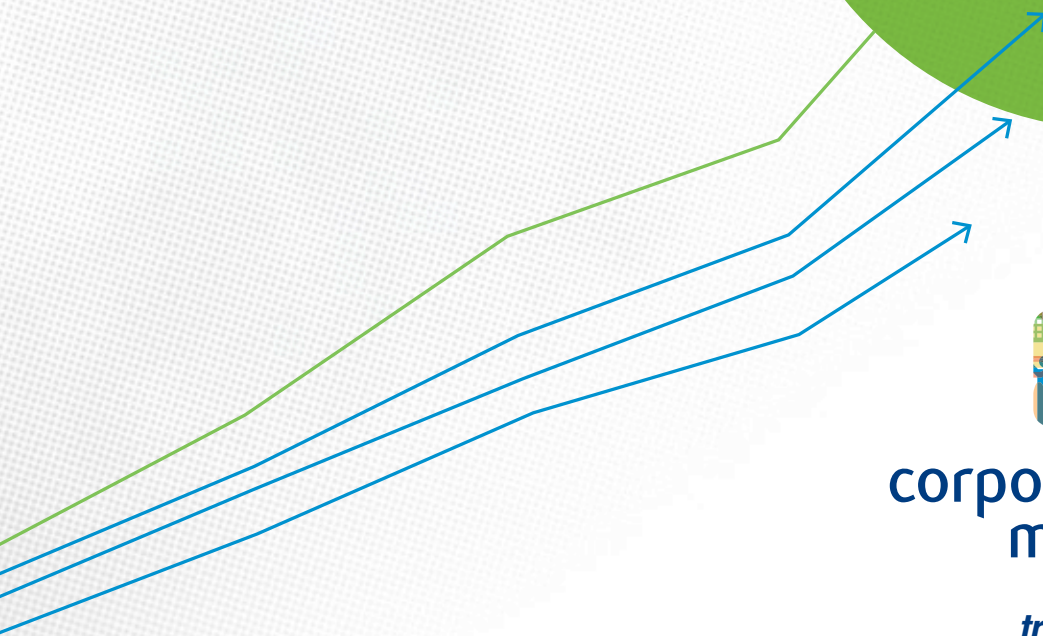


# CTM takes flight

Annual  
Report  
2011



corporate travel  
management

[travelctm.com](http://travelctm.com)





# corporate travel management

*travelctm.com*

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# chairman's report

**This Annual Report is the first by Corporate Travel Management Limited (CTM) as a listed public company and I would like to thank our shareholders, staff and clients for their support.**

The listing of CTM on 15 December 2010 represented an important milestone in the 17 year history of the Company and coincided with a number of other significant developments to support continued growth, improved profitability and enhanced service to our clients.

The acquisition of the Travelcorp companies on 3 January 2011 increased CTM's footprint in the Sydney and Perth markets. Its integration into CTM's business model also lowered cost to serve through increased scale and other synergies, brought additional capability to enable improved service offerings to clients, and reinforced the Company's reputation for identifying and delivering on strategic growth opportunities. The integration process has been seamless, reflecting CTM's track record of successful mergers and acquisitions that began over a decade ago.

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

It is particularly pleasing to report that the Company has exceeded its prospectus forecasts for TTV, revenue and earnings, reflecting the strength of its business model and the dedication and skill of the management team and staff. Importantly, the Company is well placed to

deliver a dividend return to shareholders and, at the same time, invest in further value creating initiatives for the benefit of clients, shareholders and staff.

More recently, CTM announced the acquisition of Melbourne-based corporate travel agency, ETM Travel Pty Ltd (etm). This acquisition adds significant depth to CTM's corporate specific services with its complementary MICE (Meeting, Incentive, Conference and Travel Event) and VIP Leisure offerings, enabling CTM to present a complete, integrated corporate travel solution to its clients. As well, the acquisition of etm strengthens CTM's presence in the all-important Melbourne corporate market and completes CTM's national footprint.

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

Other major initiatives have included two new mobile technology applications, u-track (CTM's global mapping technology which tracks, reports and communicates with travellers in an emergency) and assist-u, (a market-leading traveller assistance service platform delivered to any mobile device). These state-of-the-art services again reflect CTM's absolute commitment to delivering innovative services to better meet the needs of its clients.

**It is particularly pleasing to report that the Company has exceeded its prospectus forecasts for TTV, revenue and earnings, reflecting the strength of its business model and the dedication and skill of the management team and staff.**

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

Consistent with its prospectus forecast, the Board has declared a dividend of 5 cents per share. The dividend will be paid on 6 October 2011 to all shareholders registered on 5 September 2011.

**Tony Bellas**  
Chairman  
Corporate Travel Management Limited  
24 August 2011



**Tony Bellas**  
Chairman, CTM



**Since the company's inception 17 years ago, CTM has grown from strength to strength and enjoyed year on year growth.**

**Jamie Pherous**  
CEO/Managing Director

# managing director's report

Dear Shareholders,

## Introduction

I am pleased to present the first full year report for CTM since becoming a publicly listed company on 15 December 2010. CTM has withstood the recent turbulent economic times both in Australia and the broader global economy, to deliver a record year of profit. The Company is also well placed to benefit from upturns in the general economic environment.

## Outstanding performance

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

In the year to 30 June 2011, CTM's TTV (total transaction value) of \$502.3 million was 42.9 percent higher than the previous year and travel income of \$45.9 million was 48.4 percent higher than the previous year.

CTM's statutory net profit after tax (NPAT) of \$8.3 million in the year to 30 June 2011 compares with \$3.3 million in 2009/10, representing a 149.3 percent increase.

## Financial position

CTM is in a sound financial position, with total assets of \$58.7 million at 30 June 2011, an increase of \$34.6 million or 143.2 percent from 30 June 2010.

Contributing to the Company's sound financial position was the continued generation of strong cash flows, with net cash flows from operating activities of \$12.2 million over the year to 30 June 2011, an increase of \$8.9 million or 270.3 percent.

Funds raised from the capital raising in December 2010 were used to fund the Travelcorp acquisition and to extinguish the small level of debt. The Balance Sheet continues to be debt free.

Total equity of \$38.2 million at 30 June 2011 compares with \$11.7 million at 30 June 2010, an increase of \$26.5 million or 225.4 percent over the year.



### Business drivers

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

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

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

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

- In August 2010, CTM completed the acquisition of Cavalier Travel Services, a New Zealand based agency, which enabled the Group to better service clients with Trans-tasman operations.
- In January 2011, CTM acquired Travelcorp, which had operations in Sydney, Perth and Melbourne. The integration of the business has been very successful.

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

The business has continued to invest in its service offering and during the year, introducing new products including *assist-u* and *u-track*, as well as enhanced functionalities in CTM's core operating systems, which is integral to the continued success of the business moving forward.

### Employees

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

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

Over the past year, the total number of full time employees (FTE) increased by 38% to 380, reflecting acquisitions and CTM's positioning to underwrite growth with the most skilled talent. Importantly, revenue increased by 48% reflecting the Company's continuing focus on productivity improvement.

Over 70% of all staff employed at the time of our IPO took up shares in CTM. This vote of confidence by our people demonstrates their satisfaction and commitment to CTM. We encourage share ownership amongst all of our people to better align the objectives of CTM with the personal aspirations of our people.

The Board and the senior management team appreciate the contribution that CTM's staff have made to the Company's strong performance in 2010/11. Their professionalism and commitment have been fundamental to the development of CTM's reputation as a highly valued business partner for CTM's clients.

### Positioning for the future

Following CTM's successful listing on the ASX, successful integration of the two acquisitions during the year and continued leading performance in terms of new client generation and client retention, the business is well placed for the next stage of development. The recently announced acquisition of Melbourne based corporate travel agency ETM Travel Pty Ltd will further strengthen our scalability and client offering.

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

I look forward to working with all our staff 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

Over the last five financial years, the Company has achieved compound annual growth in earnings (EBITDA) of 44%, despite the Global Financial Crisis.

Since its inception in 1994, CTM has demonstrated a strong track record of earnings growth. Over the last five financial years, the Company has achieved compound annual growth in earnings (EBITDA) of 48%, despite the Global Financial Crisis. This earnings growth has been achieved both organically and through acquisitions, the most recent being the purchase of award-winning travel agency etm group in August 2011.

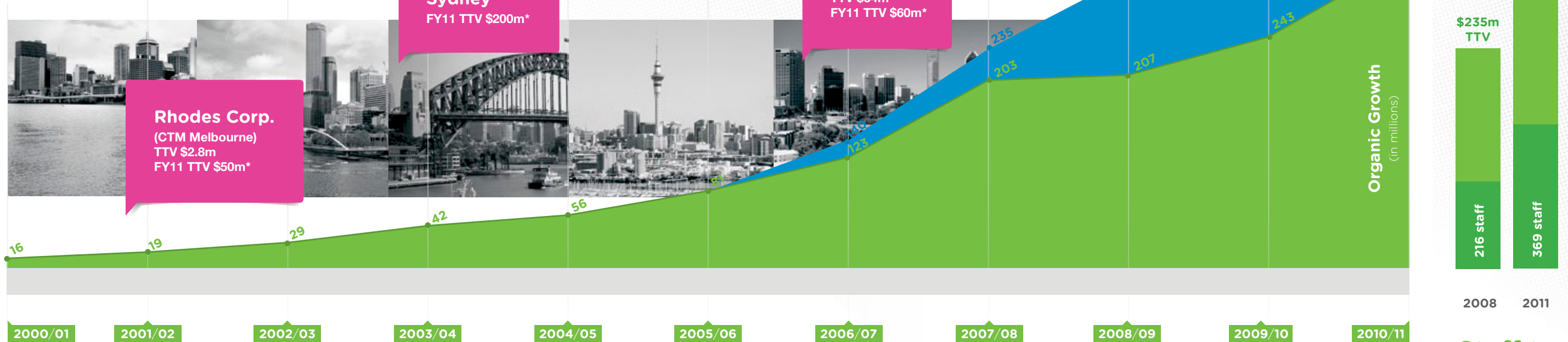
CTM is set to achieve ongoing growth with:

- more than 600 clients — including 14 of the ASX Top 100
- a strong pipeline of new business opportunities
- new industry-leading technologies ready for deployment, and
- a renewed focus on the lucrative events management division.

