Corporate Travel Management Limited

ABN 17 131 207 611

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

Interim Report
31 December 2010

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 (located on the ASX website) and any public announcements made by Corporate Travel Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Appendix 4D
Half-yearly Report

Corporate Travel Management Limited
ABN 17 131 207 611

Results for announcement to the market

	Half year		Change	
	2010 $'000	**2009 $'000**	**$'000**	**%**
Total transaction value (TTV)*	222,338	166,771	55,567	33.3%
Revenue	20,523	15,064	5,459	36.2%
Profit before tax	4,633	2,069	2,564	123.9%
Profit from ordinary activities after tax attributable to members	3,307	1,448	1,859	128.4%
Net profit for the period attributable to members	3,307	1,448	1,859	128.4%

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

Dividend

On 1 October 2010, a fully franked dividend of $12.39 per share was paid. Had the calculation of this dividend been performed on a consistent basis to retrospectively include the impact of the share split in December 2010, the dividend paid would have been 1.5 cents per share.

As detailed in the Prospectus issued on 3 November 2010, the Directors do not propose to pay an interim dividend.

Net Tangible Assets

	Half-year 2010	Half-year 2009
Net tangible asset backing per ordinary share	$0.44	$164.12*

*If the half year 2009 calculation had been performed on a consistent basis to retrospectively include the impact of the share split in December 2010, the net tangible asset backing per ordinary share for the half year 2009 would be $0.14.

Directors' Report

The Directors present their report together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries (the "Group") for the half-year ended 31 December 2010.

DIRECTORS

The following persons were Directors of the Group during the whole of the half-year and up to the date of this report:

- Mr Tony Bellas;
- Mr Stephen Lonie;
- Mr Greg Moynihan; and
- Mr Jamie Pherous.

Ms Claire Gray was appointed as a Director on 22 September 2010.

REVIEW OF OPERATIONS

Consolidated net profit after tax ("NPAT") for the half year ended 31 December 2010 was $3.3m, an increase of 128.2% compared to the half year ended 31 December 2009.

NPAT was positively impacted by a recovery in corporate travel post the global financial crisis through higher airline ticket prices, increased client activity and a combination of the following items:

- Total Transaction Value ("TTV") of $222.3m represents an increase of 33.3% over the prior corresponding period. The Group benefited from a successful period of new business wins and strong client retention.

- EBITDA of $5.1m represented an increase of 99.4% over the prior corresponding period. In addition to the improved margin result in the business, the Group benefited from economies of scale that resulted in costs growing at a lower incremental rate to revenue, as well as productivity initiatives and a greater absorption of the fixed component of the cost base. This involved leveraging scale and efficiencies in product, systems and people.

- Cashflow remained strong in the business with improved operating cashflow due in part to improved supplier contract negotiations and an improvement in margins.

- The balance sheet is now debt free after the capital raising during the period.

- Also, during the period the acquisition of a New Zealand based Travel Agency (Cavalier) was completed on 1 August 2010.

Focus for the remainder of 2011 financial year

- Continued focus on organic growth through new business wins and client retention

- Integration of the Travelcorp business to maximize synergies

- Investment in product and people to drive efficiencies and enhanced client service

Directors' Report (continued)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 6.

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 A Bellas
Chairman

Mr J Pherous
Managing Director

Brisbane, 22 February 2011

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the review of Corporate Travel Management Limited for the half-year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Brett Delaney
Partner
PricewaterhouseCoopers

Brisbane
22 February 2011

Consolidated Statement of Comprehensive Income
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year 2010 $'000	Half-year 2009 $'000
Revenue	3	20,523	15,064
Employee benefits expenses		(11,971)	(9,778)
Occupancy expenses		(843)	(833)
Depreciation and amortisation expenses		(346)	(334)
Information technology and telecommunications expenses		(1,291)	(1,056)
Travel and entertainment expenses		(557)	(421)
Administrative and general expenses		(759)	(441)
		(15,767)	**(12,863)**
Finance costs		(123)	(132)
Profit before income tax		**4,633**	**2,069**
Income tax expense		(1,326)	(621)
Profit for the half-year		**3,307**	**1,448**
Other comprehensive income			
Exchange differences on translation of foreign operation		(3)	-
Total comprehensive income for the half-year, attributable to the ordinary equity holders of Corporate Travel Management Limited		**3,304**	**1,448**
Earnings per share for profit attributable to the ordinary equity holders of the company			
		Cents	Cents
- Basic earnings per share*		6.3	2.9
- Diluted earnings per share		6.3	2.9

