bearing borrowings	-	157
Provisions	954	795
Deferred tax liabilities	1,813	1,943
Total Non-current Liabilities	6,916	15,190
TOTAL LIABILITIES	39,839	46,849
NET ASSETS	75,931	69,119

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

29. DEED OF CROSS GUARANTEE (continued)

b) Consolidated Balance Sheet (continued)

EQUITY

Contributed equity	54,033	47,856
Reserves	(1,625)	1,530
Retained earnings	23,523	19,733
TOTAL EQUITY	75,931	69,119

30. AUDITORS' REMUNERATION

	2014 \$	2013 \$
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	361,000	285,000
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	165,984	140,146
- Tax services – acquisitions	88,904	23,600
- Other advisory services	39,619	9,552
Total remuneration of PricewaterhouseCoopers Australia	655,507	458,298
<i>Other PricewaterhouseCoopers network firms:</i>		
• Other services in relation to the entity and any other entity in the consolidated group:		
- Audit and Review of the Financial Report	269,059	-
- Tax compliance	52,594	26,736
- Tax services – acquisitions	98,566	27,163
Total remuneration of PricewaterhouseCoopers network firms	420,219	53,899

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

UStavel

The acquisition of 100% of the shares of UStavel Inc. ("UST"), a North American based travel management company, was completed on 1 July 2014. As part of this transaction, an initial consideration of \$5,561,441 (US \$5,250,000) was paid via a mixture of cash and CTM Limited shares. Further cash contingent consideration of up to \$2,919,320 (US \$2,750,000) may also be payable on 31 August 2015, based on UST achieving annual profit before tax earnings of \$US1,600,000 by 30 June 2015. Should actual profit before tax earnings not reach this level by 30 June 2015, the amount of the earn-out will be reduced.

Avia International Travel

On 6 August 2014, CTM announced the acquisition of Avia International Travel ("Avia"), a travel company based in Houston, Texas, effective from 1 September 2014. As part of this transaction, an initial consideration of \$4,454,644 (US \$4,125,000) will be paid via a mixture of cash and CTM Limited shares. Further cash contingent consideration of up to \$5,175,159 (US \$4,875,000) may also be payable on 30 November 2015, based on Avia achieving annual profit before tax earnings of \$US1,800,000 by 31 August 2015. Should actual profit before tax earnings not reach this level by 31 August 2015, the amount of the earn-out will be reduced.

Due to the recent timing of the acquisitions, CTM has not yet made a provisional calculation of the net identifiable assets or purchased goodwill. The financial effects of the transaction have not been brought to account at 30 June 2014.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 30 JUNE 2014

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD (continued)

No other matter or circumstance has arisen since 30 June 2014 that will significantly affect the Group's operation, the results of those operations or the state of affairs of the Company or the Group for subsequent financial years.

32. VOLUNTARY CHANGE IN ACCOUNTING POLICY

The Financial Report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to the recognition of revenue from Pay Direct Commissions (PDC). PDC is revenue derived from travel operators, mainly hotels and car rental companies, and determined using factors including lengths of stays and rental, and vendor's selling rates.

The new accounting policy is to recognise PDC revenue in the Consolidated Statement of Comprehensive Income upon the commission being received by CTM. It was adopted on 1 July 2013 and has been applied retrospectively.

The previous accounting policy was to recognise PDC revenue based on an accrual basis, when a travel booking was received and processed by CTM.

AASB 118 Revenue allows revenue to be recognised once it can be reliably estimated and it is probable that economic benefits will flow to CTM. In assessing the revenue recognition policy, CTM's management noted several factors, including a deteriorating rate of PDC recoveries and the uncertainty that surrounds PDCs at the time of travel booking. These factors made it increasingly difficult to reliably estimate PDC revenue at time of booking. CTM's management concluded that it was not probable that revenue would flow to CTM until the point of receipt.

As such, CTM's management consider that this voluntary change in accounting policy will result in the financial report providing more relevant and reliable information.

CTM's recent corporate acquisitions recognise their PDC revenue consistent with the new policy. Given the significance of CTM's growing overseas operations, it was also considered appropriate for consistency across the Group, to undertake a voluntary change to the accounting policy during the period.