# the ctm growth story

Travel Manager for 14 of the ASX 100

**\$502m**  
TTV has grown from \$16m in FY2001 to \$502m in FY2011



AFTA award - Best National Corporate Travel Manager  
\* Forecast



Staff to Revenue



# the 3 pillars of our growth

**Three key pillars underpin our growth strategy. People, Technology and Clients.**

By focusing on these three fundamental business drivers, CTM has been awarded as the best national travel management company by the Australian Federation of Travel Agents (AFTA) in seven of the past eight years. These key pillars will continue to be the core drivers of our growth strategy over the next 12 months.

**Technology**

**People**

**Clients**

**We partner with proven technology providers, to tailor systems which reflect client requirements based on their feedback.**

## our technology

**CTM's technology platforms act as key factors for attracting and retaining clients and suppliers.**

We partner with proven technology providers, to tailor systems which reflect client requirements based on their feedback.

This approach enables us to offer flexible and robust solutions which directly match client travel requirements and feature continually-changing functionality.

CTM was the first Travel Management Company (TMC) in the Australian and New Zealand marketplace to offer a fully integrated mobile solution — assist-u and u-track — as a standard part of its value proposition.

Also playing an important role in our technology platform is our highly sophisticated online booking tool, which allows travellers and Travel Arrangers to self-book 'Best Fare' rates on airfares, hotels and car hire while automating compliance with their company's travel policy. This, in turn, guarantees cost savings and maximises travel negotiations to reduce unnecessary travel expenditure.

By allowing clients to access air and ground content dynamically in real time across the globe, our online booking tool minimises handling and boosts productivity for both clients and our staff.

# assist-u

market-leading traveller assistance services on any mobile device

## Follow Me Itinerary

Delivering itinerary information by segment throughout travellers' trips, the Follow Me Itinerary is invaluable in providing cost savings and ensuring travellers are informed and prepared for all elements of their business travel.

*assist-u: Welcome to the Grand Hotel. Remember that internet and breakfast is included in your hotel rate. Please check your bill for accuracy on check-out.*

## Itinerary Services

Delivering specific travel services information based on individual destinations, Itinerary Services can ensure travellers know the best course of action to take no matter what situation or location they are in.

*assist-u: Welcome to Singapore. We recommend a taxi to the city. Please note that some taxis do not accept credit card, cash is required. Approx 25-30 Singapore dollars.*

Other services available under the assist-u banner include:

- The broadcast of one-way information blasts to travellers based upon itinerary
- The ability for travellers to request specific information via SMS using a keyword
- 24/7/365 message delivery and importation of booking information, data validation and mobile number confirmation
- The ability to conduct surveys quickly and effectively via SMS, and
- the identification of policy non-compliance with automated communication via Policy Manager.

## Travel Tracker

u-track's revolutionary method of traveller tracking using advanced global mapping software enables clients to stay informed and ahead of the game. Dynamic traveller location reports — by country, region, event or travel service based upon key itinerary information — are sent to affected travellers to ensure they are prepared and know how to respond when the unexpected happens.

Also available from u-track are:

- Travel Alerts — two-way emergency traveller communications by SMS with response tracking, and
- Travel Advisor — global maps complete with colour-coded risk summaries enabling companies to send targeted alerts and notices by SMS to affected travellers.

Our powerful mobile-based platforms assist-u and u-track are the newest additions to CTM's technology suite and deliver an integrated mobile travel solution which touches all facets of our clients' travel management programs.

# u-track

global mapping technology to track, report and communicate with travellers in an emergency



# innovative mobile-based platforms



As CTM has grown, it has consistently improved productivity measured by TTV (total transaction value) per employee.

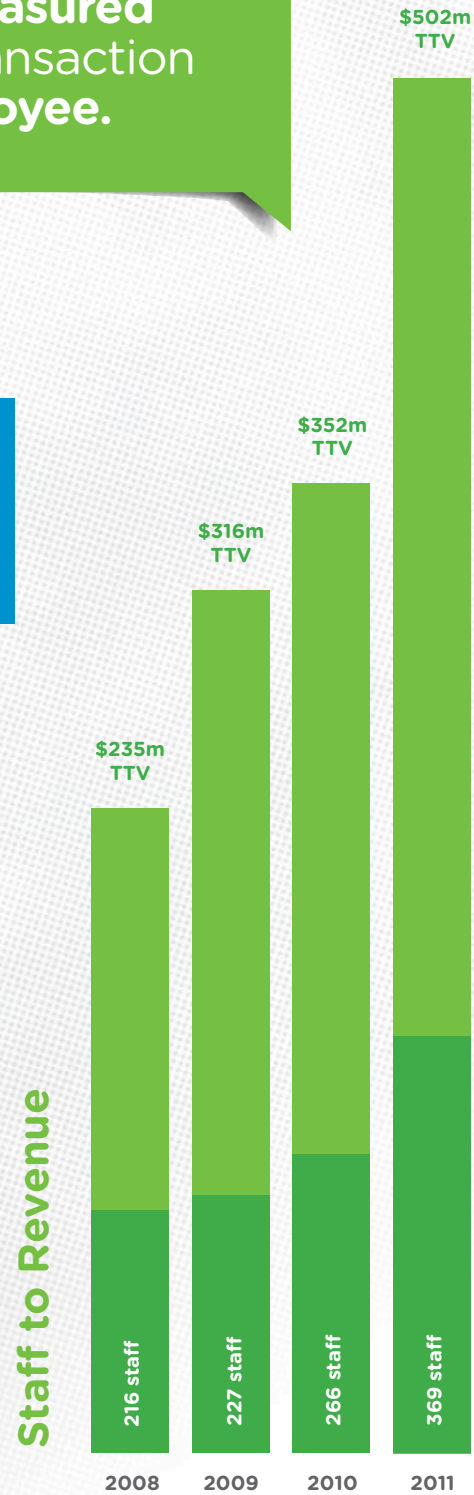
# our people

CTM boasts a highly motivated client-focused team of more than 380 FTE staff, led by an enthusiastic and dedicated senior management team with a wealth of experience from inside and outside of the travel industry.

As CTM has grown, it has consistently improved productivity measured by TTV (total transaction value) per employee, as shown in the following diagram. Our current overhead structure is scalable for additional growth in TTV.

**Our culture, which places a high priority on recognising our people, is an essential part of our success.**

This culture is demonstrated through our Employee Benefit Scheme, which emphasises health and wellbeing, career and development, and lifestyle. Our commitment to our employees shows in staff longevity and the outstanding service they consistently deliver.



## Matt Cantelo

General Manager for NSW Corporate Travel Management

*Tenure with CTM: 10 years*

Matt Cantelo is the General Manager for CTM's New South Wales operations and came to CTM when his company Rhodes Corporate Travel was acquired by CTM in 2001.

"After extensive overseas travel as a youth, I was motivated to join the travel industry and have now enjoyed 16 great years in this dynamic, fast-paced and challenging sector," says Cantelo.

"Over my ten years at CTM, we have increasingly seen the emergence of new technologies and communication platforms impacting all industries, creating new competition and ways of doing things.

"We are committed to ensuring we stay one step ahead of the rest of the market in this field and recognise the importance of innovation and forward thinking, as being first to market is no small feat.

"It takes a significant investment and strategic direction to stay in front. With a Product Roadmap which is constantly under scrutiny, we can ensure we are not only delivering what our clients want today, but what they want tomorrow. I think that's exciting!"



## Staff Profile

### Sarah Kelly

**Regional Client Value Manager (QLD)  
Corporate Travel Management**

*Tenure with CTM: 12 years*

Sarah Kelly has been part of CTM for almost 12 years, first as a domestic consultant before being promoted to international consultant, team leader, office manager, and now regional CVM.

“When I started we had nine staff, one office, and Jamie Pherous, our founder and Managing Director, was still consulting,” says Sarah Kelly. “Since then we have moved ahead in leaps and bounds with six acquisitions and the business undergoing a transformation thanks to its focus on technological innovation!”

Sarah Kelly says CTM’s people and organisational culture have been key drivers of her long service with the Company.

“I love that I have autonomy and can make decisions for the betterment of my clients and my team,” says Sarah Kelly. “At CTM, we listen to our clients — we are aware one size doesn’t fit all. Even though we’re growing, we will continue to listen and offer the highly personalised service we are known for.”



## Staff Profile

### Michelle Black

**Business Analysis & Solutions Manager (WA)  
Corporate Travel Management**

*Tenure with CTM: 3 years*

After more than 20 years in the hospitality industry, business development specialist Michelle Black joined CTM’s West Australia office in 2008 as a Business Analysis and Solutions Manager.

“After 20 years in hospitality including a role with Accor as Director of Sales (WA/NT) and a year sabbatical, I decided on sourcing a Business Development Management role within the travel management industry,” said Michelle Black.

“When choosing where to focus my attentions, CTM was a natural choice for me – thanks to their transparency, their integrity, and their reputation for service excellence.

“As a business development professional, I value working for a company which delivers solutions which drive Return on Investment for clients – something CTM is extremely focused upon.

“Luckily for me – they thought I was a good fit too!

“Since then, I have seen the WA office grow from just 25 staff to more than 60, and I know we have exciting years ahead.

“While we are growing, at CTM it has always been about listening to clients and delivering solutions – be they process, financial or technological – and I can only see this growing as we continue to focus on innovation to keep us, and our clients, at the front of the pack.”