*The 2009 earnings per share reflects the impact of the share split in December 2010.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
AS AT 31 DECEMBER 2010

	Note	31 December 2010 $'000	30 June 2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		20,693	1,817
Trade and other receivables		7,830	7,583
Financial assets at fair value		16	19
Other current assets		304	172
Income tax receivable		648	1,402
Total Current Assets		**29,491**	**10,993**
Non-current Assets			
Other non-current assets		250	82
Property, plant and equipment		1,327	1,557
Intangible assets		12,198	11,512
Total Non-current Assets		**13,775**	**13,151**
TOTAL ASSETS		**43,266**	**24,144**
LIABILITIES			
Current Liabilities			
Trade and other payables		5,817	5,819
Interest bearing borrowings		171	1,237
Borrowings - related parties	8	1,914	2,163
Provisions		1,055	1,158
Total Current Liabilities		**8,957**	**10,377**
Non-current Liabilities			
Trade and other payables		307	341
Interest bearing borrowings		-	600
Provisions		433	387
Deferred tax liabilities		246	691
Total Non-current Liabilities		**986**	**2,019**
TOTAL LIABILITIES		**9,943**	**12,396**
NET ASSETS		**33,323**	**11,748**
EQUITY			
Contributed equity	6	25,604	6,583
Foreign currency translation reserve		(3)	-
Retained earnings		7,722	5,165
TOTAL EQUITY		**33,323**	**11,748**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Contributed equity $'000	Attributable to equity holders of the parent Retained earnings $'000	Reserves $'000	Total equity $'000
Balance at 1 July 2009		**6,583**	**1,848**	**-**	**8,431**
Total comprehensive income for the half-year		**-**	**1,448**	**-**	**1,448**
Transactions with owners in their capacity as owners:					
Dividends declared or paid		-	-	-	**-**
		-	**-**	**-**	**-**
Balance at 31 December 2009		**6,583**	**3,296**	**-**	**9,879**
Balance at 1 July 2010		**6,583**	**5,165**	**-**	**11,748**
Total comprehensive income for the half-year		**-**	**3,307**	**(3)**	**3,304**
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	6	19,021	-	-	**19,021**
Dividends declared or paid	5	-	(750)	-	**(750)**
Balance at 31 December 2010		**25,604**	**7,722**	**(3)**	**33,323**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Note	Half-year 2010 $'000	Half-year 2009 $'000
Cash flows from operating activities			
Receipts from customers (including GST)		22,766	17,456
Payments to suppliers and employees (including GST)		(18,161)	(14,474)
Interest received		56	5
Finance costs		(67)	(121)
Income tax paid		(598)	(560)
Net cash flows from operating activities		**3,996**	**2,306**
Cash flows from investing activities			
Payment for property, plant and equipment		(178)	(196)
Proceeds from sale of property, plant and equipment		47	-
Payment for business acquired	7,9	(797)	(29)
Net cash flows used in investing activities		**(928)**	**(225)**
Cash flows from financing activities			
Proceeds from issue of new shares	6	18,601	-
Existing share sell-down costs	6	(125)	-
Proceeds from borrowings		82	-
Repayments of borrowings		(1,748)	(763)
Repayment of related party loans	8	(249)	(544)
Dividends paid	5	(750)	-
Net cash flows used in financing activities		**15,811**	**(1,307)**
Net increase in cash and cash equivalents		18,879	774
Cash and cash equivalents at the beginning of the half-year		1,817	1,157
Exchange rate variations on foreign cash balances		(3)	-
Cash and cash equivalents at end of year		**20,693**	**1,931**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation for the half-year report