	30 June 2014 \$'000	30 June 2013 \$'000
REVENUE		
Revenue before change in accounting policy	106,850	78,964
Adjustment due to change in accounting policy	3,164	(1,407)
Revenue after change in accounting policy	110,014	77,557
PROFIT BEFORE INCOME TAXES		
Profit before income tax before change in accounting policy	19,817	17,382
Adjustment due to change in accounting policy	3,161	(1,412)
Profit before income tax after change in accounting policy	22,978	15,970
EARNINGS PER SHARE (BASIC)		
As reported before change in accounting policy	16.3	16.3
Adjustment due to change in accounting policy	2.7	(1.4)
Restated after change in accounting policy	19.0	14.9
EARNINGS PER SHARE (DILUTED)		
As reported before change in accounting policy	16.2	16.3
Adjustment due to change in accounting policy	2.6	(1.4)
Restated after change in accounting policy	18.8	14.9

Notes to the Financial Statements (continued)
FOR THE YEAR ENDED 30 JUNE 2014

32. VOLUNTARY CHANGE IN ACCOUNTING POLICY (continued)

	30 June 2014 \$'000	30 June 2013 \$'000	1 July 2012 \$'000
TRADE AND OTHER RECEIVABLES			
Trade receivables before change in accounting policy	102,726	27,975	25,676
Adjustment due to change in accounting policy	(1,440)	(5,128)	(3,657)
	101,286	22,847	22,019
CONSOLIDATED SHAREHOLDERS EQUITY			
Consolidated shareholders equity before change in accounting policy	134,516	72,985	53,009
Adjustment due to change in accounting policy	2,234	(1,160)	(2,706)
Cumulative effect from prior years	(3,866)	(2,706)	-
	132,884	69,119	50,303

Directors' Declaration

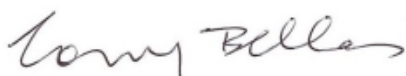
In the Director's opinion:

- (a) The financial statements and notes set out on pages 30 to 84 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 2014 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 25 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 25.

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 2014



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 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 for Corporate Travel Management Limited (the consolidated entity). 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.

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
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T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.



Auditor's opinion

In our opinion:

- (a) the financial report of Corporate Travel Management Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 13 to 18 of the directors' report for the year ended 30 June 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan

Michael Shewan
Partner

Brisbane
28 August 2014

Shareholder Information

The shareholder information set out below was applicable at 12 August 2014.

a) Distribution of equity securities

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

	Number of Shareholders
1 – 1,000	2,223
1,001 – 5,000	2,742
5,001 – 10,000	666
10,001 – 50,000	426
50,001 – 100,000	28
100,001 and over	41
	6,126

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 Ltd	23,000,000	25.58%
HSBC Custody Nominees (Australia) Ltd	6,365,832	7.08%
Claire Lesley Gray	5,003,624	5.56%
Citicorp Nominees Pty Ltd	4,875,319	5.42%
J P Morgan Nominees Australia Limited	4,206,537	4.68%
Steven Craig Smith	3,166,408	3.52%
Matthew Michael Cantelo	2,460,032	2.74%
National Nominees Limited	2,432,483	2.70%
RBC Investor Services, Australia Nominees Pty Limited	2,430,701	2.70%
BNP Paribas Noms Pty Ltd	1,962,637	2.18%
Mr Matthew Dalling	1,720,282	1.91%
Ms Helen Logas	1,235,178	1.37%
Matimo Pty Ltd	1,155,186	1.28%
Doobie Investments Pty Limited	882,893	0.98%
UBS Nominees Pty Ltd	700,421	0.78%
Lyndall Mccabe	610,000	0.68%
Murdoch Investments Pty Ltd	511,051	0.57%
Mr Michael Pherous & Mrs Diane Pherous	493,704	0.55%
AMJJAS Pty Ltd	464,423	0.52%
Dr David John Ritchie & Dr Gillian Joan Ritchie	344,445	0.38%
	64,021,156	71.19%

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	23,000,000	25.58%
HSBC Custody Nominees (Australia) Limited	6,365,832	7.08%
Claire Lesley Gray	5,003,624	5.56%
Citicorp Nominees Pty Limited	4,875,319	5.42%

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.
Admiral Robert J. Natter.

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