# our clients

**Our flexible approach to travel management has enabled us to adapt to many different industry segments far more dynamically than our competitors.**

This flexibility is shown in the diverse range of industries we serve, which include engineering, mining, banking, finance, insurance, accounting, pharmaceuticals and health, oil and gas, and information technology.

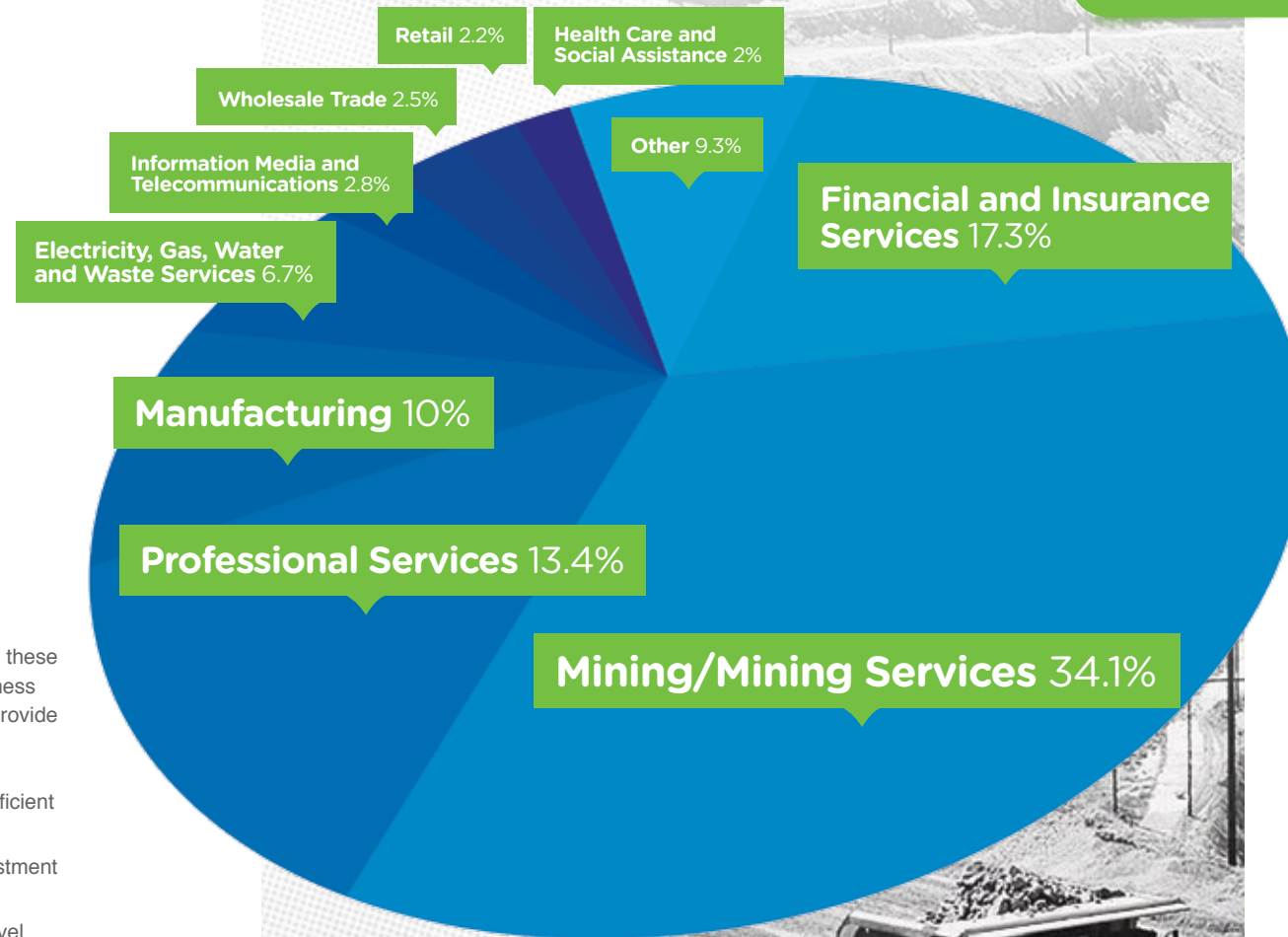
CTM has more than 600 clients, including 14 ASX Top 100 companies. No single client accounts for more than 5% of our EBITDA.

With the acquisition of etm group, we expect to increase the number and diversity of our clients, further enhancing the quality and resilience of our earnings.

The value proposition CTM presents to these clients sets the foundation for the business operational model, and enables us to provide value by:

- delivering a highly-personalised, efficient and innovative travel solution
- delivering a positive return on investment from CTM's services
- providing a tailored, end-to-end travel service.

Using the appropriate blend of technology and expertise, this highly-differentiated model will underpin growth for the Company throughout the next financial year.



**CTM's dynamic business model and systems enable it to tailor its services to any industry, no matter what their requirements or travel habits.**

**A look at CTM's position within the mining sector demonstrates the Company's ability to adapt to specific industry needs, such as the resource industry's requirement for 'Fly in, Fly Out' (FIFO) services.**

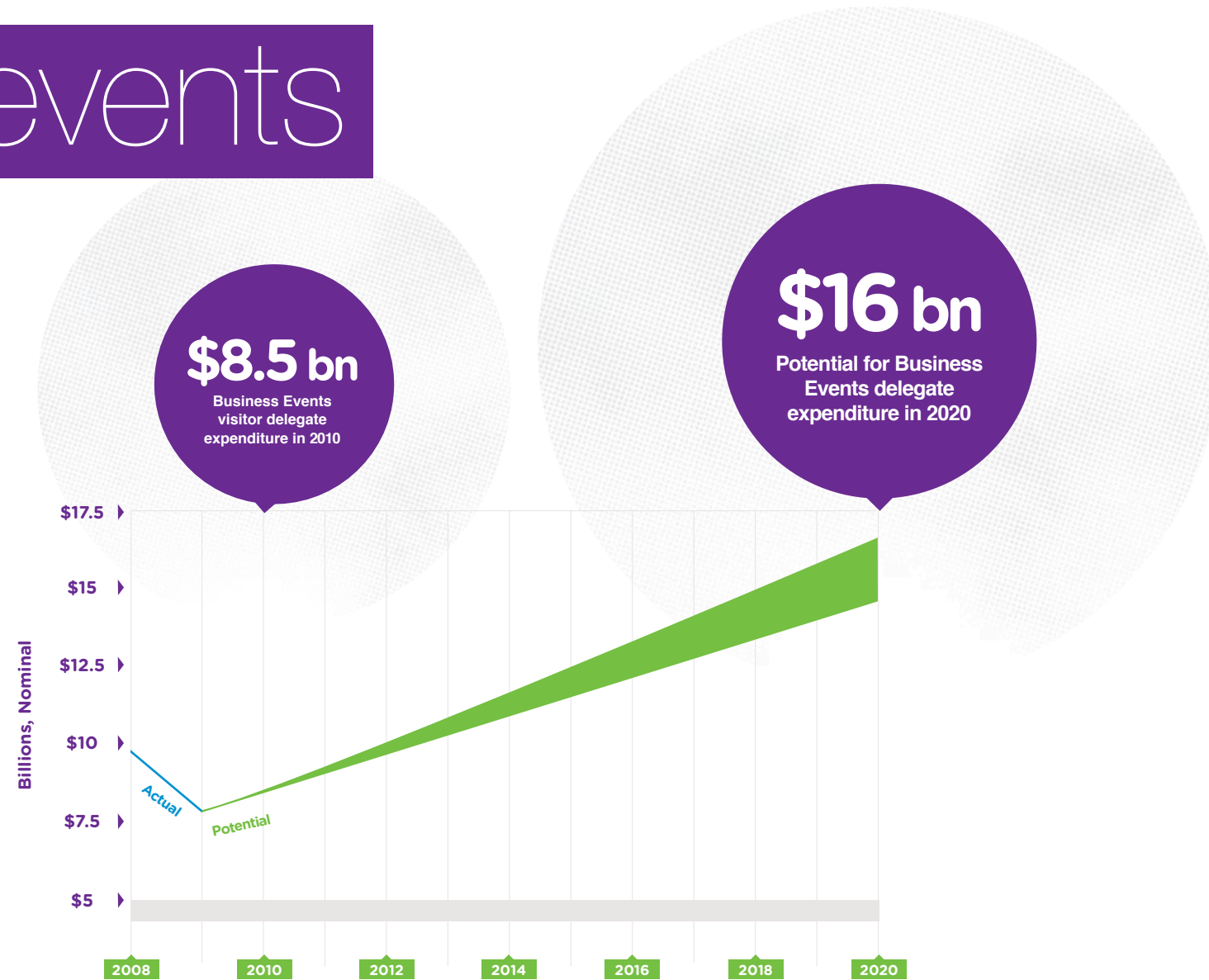
Our commitment to the mining industry is exemplified by our development of a specialised booking system which books a FIFO flight every 11 seconds, while offering unique reporting to enable mining companies to communicate easily with companies providing bus transfers, village accommodation, and other services.

This, combined with a full understanding of client requirements, processes and protocols, enables us to ensure our mining clients are served efficiently and accurately each and every time, while opportunities for improvement are identified and capitalised upon. CTM's success in this industry in particular is evidenced by the fact that 60% of our clients are in mining and related industry sectors.



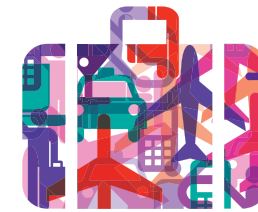
**Travel Manager for 14 of the ASX 100**

# events



## Tourism Industry Potential Business Events Expenditure (IVS & NVS Data)

Domestic & International Visitor Delegates (Source: Tourism Research Australia)



## event travel management

The high-yielding MICE (Meetings, Incentives, Conferences and Events) sector is worth over \$8 billion annually in Australia. With the recent acquisition of etm group and their award-winning events management division, CTM is ideally positioned to take advantage of the significant growth opportunities in this market.