This general purpose interim financial report for the half-year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 (located on the ASX website) and any public announcements made by Corporate Travel Management Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The following is an extract from the June 2010 financial statements:

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

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

(b) Statement of compliance

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Group for the half year ended 31 December 2010. These standards are outlined in the following table

Pronouncement	Application date	Impact of Amendment
AASB 2009-10 Amendment to AASB 132 *Classification of rights issues*	1 February 2010	The amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all existing owners of the same class of its own non-derivative equity instruments. The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 2009-14 Amendment to Interpretation 14 *Prepayments of a minimum funding requirement*	1 January 2011	The objective of this Standard is to make amendments to Interpretation 14 *AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* as a consequence of the issuance of *Prepayments of a Minimum Funding Requirement* (Amendments to IFRIC14) by the International Accounting Standard Board in November 2009. The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.
AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2011	In June 2010, the AASB issued a number of improvements to existing Australian Accounting Standards (effective for periods beginning on or after 1 January 2011). The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.
Revised AASB 124 *Related Party Disclosures* and *AASB 2009-12* Amendments to Australian Accounting Standards	1 January 2011	The amendment clarifies and simplifies the definition of a related party. The Group does not expect that any adjustments will be necessary as a result of applying the revised rules.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of compliance (continued)

Pronouncement	Application date	Impact of Amendment
AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9	1 January 2013	The objective of this Standard is to establish principles for the financial reporting of financial assets that will present relevant and useful information to users of financial statements for assessing the amounts, timing and uncertainty of the entity's future cash flows. The Group will look to apply the revised standards from 1 July 2013, and acknowledges that any early application of the standard must be disclosed and at the same time the Group must apply the amendments in AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9*.
AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	1 July 2013	On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group is listed on the ASX and is therefore not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. As a consequence, the two standards will have no impact on the financial statements of the entity.
AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (AASB 1 & AASB 7)	1 July 2011	In November 2010, the AASB made amendments to AASB 7 Financial Instruments: Disclosures which introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The amendments are not expected to have any significant impact on the group's disclosures.
Revised AASB 9 *Financial Instruments* (addressing accounting for financial liabilities and the derecognition of financial assets and financial liabilities) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)*	1 January 2013	AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated as at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.
AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (AASB 112)	1 January 2012	In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 July 2012 however does not expect to have any activities to which this would relate.

Notes to the Financial Statements (continued)
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Corporate Travel Management Limited and its subsidiaries ('the Group').

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Group controls another entity.

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

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

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

(d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, 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.

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 cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of 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 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 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.

(e) Segment reporting

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

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

Goodwill is allocated by management to groups of cash-generating units on a segment level. The change in reportable segments has not required a reallocation of goodwill.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are considered to be reasonable under the circumstances.

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

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

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

- *Impairment of goodwill*
  The Group determines whether goodwill is impaired on an annual basis. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated.

- *Impairment of intangible with finite life*
  Intangible assets are tested for impairment where an indicator of impairment exists, and, in the case of indefinite life intangibles, annually, either individually or at the cash-generating unit level. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the intangibles are allocated.

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

(g) Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria set out in the following paragraphs have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

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

- *Interest revenue*
  Interest income is recognised using the effective interest method.

- *Dividends*
  Revenue is recognised when the Group's right to receive the payment is established.

- *Other revenue*
  Other revenue is recognised when the right to receive the revenue is established.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) 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.

(i) Leases

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

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

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

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

Operating lease payments, which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognised as an expense in the 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.

(j) Cash and cash equivalents

Cash and cash equivalents in the 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 customers held before release to service and product suppliers.