CTM's Event Travel Management division has experience spanning 16 years, six continents and more than 150 countries — managing conferences, events and incentives for groups of 10 to more than 3000 attendees.

Our event management services include:

- full event management
- incentive program management
- professional conference organisation (PCO)
- accommodation and housing management

CTM's Event Travel Management division also offers tailored support services, including:

- accommodation and conference venue finding
- attendee booking and registration
- flights and transportation
- communication and design
- on-site support
- pre and post-leisure travel.

Also coming to CTM as part of the etm group acquisition is an enhanced leisure offering, which will further bolster our existing Leisure Travel Management services. Offering leisure services to clients, high net-worth individuals and shareholders, Leisure Travel Management brings sought-after expertise and personal service, often lacking in the retail travel market, to our corporate clients under the one roof.





Head of Key Stakeholder Relations Craig Smith with Adele Sheers of Qantas at the AFTA awards 2011

Winner of 7 of the last 8 annual AFTA awards for Best National Corporate Travel Manager

“The success of CTM’s business strategy – driven by our commitment to people, technology and clients – has been recognised by the travel industry with a number of prestigious awards.”

# award winning performance



We received the Australian Federation of Travel Agents (AFTA) award for Australia’s Best Corporate Travel Management Company seven times in the past eight years (including 2011), and we were admitted to the AFTA Hall of Fame in 2010.

CTM was selected for this award by travel industry suppliers and peers based on client service, continuous improvement, staff development, goal setting and strategic planning, marketing and market success.

We were also recognised as a finalist for the best IATA agent in Australasia at the World Travel Awards for 2009, 2010 and 2011.

# leadership team



**Jamie Pherous**  
CEO/Managing  
Director

Jamie Pherous, CEO/Managing Director, founded Corporate Travel Management in 1994. He has built the company from its headquarters in Brisbane to become the largest privately-owned travel management company in Australia and, in late 2010, became successfully listed on the Australian Securities Exchange (ASX). The Company today employs more than 380 staff.



**Laura Ruffles**  
Chief Operating Officer

Laura Ruffles, Corporate Travel Management's Chief Operating Officer, has significant local, regional and global industry experience. In a career of more than 16 years, she has led teams across strategy, operations, product development, relationship management, sales, business planning and technology.



**Steve Fleming**  
Chief Financial Officer

Steve Fleming is responsible for Corporate Travel Management's finance function, treasury management, key stakeholder liaison, and strategic planning in conjunction with the Managing Director and Board. Steve has more than 20 years' experience in commercial finance roles gained with high growth companies across a number of industries and countries including Abbey National, TrizecHahn, Deutsche Morgan Grenfell and Arthur Andersen.



**Nova Fleming**  
General Manager  
Corporate Services

Nova Fleming joined Corporate Travel Management in 2007, bringing 15 years experience in HR related roles over a range of industries. Nova's expertise is in strategic business planning and using technology to advance business performance and the HR function. She is a certified professional of the Australian Human Resources Institute and is completing her postgraduate studies in Management (Human Resources).

# directors



**Tony Bellas**  
Chairman

Tony Bellas has more than 25 years experience in both the government and private sectors. Tony is currently pursuing his own business interests and has previously held positions of CEO of Ergon Energy, CS Energy and Seymour Group. Prior to this he was Queensland's Deputy Under Treasurer, with oversight of a number of Treasury operations including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.



**Greg Moynihan**  
Independent Non-  
Executive Director

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



**Stephen Lonie**  
Independent Non-  
Executive Director

Stephen Lonie is a Chartered Accountant, with more than 38 years industry experience, and a former Managing Partner of the international accounting and consulting firm KPMG. He now practices as an independent management consultant and business adviser.



**Claire Gray**  
Executive Director  
Global Development

Claire Gray brings 24 years' experience to Corporate Travel Management. Her career within the travel industry began in 1984 at Harvey World Travel. In 1989, Claire joined with Craig Smith to form independent travel management companies Travelogic - which merged with Corporate Travel Management in 2008 to create the largest privately owned business travel agency in Australasia at that time - Macquarie Travel servicing Macquarie Bank.



# annual financial report

for the year ended  
30 June 2011

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

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## Directors' Report

The Directors present their report together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries (the "Group") for the financial period ended 30 June 2011.

### DIRECTORS

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

- Mr A Bellas.
- Mr S Lonie.
- Mr G Moynihan.
- Mr J Pherous.
- Ms C Gray (appointed 22 September 2010).

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

### INFORMATION ON DIRECTORS

#### **Tony Bellas** MBA, BEcon, DipEd, FAIM, MAICD, ASA Independent Non-Executive Director – Chairman

Tony Bellas has more than 26 years' experience in both the government and private sectors. Tony is currently pursuing his own business interests and has previously held positions of Chief Executive Officer of Ergon Energy Ltd, CS Energy Ltd and Seymour Group Pty Ltd. Prior to this appointment, he was Queensland's Deputy Under Treasurer, with oversight of a number of Queensland Treasury operations including Fiscal Strategy, Office of Government Owned Corporations and Office of State Revenue.

In 1999, whilst at Queensland Treasury, Tony led the teams responsible for the sale of the Queensland TAB and the Queensland Government's interest in the Bank of Queensland. Tony was also a member of the team that oversaw the merger, in 1996, of the Suncorp and QIDC entities into the publicly listed company, Metway Bank, creating the new group SuncorpMetway. His team then managed the staged sell-down of the Queensland Government's holding in SuncorpMetway.

Tony is currently a Non-Executive Director of Guildford Coal Limited (since 2010), ERM Power Limited (since 2009), ERM Power Retail Pty Ltd, and Australian Water (Qld) Pty Ltd.

#### **Former directorships in last 3 years:**

- Non-Executive Director of Watpac Limited (2008 to 2010)

#### **Special responsibilities:**

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

#### **Jamie Pherous**

##### **BCom ACA**

##### **Managing Director and Chief Executive**

Jamie Pherous founded Corporate Travel Management in Brisbane in 1994. He has built the Company from its headquarters in Brisbane to become the one of the largest travel management companies in Australia and New Zealand, employing more than 300 staff.

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

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

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

#### **Former directorships in last 3 years:**

- None.

#### **Special responsibilities:**

- Managing Director.

#### **Gregory Moynihan**

##### **BCom, Grad Dip SIA, CPA, FFin, MAICD** Independent Non-Executive Director

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

Greg Moynihan is currently a Director of Ausenco Limited (since 2008), Sunwater Limited (since 2007), Urban Art Projects Pty Ltd and several private investment companies. He has previously held directorships with Cashcard Australia Ltd, LJ Hooker Ltd, RACQ Insurance Ltd, HFA Limited and Suncorp Metway Ltd.

Greg Moynihan is the Chair of the Company's Remuneration Committee and is a member of both the Company's Audit and Risk Management Committee and Nominations Committee.

#### **Former directorships in last 3 years:**

- None.

#### **Special responsibilities:**

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

#### **Stephen Lonie**

##### **BCom, MBA, CA, FFin, FAICD, FIMCA** Independent Non-Executive Director

Stephen Lonie is a Chartered Accountant with more than 39 years industry experience, and is a former Managing Partner Queensland of the international accounting and consulting firm, KPMG. He now practices as an independent management consultant and business adviser.

Stephen is currently Chairman of The Rock Building Society and Jellinbah Resources Pty Ltd.

#### **Former directorships in last 3 years:**

- Non-Executive Direct Oaks Hotels & Resorts Limited (2011 to 2011).
- Chairman Australian Agriculture Company Limited (2009 to 2010).

#### **Special responsibilities:**

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

#### **Claire Gray**

##### **DIP TTM**

##### **Executive Director**

Claire Gray brings 25 years' experience to Corporate Travel Management. Her career within the travel industry began in 1984 at Harvey World Travel. In 1989, Claire joined with Craig Smith to form the independent travel management company, Travellogic, servicing

Macquarie Bank. Travellogic merged with Corporate Travel Management in 2008 to create one of the largest business travel agencies in Australasia.

Claire currently holds senior roles in GlobalStar Alliance including Operating Committee member of the Board and Vice Chairman of the Asia Pacific region. GlobalStar Alliance is a worldwide network of travel management companies owned and managed by local entrepreneurs in approximately 66 countries.

#### **Former directorships in last 3 years:**

- None.

#### **Special responsibilities:**

- No additional special responsibilities noted.

### COMPANY SECRETARIES

- Mrs L McCabe (appointed 2 August 2010).
- Mr S Fleming (resigned 2 August 2010; reappointed as Joint Company Secretary 21 April 2011).

#### **Lyndall McCabe**

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

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

She has more than 12 years experience in the travel industry sector, having previously been employed by a travel consolidator. In 2005, Lyndall was appointed as a Director (subsequently resigned 23 June 2010) and became shareholder. Lyndall's current role is General Manager Facilities.

Lyndall is a member of the Chartered Secretaries of Australia.

#### **Steve Fleming**

##### **BBus (Accounting) ACA**

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

(continued on next page)



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

Steve is a member of the Institute of Chartered Accountants.

#### INTERESTS IN SHARES AND OPTIONS

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

	Ordinary shares held at 30 June 2011
Mr A Bellas	200,000
Mr S Lonie	200,000
Mr G Moynihan	200,000
Mr J Pherous	26,599,728
Ms C Gray	5,424,999

#### MEETINGS OF DIRECTORS

The number of meetings of the Company's board of Directors and each Board committee held during the year ended 30 June 2011, and the number of meetings attended by each Director were:

	Committee meetings							
	Full meetings of directors		Audit & Risk Management		Remuneration		Nominations	
	A	B	A	B	A	B	A	B
Mr A Bellas	10	11	2	2	2	2	-	-
Mr S Lonie	8	11	2	2	1	2	-	-
Mr G Moynihan	10	11	2	2	2	2	-	-
Mr J Pherous	11	11	*	*	*	*	*	*
Ms C Gray **	9	11	*	*	*	*	*	*

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.

\*\* Ms Gray joined the Board of Directors on 22 September 2010.

#### DIVIDENDS

Final franked dividend approved by the Board on 24 August  
On ordinary shares 2011 in relation to the 2011 financial year:

	Per share	\$'000
• On ordinary shares	\$0.5	3,572

#### DIVIDENDS PAID AND PROPOSED IN THE YEAR

	Per share	\$'000
Interim for the year		
• On ordinary shares	-	-
Dividend provided but not paid at 30 June 2010		
• On ordinary shares	\$12.39*	750

\* 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.

#### PRINCIPAL ACTIVITIES

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

#### OPERATING AND FINANCIAL REVIEW

##### Review of operations

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

Further discussion of operating results for the year is included in the Chairman's and Managing Director's Reports on pages 3 to 8.

##### Operating results for the year

The profit of the Group for the financial period, after providing for income tax, amounted to \$8,268,000.

#### 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

A contract has been signed for the acquisition of 100% of the shares of ETM Travel Pty Ltd, a Melbourne based travel management company, to be completed on 1 October 2011. As part of this transaction, a deposit of \$900,000 has been paid on 3 August 2011, \$4,500,000 is payable on completion, a further \$2,500,000 is payable on 30 April 2012 and \$600,000 is payable in 31 August 2012. A contingent consideration of \$4,100,000 in cash earn-out may also be payable based on ETM achieving NPBT earnings of \$2.3 million for the nine months ending 30 June 2012. Should actual NPBT earnings for nine months ending 30 June 2012 be less than \$2.3 million, the amount of the cash earn-out will be reduced.

The final amount of the total consideration will depend on results for the nine months ending 30 June 2012 and, at the date of this report, a formal assessment as to whether these criteria will be met has not yet been finalised.

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

#### 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 A Bellas	Non-Executive Director (appointed 23 June 2010).
Mr S Lonie	Non-Executive Director (appointed 23 June 2010).
Mr G Moynihan	Non-Executive Director (appointed 23 June 2010).
Mr J Pherous	Managing Director.
Ms C Gray	Executive Director (resigned as Executive director 23 June 2010, reappointed 22 September 2010).
Mr M Cantello	Executive Director (resigned as Executive director 23 June 2010).
Mr M Dalling	Executive Director (resigned as Executive director 23 June 2010).
Mr A Moten	Executive Director (resigned as Executive director 23 June 2010).
Mrs L McCabe	Executive Director (resigned as Executive director 23 June 2010).
Mr C Smith	Executive Director (resigned as Executive director 23 June 2010).

(ii) Other key management personnel	
Mr S Fleming	Chief Financial Officer.
Ms L Ruffles	Chief Operating Officer (appointed 23 February 2010).
Ms N Fleming	General Manager (Corporate Services) (Included in other key management personnel from 23 June 2010).

#### Changes since the end of the reporting period

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

#### Role of the Remuneration Committee

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

The Corporate Governance Statement provides further information on the role of this Committee.

#### Principles used to determine the nature and amount of remuneration

##### Non-executive Directors

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

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

##### Directors' fees

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

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

#### Retirement allowances for non-executive Directors

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

#### Executive Remuneration Framework

The objective of the group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

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

In consultation with external remuneration consultants, the group has structured an executive remuneration framework that is considered to be market competitive and complementary to the reward strategy of the organisation.

The two key elements of the framework are:

- Alignment to shareholders' interests:
  - Has economic profit as a core component of plan design;
  - Focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
  - Attracts and retains high caliber executives.

- Alignment to program participants' interests:
  - Rewards capability and expertise;
  - Reflects competitive reward for contribution to growth in shareholder wealth;
- - Provides a clear structure for earning rewards; and
- - Provides recognition for contribution.

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

The current executive remuneration framework currently has two components:

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

There are currently no long-term incentives programs in place, however, this component will be assessed during the coming year, in conjunction with consideration of the introduction of an Employee SharePlan.

The combination of these components comprises an executive's total remuneration. The Group intends to conduct a review of the incentive plans during the year ending 30 June 2012, 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' discretion.

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

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

Executives receive benefits, including motor vehicle benefits.

#### Superannuation

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

#### Short-term incentives

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

Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus opportunity in the 2011 year was 40% of base remuneration.

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

For the year ended 30 June 2011, the KPIs linked to STI plans were based on group objectives, with the key financial metrics being consolidated Earnings Before Interest, Tax, Depreciation and Amortisation.

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

The STI target annual payment is reviewed annually.



*Long-term incentives*

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

**DETAILS OF REMUNERATION***Amounts of remuneration*

Details of the remuneration of the Directors and the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

**Key management personnel of the group**

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

	Short-term employee benefits				Long-term benefits		Total
	Cash salary and fees	Short-term incentive	Annual leave	Non-monetary benefits	Super-annuation	Long service leave	
	\$	\$	\$	\$	\$	\$	\$
<b>2010</b>							
<b>Non-executive Directors</b>							
T Bellas (a)	-	-	-	-	-	-	-
S Lonie (a)	-	-	-	-	-	-	-
G Moynihan (a)	-	-	-	-	-	-	-
<b>Sub-total non-executive Directors</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Executive Directors</b>							
J Pherous	286,415	-	7,900	5,595	25,777	40,372	366,059
C Gray (b)	153,654	-	-	-	-	-	153,654
M Dalling (b)	154,997	-	2,385	-	13,950	2,123	173,455
M Cantelo (b)	182,115	-	4,232	-	16,390	5,872	208,609
A Moten (b)	105,504	147,559	(811)	-	22,731	1,375	276,358
C Smith (b)	227,594	-	1,764	16,591	20,483	4,275	270,707
L McCabe (b)	155,045	-	(1,789)	4,567	13,954	3,209	174,986
<b>Other key management personnel of the group</b>							
L Ruffles (e)	85,577	-	6,185	-	7,702	-	99,464
N Fleming (d)	-	-	-	-	-	-	-
S Fleming	185,000	-	8,257	-	16,650	368	210,275
<b>Total key management personnel compensation</b>	<b>1,535,901</b>	<b>147,559</b>	<b>28,123</b>	<b>26,753</b>	<b>137,637</b>	<b>57,594</b>	<b>1,933,567</b>

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

- a. Appointed as Director 23 June 2010.
- b. Resigned as Director 23 June 2010.
- c. Reappointed as Director 22 September 2010.
- d. Included in key management personnel from 23 June 2010.
- e. Appointed 23 February 2010.

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

	Fixed remuneration		At risk – STI	
	2011 %	2010 %	2011 %	2010 %
<b>Directors of Corporate Travel Management Limited</b>				
T Bellas (a)	100%	100%	-	-
S Lonie (a)	100%	100%	-	-
G Moynihan (a)	100%	100%	-	-
J Pherous	82%	100%	18%	0%
C Gray (b)(c)	100%	100%	0%	0%
M Dalling (b)	-	100%	-	0%
M Cantelo (b)	-	100%	-	0%
A Moten (b)	-	47%	-	53%
C Smith (b)	-	100%	-	0%
L McCabe (b)	-	100%	-	0%
<b>Other key management personnel of the group</b>				
L Ruffles (e)	76%	100%	24%	0%
N Fleming (d)	77%	100%	23%	0%
S Fleming	78%	100%	22%	0%

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

- Appointed as Director 23 June 2010.
- Resigned as Director 23 June 2010.
- Reappointed as Director 22 September 2010.
- Included in key management personnel from 23 June 2010.
- Appointed 23 February 2010.

#### Service agreements

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

#### Share-based compensation

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

#### Details of remuneration: Bonuses and share-based compensation benefits

For each cash bonus included in the following tables on pages 35 - 36, the percentage of the available bonus that was paid in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is disclosed. No part of the bonus is payable in future years.

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

	Bonus	
	Paid %	Forfeited %
<b>Directors of Corporate Travel Management Limited</b>		
T Bellas	*	*
S Lonie	*	*
G Moynihan	*	*
J Pherous	100%	0%
C Gray	*	*
<b>Other key management personnel of the group</b>		
L Ruffles	100%	0%
N Fleming	100%	0%
S Fleming	100%	0%

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

#### Loans to Directors and Executives

Information on loans to Directors and Executives, including amounts, interest rates and repayment terms are set out in notes 17 and 24 to the financial statements.

#### Shares under option

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

#### OFFICERS' INDEMNITY & INSURANCE

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

#### PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

#### NON-AUDIT SERVICES

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

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



	Consolidated	
	2011 \$	2010 \$
<b>Amounts received or due and receivable by PricewaterhouseCoopers for:</b>		
• Audits and review of the financial reports of the entity and any other entity in the consolidated group	330,870	95,000
• Other services in relation to the entity and any other entity in the consolidated group:		
- Tax compliance	21,520	11,550
- Transaction services – Initial Public Offering	215,288	-
	<b>567,678</b>	<b>106,550</b>

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:

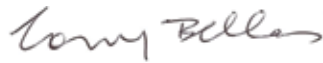
#### AUDITORS' INDEPENDENCE DECLARATION

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 A Bellas  
Chairman Managing Director

Brisbane, 24 August, 2011



Mr J Pherous  
Managing Director

## Auditor's Independence Declaration



As lead auditor for the audit of Corporate Travel Management Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

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



Brett Delaney  
Partner  
PricewaterhouseCoopers

Brisbane  
24 August 2011

## Corporate Governance Statement

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

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

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

#### Responsibility of the Board

The Board is responsible for the corporate governance of the Company and has adopted a Corporate Governance Charter ("Charter"). A guiding principle of the Charter is that the Board act honestly, conscientiously and fairly, in accordance with the law and in the interests of Shareholders, with a view to building sustainable value for them, 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.