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

(k) 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 agency services to clients. Trade receivables result from other activities relating to the provision of travel agency 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 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 statement of comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax and other taxes

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

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

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

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

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

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

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

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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 statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated at the following rates:

Leasehold improvements	20.00% - straight line
Plant & equipment	37.50% - diminishing value
Computer hardware	40.00% - straight line
Office furniture & fittings	37.50% - diminishing value
Staff amenities	37.50% - diminishing value
Motor vehicles	18.75% - diminishing value

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

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

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

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

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

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

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

(n) Goodwill

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

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

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

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units that are expected to benefit from the combination's synergies.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. This impairment loss is recorded in administration expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Goodwill (continued)

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.

(o) Intangible assets

Acquired from a business combination
Intangible assets from a business combination, are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

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

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

Intangible assets are tested for impairment where an indicator of impairment exists, and, in the case of indefinite life intangibles, annually, either individually or at the cash-generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

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

Item	Client contracts and relationships	Intellectual Property	Software
Useful lives	Finite	Finite	Finite
Method used	Based on projected cash flows over estimated useful lives, currently ranging over two years	5.00% - straight line	40.00% - straight line
Internally generated / acquired	Acquired	Acquired	Acquired
Impairment test / recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

(p) Impairment of non-financial assets, other than goodwill

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) 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 agency services, such as corporate services.

(r) 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 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.

(s) 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.

(t) 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.

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 expenses relating to any provision is presented in the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Employee Benefits

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

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

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

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

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

(v) 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.

(w) 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.

(x) Earnings per share

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

Diluted earnings per share are calculated as net profit attributable to members of the parent, divided by the weighted average number or ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element, and adjusted for:
- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

2. SEGMENT REPORTING

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers that comprise the steering committee who make strategic decisions.

The group of key senior managers considered to be the 'chief operating decision makers' are Jamie Pherous (CEO), Laura Ruffles (COO), Steve Fleming (CFO) and Nova Fleming (General Manager Corporate Services).

This group of key senior managers considers the business from a geographic and service perspective.

The Group currently only reports as a single segment being travel agency services.

The Group operates predominantly in Australia, which is reflected in the reporting provided to the chief operating decision makers and, thus, they do not consider the business to any lower level from a geographical perspective.

There are currently no non-reportable segments.

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

As the Group currently only reports as a single segment, being travel agency services, the balances reported in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows represent the results of this single segment.

Total Transaction Value ("TTV") as shown in note 3 is also reported to the Chief Operating Decision Makers. TTV represents the amount at which travel products and services have been transacted across the consolidated entity's operations whilst acting as agents for airlines and other service providers, along with other revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV is stated net of GST.

3. Revenue

	2010 $'000	2009 $'000
Total Transaction Value (TTV) (refer note 2(b))	222,338	166,771
From continuing operations:		
Revenue from the sale of travel services	20,244	14,747
Revenue from other sources		
Rental income	108	105
Interest	56	5
Other revenue	115	207
	279	317
Total Revenue	20,523	15,064

4. BORROWINGS

In the December 2010 half year, the Group repaid external borrowings of $1.1m, in addition to the regular instalments due, with funds generated from the Initial Public Offering (IPO).

5. DIVIDEND PAID

	2010 $'000	2009 $'000
Ordinary shares		
Dividend paid during the half year	750	-
	750	-

6. EQUITY SECURITIES ISSUED

	Number of shares	$'000
Opening balance as at 30 June 2010	**60,509**	**6,583**
Share split (a)	50,309,491	-
Shares issued (a)	20,000,000	19,021
Closing balance as at 31 December 2010	**70,370,000**	**25,604**

Share movements

(a) A total of 20.0m shares were issued as part of the IPO. Prior to the IPO, existing shareholders undertook a share split (ratio 1:832.4381). Issue costs of $1.524m ($1.067m net of tax) were incurred as part of the IPO. Costs incurred in relation to existing shares of $0.125m ($0.087m net of tax) have been recognised in administrative and general expenses in the Statement of Comprehensive Income.

7. BUSINESS COMBINATIONS

The Group acquired the business of a New Zealand based travel management company, effective from 1 August 2010. The cost of the acquisition was $629,000 (NZ $ 775,000), with a further $95,000 (NZ $125,000) available on earn out.