The Board's broad function is to:

- a. Chart strategy and set financial targets for the Company;
- b. Monitor the implementation and execution of strategy;
- c. Monitor performance against financial targets;
- d. Appoint and oversee the performance of executive management; and
- e. Generally to take and 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 itself including appointment and removal of Directors;
- b. Oversight of the Company 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 senior executives will take place in the 2012 financial year.

### PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

#### Board composition

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

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

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

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

#### Directors' independence

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

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

- a. Is not a substantial Shareholder of the Company, or an officer of a substantial Shareholder, and is not otherwise associated, directly or indirectly, with a substantial Shareholder of the Company;
- b. Has not, within the last three years:
  - (i) Been employed in an executive capacity by the Company or another Group member; or
  - (ii) Been a Director after ceasing employment in an executive capacity for the Company or another Group member;
- c. Has not, within the last three years, been a principal of a professional advisor to the Company or another Group member or an employee materially associated with the service provided, except where the advisor might be considered to be independent due to the fact that fees payable by the Company to the advisor's firm represent an insignificant component of the advisor's firm overall revenue;
- d. Is not:
  - (i) a material supplier or customer of the Company or another Group member; or
  - (ii) an officer of or associated, directly or indirectly, with a material supplier or customer;

- e. Has no material contractual relationship with the Company or another Group member other than as a Director;
- f. Is free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- g. Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interest of the Company.'

A former Chief Executive 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'. At the date of signing the Directors' report, the Company has two executive Directors and three non-executive Directors. The three non-executive Directors have no relationships adversely affecting independence and so are deemed independent under the principles set out, noting that:

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

#### Term of office

Under the Company's Constitution, at least one third of all Directors, being the longest serving Directors, must retire at each Annual General Meeting. Directors, excluding the Chief Executive 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 between Directors, and between the Board and the Senior Executives.

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

#### Induction

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

#### Commitment

Board meetings are normally held monthly, and must 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 2011, and the number of meetings attended by each director is disclosed on page 31.

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 2011.

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

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

#### Non-executive Directors

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

#### Conflict of interests

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

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

#### Independent professional advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings, in order to fulfil their duties and responsibilities as Directors. Any reasonable costs incurred are borne by the Company.

#### Performance assessment

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chair and of its committees. The assessment also considers the adequacy of induction and continuing education, access to information and the support provided by the Company Secretary. Management is invited to contribute to this appraisal process, which is facilitated by an independent third party. The results and any action plans are documented, together with specific performance goals which are agreed for the coming year. The first assessment to be carried out in accordance with this process was performed in July 2011.

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

#### Board committees

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

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

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

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

#### Nomination committee

The purpose of this Committee is to provide advice and make recommendations to the Board about the appointment of new Directors, to ensure that it is comprised of individuals who are best able to discharge the responsibilities of Directors having regard to the law and the highest standards of governance. The role of the Committee, to the extent delegated by the Board, also extends to making recommendations in relation to the appointment of senior management. Its members are Tony Bellas (Chairman), Stephen Lonie and Greg Moynihan.

Details of Director attendance at Nomination Committee meetings are set out in the Directors' report on page 31.

The Committee has responsibility to:

- a. Review and recommend to the Board the size and composition of the Board;
- b. Assess and develop a skills matrix, to identify the skills required by the Board, competencies of Board members and the extent to which the required skills, experience, qualification and diversity are represented on the Board;
- c. Assist the Board to identify suitable candidates for Board membership and re-election;
- d. Establishing processes for:
  - (i) Ensuring the Board complies with the Diversity Policy and that any diversity profile identified by the Board is taken into account in the selection and appointment of candidates;
  - (ii) The evaluation of performance and independence of the Board and individual Directors;
  - (iii) Identifying, assessing and enhancing the skills set of Directors;
  - (iv) Reviewing and ensuring appropriate induction programs are in place; and
  - (v) Reviewing corporate governance issues as required; and
- e. Reporting to the Board on:
  - (i) Succession planning for Directors, executives and other senior managers; and
  - (ii) The diversity profile of employees.

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

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

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

### PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

#### Code of ethics and values

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

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

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

#### Share Trading Policy

A Share Trading and Continuous Disclosure Policy has been adopted by the Board, to provide guidance to the Directors, identified employees including senior management, and other employees ("staff") where they are contemplating dealing in securities of the Company or the securities of entities with whom the Group may have dealings.

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

- a. The Share Trading and Continuous Disclosure Policy incorporates a Code of Conduct for Transactions in Securities ("Transactions Code"). The Transactions Code acknowledges that it is desirable that Directors and senior management hold securities in the Company and is designed to ensure any dealings by Directors and senior management and their associates in the Company's securities or securities of other entities is fair and transparent.
- b. The Transactions Code's purpose is to restrict share trading by 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 staff in securities where staff 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 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 this role includes reporting to the Board annually on the proportion of men and women in the Group's workforce and their relative levels of remunerations.

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

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

In accordance with this policy and ASX Corporate Governance Principles, the Board will establish objectives in relation to gender diversity, if considered required. The position at 30 June 2011 is detailed below:

	Actual	
	Men	Women
<b>Number of total employees</b>	83	320
Percentage of total employees	21%	79%
<b>Number of employees in senior executive positions</b>	8	5
Percentage of employees in senior executive positions	62%	38%

### PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

#### Audit and Risk Management Committee

The purpose of this Committee is to report to the Board on the establishment, maintenance and operation of control systems, including in relation to financial monitoring, internal and external reporting, as well as the adoption and application of appropriate ethical standards for the management of the Company and the conduct of the Company's business. Its members are Stephen Lonie (Chairman), Greg Moynihan and Tony Bellas.

The Committee is responsible for a number of matters including:

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

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

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



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

Meetings of the Committee are held at least four times each year. A broad agenda is laid down for each regular meeting according to an annual cycle. The Committee invites the external auditor to attend each of its meetings.

Details of Director attendance at Audit and Risk Management Committee meetings are set out in the Directors' report on page 31.

#### External auditors

The Company and the Audit and Risk Management Committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. PricewaterhouseCoopers ("PwC") was appointed as the external auditor in 2010. It is PwC's policy to rotate audit engagement partners on listed companies at least every five years, and, in accordance with that policy, a new audit engagement partner will be introduced no later than for the year ended 20 June 2015.

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

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

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

##### Continuous disclosure and shareholder communication

A Share Trading and Continuous Disclosure Policy has been adopted by the Board to provide guidance to the Directors, identified employees including senior management, and other employees ("staff") where they 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 is such that it would have a material effect on the price or value of the Company's securities. The Disclosure Policy provides a framework for the Board and officers of the Company to internally identify and report information which may need to be disclosed and sets out practical implementation processes in order to ensure any identified information is adequately communicated to ASX and Shareholders.

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

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

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

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

#### PRINCIPLE 7: RECOGNISE AND MANAGE RISK

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

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

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

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

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

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

#### Corporate reporting

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

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

#### PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

##### Remuneration Committee

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

The functions performed by the Committee are as follows:

- Reviewing and evaluating of market practices and trends in remuneration matters;
- Making recommendations to the Board in relation to the Company's remuneration policies and procedures;
- Monitoring the performance of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, other members of senior management and Non-Executive Directors;
- 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
- Preparing for the Board any report that may be required under applicable legal or regulatory requirements about remuneration matters.

Meetings are 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 31.

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 2011

	Note	2011 \$'000	2010 \$'000
<b>Revenue</b>	4	46,782	31,557
Employee benefits expenses		(26,403)	(19,972)
Occupancy expenses		(1,712)	(1,854)
Depreciation and amortisation expenses	5	(857)	(642)
Information technology and telecommunications expenses		(3,047)	(2,173)
Travel and entertainment expenses		(957)	(907)
Administrative and general expenses		(2,015)	(1,022)
		<b>(34,991)</b>	<b>(26,570)</b>
Finance costs	5	(116)	(251)
<b>Profit before income tax</b>		<b>11,675</b>	<b>4,736</b>
Income tax expense	6	(3,407)	(1,419)
<b>Profit for the year</b>		<b>8,268</b>	<b>3,317</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive income for the year, attributable to the ordinary equity holders of Corporate Travel Management Limited</b>		<b>8,268</b>	<b>3,317</b>
<b>Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company:</b>			
- Basic (cents per share) *		13.5	6.6
- Diluted (cents per share) *		13.5	6.6

\* The 2010 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 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	15,681	1,817
Trade and other receivables	10	12,463	7,665
Financial assets at fair value	11	15	19
Other current assets	12	273	172
Income tax receivable	18	-	1,402
<b>Total Current Assets</b>		<b>28,432</b>	<b>11,075</b>
<b>Non-current Assets</b>			
Plant and equipment	13	1,348	1,557
Intangible assets	14	28,934	11,512
<b>Total Non-current Assets</b>		<b>30,282</b>	<b>13,069</b>
<b>TOTAL ASSETS</b>		<b>58,714</b>	<b>24,144</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	15,717	5,819
Interest bearing borrowings	17	81	1,237
Borrowings - related parties	17,24	217	2,163
Income tax payable	18	1,618	-
Provisions	19	1,267	1,158
<b>Total Current Liabilities</b>		<b>18,900</b>	<b>10,377</b>
<b>Non-current Liabilities</b>			
Trade and other payables	16	269	341
Interest bearing borrowings	17	-	600
Provisions	19	508	387
Deferred tax liabilities	6	806	691
<b>Total Non-current Liabilities</b>		<b>1,583</b>	<b>2,019</b>
<b>TOTAL LIABILITIES</b>		<b>20,483</b>	<b>12,396</b>
<b>NET ASSETS</b>		<b>38,231</b>	<b>11,748</b>
<b>EQUITY</b>			
Contributed equity	20	25,548	6,583
Retained earnings	20	12,683	5,165
<b>TOTAL EQUITY</b>		<b>38,231</b>	<b>11,748</b>

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



## Consolidated Statement of Changes in Equity For the year ended 30 June 2011

	Attributable to equity holders of the parent				Total equity \$'000
	Note	Contributed equity \$'000	Retained earnings \$'000	Reserves \$'000	
<b>Balance at 30 June 2009</b>		6,583	1,848	-	8,431
<b>Total comprehensive income for the year</b>		-	3,317	-	3,317
<b>Transactions with owners in their capacity as owners:</b>					
Dividends declared or paid		-	-	-	-
<b>Balance at 30 June 2010</b>		6,583	5,165	-	11,748
<b>Total comprehensive income for the year</b>		-	8,268	-	8,268
<b>Transactions with owners in their capacity as owners:</b>					
Shares issued	20	18,965	-	-	18,965
Dividends declared or paid	8	-	(750)	-	(750)
		18,965	(750)	-	18,215
<b>Balance at 30 June 2011</b>		25,548	12,683	-	38,231

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

## Consolidated Statement of Cash Flows For the year ended 30 June 2011

	Note	2011 \$'000	2010 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (including GST)		47,748	34,155
Payments to suppliers and employees (including GST)		(35,690)	(29,469)
Interest received		139	10
Finance costs		(76)	(237)
Dividends received		-	7
Income tax received/ (paid)		54	(1,178)
<b>Net cash flows from operating activities</b>	9	12,175	3,288
<b>Cash flows from investing activities</b>			
Payment for plant and equipment		(489)	(389)
Payment for intangibles		(129)	(13)
Proceeds from sale of plant and equipment		38	-
Purchase of controlled entities, net of cash acquired	22(b),14(a)	(10,272)	(49)
Payment for business acquired	22(a)	(547)	(82)
<b>Net cash flows used in investing activities</b>		(11,399)	(533)
<b>Cash flows from financing activities</b>			
Proceeds from issue of new shares	20	18,390	-
Proceeds from borrowings		82	-
Repayments of borrowings		(1,838)	(1,498)
Repayment of related party loans	24	(2,796)	(598)
Dividends paid	8	(750)	-
<b>Net cash flows from/(used in) financing activities</b>		13,088	(2,096)
Net increase in cash and cash equivalents		13,864	659
Cash and cash equivalents at beginning of year		1,817	1,158
<b>Cash and cash equivalents at end of year</b>	9	15,681	1,817

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

## Notes to the Financial Statements For the year ended 30 June 2011

### 1. CORPORATE INFORMATION

The financial report of Corporate Travel Management Limited (the Group) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of Directors on 24 August 2011. 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

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Interpretations.

#### Compliance with IFRS

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

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

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

#### (b) Statement of compliance

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

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 annual reporting period ending 30 June 2011. These standards are outlined in the following table.

(continued on next page)

Pronouncement	Application date	Impact of Amendment
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.
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 January 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 Company 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.
IFRS 13 Fair Value Measurement	1 January 2013	IFRS 13 was released in May 2011. The AASB is expected to issue an equivalent Australian standard shortly. IFRS 13 explains how to measure fair value and aims to enhance fair value disclosures. The Group does not use fair value measurements extensively. It is therefore unlikely that the new standards will have a significant impact on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.
AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements	1 July 2011	The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the Group's financial statements, but may simplify some of the Group's current disclosures. The Group intends to adopt the standards from 1 July 2011.
Revised IAS 1 Presentation of Financial Statements	1 July 2012	In June 2011, the IASB made an amendment to IAS 1 Presentation of Financial Statements. The AASB is expected to make equivalent changes to AASB 101 shortly. The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the Group's balance sheet or the profit or loss in the current period. The Group intends to adopt the new standard from 1 July 2012.

(continued on next page)



Pronouncement	Application date	Impact of Amendment
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	1 July 2013	In July 2011, the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the Corporations Act 2001. While this change will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The Corporations Act requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.
AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation and AASB 2011-6 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements	1 July 2011/ July 2013	AASB 2011-5 and AASB 2011-6 provide relief from consolidation, the equity method and proportionate consolidation to not-for-profit entities and entities reporting under the reduced disclosure regime under certain circumstances. They will not affect the financial statements of the Group. The amendments apply from 1 July 2011 and 1 July 2013 respectively.

Except as outlined in this section, the Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Group.

#### (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. The consideration transferred 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. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement (continued on next page)

With limited exceptions, all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the consideration transferred of the acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the profit and loss in the 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 the profit and loss in the statement of comprehensive income.

#### (e) Segment reporting

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

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

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

#### (f) Critical accounting estimates and judgements

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

##### (i) Critical accounting judgements

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

##### (ii) Critical accounting estimates and assumptions

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

- Value of intangible assets relating to acquisitions**  
 The Group has allocated portions of the cost of acquisitions to client contracts and relationships intangibles, valued using the multi-period excess earnings method. These calculations require the use of assumptions.
- Impairment of goodwill**  
 The Group determines whether goodwill is impaired on an annual basis. This assessment requires an estimation of the recoverable amount of the cash-generating units to which the goodwill is allocated. Refer to notes 2(o) and 15 for further details.
- Impairment of intangible with finite life**  
 Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash-generating unit level. This assessment requires an estimation of the recoverable amount of the cash generating units to which the intangibles are allocated. Refer to note 2(o) for further details.
- Lease-make good**  
 The Group estimates its liability to provide for the restoration of leased premises by reference to historical data and by specific estimates on a premise by premise basis.

**(g) Foreign currency translation***(i) Functional and presentation currency*

Items included in each of the Group entities' financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group'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 statement of comprehensive income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

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

*(iii) Foreign operations*

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

- Assets and liabilities for each 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 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 statement of comprehensive income as part of the gain or loss on sale.

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

**(h) Revenue recognition**

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria set out in the following paragraphs have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable 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 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).
- *Interest revenue*  
Interest income is recognised using the effective interest method.
- *Dividends*  
Revenue is recognised when the Group's right to receive the payment is established.
- *Other revenue*  
Other revenue is recognised when the right to receive the revenue is established.

**(i) Finance costs**

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

**(j) Leases**

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

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

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

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

Operating lease payments, which do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognised as an expense in the profit and loss in the 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 statement of financial position comprise cash at bank and on hand and short-term deposits, with an original maturity of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

For the purpose of the 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 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 statement of comprehensive income.



**(m) Income tax and other taxes**

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

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

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

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

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

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

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

**Other taxes**

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

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

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

**(n) Plant and equipment**

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

Depreciation is calculated at the following rates:

<b>Plant &amp; equipment under lease</b>	
Motor Vehicles	18.75% - diminishing value
<b>Plant &amp; equipment</b>	
Leasehold improvements	Over life of lease
Computer hardware	40.00% - straight line
Other plant and equipment	37.5% - diminishing value

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

**Impairment**

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

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

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

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

**Derecognition**

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

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

**(o) Goodwill**

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

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

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

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

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

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

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

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

**(p) Intangible assets**

*Acquired from a business combination*

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

*Software acquired not as part of a business combination*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the profit and loss in 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 profit and loss in the statement of comprehensive income when the asset is derecognised.

**(q) 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 cash flows from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

**(r) Trade and other payables**

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

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

**(s) Interest-bearing loans and borrowings**

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

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

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

*Borrowing costs*

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

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

**(t) Financial guarantee contracts**

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



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

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

#### **(u) Provisions**

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

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

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

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

#### **(v) Employee Benefits**

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

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

##### *(ii) Long Service Leave*

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

##### *(iii) Retirement benefit obligations*

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

##### *(iv) Bonus plans*

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

#### *(v) Termination benefits*

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

#### **(w) Contributed Equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **(x) Dividends**

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

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

#### **(y) Earnings per share**

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

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

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

#### **(z) Parent entity financial information**

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

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

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

##### *(ii) Tax consolidation legislation*

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

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

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

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

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

### (iii) Financial guarantees

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

## 3. SEGMENT REPORTING

### (a) Description of segments

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

Prior to the Board restructure in June 2010, the group of key senior managers considered to be the 'chief operating decision makers' ('CODM') were assessed to be the Board of Directors including Jamie Pherous (Managing Director), Matt Cantelo (General Manager NSW), Matt Dalling (General Manager Victoria), Andre Moten (Director Sales), Lyndall McCabe (General

Manager Queensland), Craig Smith (Director National Contracts and Supplier Manager) and Claire Gray (Director Global Star).

Following the Board restructure in June 2010, the group of key senior managers considered to be the CODM were assessed to include Jamie Pherous (CEO), Laura Ruffles (COO), Steve Fleming (CFO) and Nova Fleming (General Manager Corporate Services).

The CODM considers the business from a travel service perspective only and the Group only reports to the CODM from that 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 service segment, being travel services, the balances reported in the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and the Consolidated Statement of Cash Flows represent the results of this single segment.

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

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

Total Transaction Value ("TTV"), 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.

	2011 \$'000	2010 \$'000
Total Transaction Value (TTV)	502,341	351,470

The Group operates predominantly in Australia but there is now a portion of the business operating in New Zealand.