Acquisition related costs of $4,460 are included in administrative and general expenses in the Statement of Comprehensive Income.

	$'000
Purchase consideration:	
Cash paid*	629
Deferred consideration	95
Total purchase consideration	**724**

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

7. BUSINESS COMBINATIONS (continued)

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

	Fair Value $'000
Non-current assets	
Plant & equipment	10
Client intangibles	17
Total Fair Value of Identifiable Net Assets	**27**
Goodwill on acquisition	697

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

The acquired business contributed revenues of $536,600 and net profit of $30,400 to the Group for the period 1 August 2010 to 31 December 2010.

8. RELATED PARTY DISCLOSURE

i) Transactions with Directors and Director related entities

During the half year, $118,320 has been paid to a party related to Mr J Pherous for rent and outgoings in relation to an office lease.

Mr T Bellas is currently a Director of ERM Power Limited, which is a client of the Group. This arrangement is on similar terms to other clients.

Mr G Moynihan is currently a Director of Ausenco Limited, which is a client of the Group. This arrangement is on similar terms to other clients.

ii) Loans and Financial Facilities

The Group has established facilities with the Westpac Bank, including term loans, overdraft, merchant facilities and bank guarantees, that are fully secured by:

- Fixed and floating charge by Corporate Travel Management Group Pty Ltd.
- Limited guarantees, unsupported, in the names of J Pherous, M Cantelo, M Dalling or parties related to them.
- Limited guarantees, secured by property, in the name of J Pherous.
- Limited guarantee, secured by fixed and floating charge, in the name of Corporate Travel Management Limited.

iii) Transactions with shareholders and shareholder related entities

Balances of loans outstanding to shareholders in relation to unpaid dividends are $1,913,789 in total. The balances are unsecured, have no fixed repayment plans and do not accrue interest.

Borrowings owed to shareholders	**2010 $**
Balance at 30 June	**2,162,616**
Repayment of loan balances outstanding	(248,827)
Balance at 31 December	**1,913,789**

9. EVENTS OCCURING AFTER THE REPORTING PERIOD

On 3 January 2011, Corporate Travel Management Limited acquired 100% of the issued shares in Travelcorp Holdings Pty Ltd, a Sydney based travel management company. As part of this transaction, a deposit of $250,000 had been paid in the half year and a further $10,875,000 was paid on settlement on 3 January 2011. The acquisition is expected to further strengthen the Group's market position.

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

- $3,875,000 in cash earn-out, based on Travelcorp achieving Net Profit Before Tax (NPBT) earnings of $1.5 million for the six months ending 30 June 2011; and

- Further scrip earn-out calculated on a four times multiple on the amount by which the Travelcorp business exceeds NPBT above $1.5 million for the 6 month period ending 30 June 2011. There is no cap on the scrip earn-out.

The final amount of the total consideration will depend on results for the six months ending 30 June 2011.

Projected results for the six months ending 30 June 2011, impacting the consideration, have not been finalised due to negotiations ongoing with the seller in relation to the allocation of integration costs and benefits of synergies. In addition, the reporting for the pre-acquisition period has not yet been finalised.

Due to these outstanding items the initial accounting for the business combination is still in progress and a formal updated assessment has not yet been completed.

On that basis, the details of the assets, liabilities, goodwill and contingent consideration in relation to this business combination are not yet available to be disclosed.

Directors' Declaration

In the Director's opinion:

(a) The financial statements and notes set out on pages 7 to 24 are in accordance with the Corporations Act 2001, including:

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

(ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half- year ended on that date; and

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

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

Mr A Bellas
Chairman

Brisbane, 22 February 2011

Mr J Pherous
Managing Director

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Corporate Travel Management Limited, which comprises the balance sheet as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the consolidated entity. The consolidated entity comprises both the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Corporate Travel Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide

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

assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on Corporate Travel Managements Limited's web site. The company's directors are responsible for the integrity of the Corporate Travel Management Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Delaney

Brett Delaney
Partner

Brisbane
22 February 2011