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

	Travel Services		Unallocated \$'000	Total \$'000
	Australia \$'000	New Zealand \$'000		
<b>30 June 2011</b>				
<b>Total Transaction Value (TTV)</b>	<b>489,039</b>	<b>13,302</b>	<b>-</b>	<b>502,341</b>
Revenue from the sale of travel services	44,740	1,167	-	45,907
Revenue from other sources	842	33	-	875
Inter-segment revenue	-	-	-	-
<b>Revenue from external parties</b>	<b>45,582</b>	<b>1,200</b>	<b>-</b>	<b>46,782</b>
Non-current assets				
- Plant and equipment	1,319	29	-	1,348
- Intangibles	28,241	693	-	28,934
<b>30 June 2010</b>				
<b>Total Transaction Value (TTV)</b>	<b>351,470</b>	<b>-</b>	<b>-</b>	<b>351,470</b>
Revenue from the sale of travel services	30,932	-	-	30,932
Revenue from other sources	625	-	-	625
Inter-segment revenue	-	-	-	-
<b>Revenue from external parties</b>	<b>31,557</b>	<b>-</b>	<b>-</b>	<b>31,557</b>
Non-current assets				
- Plant and equipment	1,557	-	-	1,557
- Intangibles	11,512	-	-	11,512

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



## 4. REVENUE

	2011 \$'000	2010 \$'000
<i>Revenue from the sale of travel services</i>	45,907	30,932
<i>Revenue from other sources</i>		
Rental income	217	229
Interest	317	10
Other revenue	341	386
	875	625
<b>Total Revenue</b>	46,782	31,557

## 5. EXPENSES

	2011 \$'000	2010 \$'000
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation and amortisation included in statement of comprehensive income</i>		
Depreciation of non-current assets – plant and equipment	648	523
Amortisation of non-current assets – intangibles	209	119
	857	642
<i>Finance costs</i>		
Bank loans	10	1
Finance charges under hire purchase contracts	9	11
Net exchange differences	38	-
Other interest	59	239
	116	251
<i>Re-measurement of the fair value of contingent consideration - scrip earn-out - note 22</i>	199	-
<i>Issue costs incurred in relation to existing shares as part of the IPO note 20</i>	132	-
<i>Defined contribution superannuation expense</i>	1,899	1,471
<i>Rental expense relating to operating leases</i>	1,272	1,426
Minimum lease payments – operating leases		
<i>Net loss on the disposal of plant and equipment and intangible assets</i>	32	2

## 6. INCOME TAX

	2011 \$'000	2010 \$'000
<b>Income tax expense</b>		
The major components of income tax expense are:		
<i>Statement of comprehensive income</i>		
<i>Current income tax</i>		
Current income tax (benefit)/charge	2,666	(152)
Adjustment in respect of current income tax of previous years	(61)	(44)
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	802	1,615
Income tax expense reported in the statement of comprehensive income	3,407	1,419
Accounting profit before income tax	11,675	4,736
At the Group's statutory income tax rate of 30% (2010: 30%)	3,503	1,421
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income:		
Non deductible amounts	21	25
Other amounts	1	(2)
	22	23
Recognition of temporary differences previously not brought to account	(57)	19
Adjustment to tax cost base of assets reset on consolidation	-	-
Adjustments for current tax of prior periods	(61)	(44)
Income tax expense	3,407	1,419

## 6. INCOME TAX CONTINUED

	2011 \$'000	2010 \$'000
<b>Deferred income tax</b>		
<i>Deferred tax assets</i>		
Provisions and expenses not yet deductible	1,617	902
Other	53	63
	1,670	965
Set-off against deferred tax liabilities	(1,670)	(965)
<b>Net deferred tax assets</b>	-	-
<i>Deferred tax liabilities</i>		
Difference tax to accounting depreciation/amortisation	76	258
Accrued income assessable in year of receipt	2,400	1,398
	2,476	1,656
Set-off against deferred tax assets	(1,670)	(965)
<b>Net deferred tax liabilities</b>	<b>806</b>	<b>691</b>
Deferred tax assets expected to be recovered within 12 months	1,370	947
Deferred tax assets expected to be recovered after more than 12 months	300	18
	1,670	965
Deferred tax liabilities expected to be settled within 12 months	2,413	1,448
Deferred tax liabilities expected to be settled after more than 12 months	63	208
	2,476	1,656

## 6. INCOME TAX CONTINUED

	At 1 July \$'000	Transfer from income tax receivable \$'000	(Charged)/ credited in year via P&L \$'000	(Charged)/ credited in year via equity \$'000	Acquisition of subsidiaries \$'000	At 30 June \$'000
<b>Deferred tax assets</b>						
<b>2011</b>						
Provisions and expenses not yet deductible	902	385	(210)	443	97	1,617
Other	63	-	(10)	-	-	53
	965	385	(220)	443	97	1,670
<b>2010</b>						
Provisions and expenses not yet deductible	1,221	-	(319)	-	-	902
Other	16	-	47	-	-	63
	1,237	-	(272)	-	-	965
	At 1 July \$'000	Transfer from income tax receivable \$'000	Charged/ (credited) in year via P&L \$'000	Charged/ (credited) in year via P&L \$'000	Acquisition of subsidiaries \$'000	At 30 June \$'000
<b>Deferred tax liabilities</b>						
<b>2011</b>						
Difference tax to accounting depreciation /amortisation	258	-	(182)	-	-	76
Accrued income assessable in year of receipt	1,398	-	764	-	238	2,400
	1,656	-	582	-	238	2,476
<b>2010</b>						
Difference tax to accounting depreciation /amortisation	303	-	(45)	-	-	258
Difference tax to accounting depreciation /amortisation	-	-	1,398	-	-	1,398
Other	10	-	(10)	-	-	-
	313	-	1,343	-	-	1,656



**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 between 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' intercompany accounts with the tax consolidated group head company, Corporate Travel Management Limited.

**7. Earnings per share**

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

	2011 \$'000	2010 \$'000
Net profit attributable to ordinary equity holders of the parent	8,268	3,317
	2011 Shares	2010 Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	61,164,521	50,370,000

**8. DIVIDENDS PAID AND PROPOSED**

	2011 \$'000	2010 \$'000
<b>Ordinary shares</b>		
Final franked dividend declared or paid for the year ended 30 June 2010 of \$12.39* (2009: \$nil) per fully paid share.	750	-
Interim franked dividend for the year ended 30 June 2011 of \$nil (2010: \$nil) per fully paid share.	-	-
Approved by the Board of Directors on 24 August 2011 (not recognised as a liability as at 30 June 2011) Final franked dividend for the year ended 30 June 2011 of 5 cents (2010: \$12.39*) per fully paid share.	750	-
	3,572**	750

\* Had the calculation of this dividend been performed on a consistent basis to retrospectively include the impact of the share split in December 2010, the dividend paid would have been 1.5 cents per share.

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

	2011 \$'000	2010 \$'000
<b>Franking credit balance</b>		
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% (2010: 30%)	3,985	2,805
• 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	1,618	(1,404)
Equals the amount of franking credits available for future reporting periods	5,603	1,401
• Less impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(1,531)	(321)
Balance of franking credits available for subsequent years	4,072	1,080

## 9. CASH AND CASH EQUIVALENTS

	2011 \$'000	2010 \$'000
<b>Current Assets</b>		
Cash at bank and on hand	6,968	108
Cash on short term deposit	6,000	-
Client accounts (note 2(k))	2,713	1,709
	<b>15,681</b>	<b>1,817</b>
<b>Current Liabilities</b>		
Bank overdraft	-	-
	-	-
Net cash assets per statement of cash flows	<b>15,681</b>	<b>1,817</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates: 2011: 0.0%-4.75% (2010: 0.0%-2.17%).

The client accounts earn interest at floating rates based on daily bank deposit rates: 2011: 0.00%-5.20% (2010: 0.06%- 2.17%).

Cash on short term deposit earns interest at a fixed rate of 6.00%.

The weighted average interest rate for the year was 4.22% (2010: 0.62%).

A bank overdraft facility of \$125,000 (2010: \$125,000) was in place, but, unused at 30 June 2011. The overdraft incurs interest at floating rates based on daily bank overdraft rates: 2011: 11.06% (2010: 10.71%).

Security for the bank overdrafts is detailed in note 17.

(continued on next page)

	2011 \$'000	2010 \$'000
<b>Reconciliation of profit after income tax to net cash flows from operating activities</b>		
Profit for the year	8,268	3,317
Adjustments for:		
Depreciation and amortisation	857	642
Diminution in value of investments	4	-
Make good provision accretion	2	13
Net exchange differences	38	-
IPO costs included in financing cashflow	132	-
Re-measurement of the fair value of contingent consideration	199	-
Net loss on disposal of non-current assets	32	38
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	(4,257)	(1,750)
(Increase)/decrease in prepayments	(91)	(50)
Decrease/(increase) in deferred tax balances	417	1,615
Decrease in current tax liability/(receivable)	3,003	(1,374)
Increase/(decrease) in payables and provisions	3,571	837
<b>Net cash flow from operating activities</b>	<b>12,175</b>	<b>3,288</b>
<b>Disclosure of financing facilities</b>		
Refer to note 21.		
<b>Non-cash financing and investing activities</b>		
Acquisition of assets by means of finance leases (note 13)	-	-



## 10. TRADE AND OTHER RECEIVABLES

	2011 \$'000	2010 \$'000
Trade receivables (i)	8,040	4,934
Client receivables (i)	4,244	2,650
Allowance for doubtful debts	(259)	(155)
	12,025	7,429
Other receivables	438	236
	12,463	7,665

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

**Allowance for doubtful debts**

As at 30 June 2011, current trade receivables of the group with a nominal value of \$258,901 (2010: \$154,936) were impaired. The amount of the provision is \$258,901 (2010: \$154,936). An allowance for doubtful debts is made when there is objective evidence that a receivable is impaired. The amount of the allowance has been measured as the difference between the carrying amount of the receivables and the estimated future cash flows expected to be received from the relevant debtor. There were no impaired trade receivables for the parent in 2011 or 2010.

	2011 \$'000	2010 \$'000
<b>The ageing of these trade and client receivables is as follows:</b>		
0-30 days	-	-
31-60 days	-	-
60+ days	259	155
Balance at 30 June	259	155
<b>Movements in provision for doubtful debts were as follows:</b>		
At 1 July	155	-
Charge/(release) for the year	85	155
Amounts written off	(21)	-
Movements through acquisitions of entities	40	-
Balance at 30 June	259	155

As of 30 June 2011, trade receivables of \$4,057,000 (2010: \$2,179,000) 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.

(continued on next page)

	2011 \$'000	2010 \$'000
<b>The ageing analysis of these trade and client receivables is as follows:</b>		
0-30 days	2,223	1,145
31-60 days	648	207
60+ days	1,186	827
Balance at 30 June	4,057	2,179

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

*Fair value and credit risk*

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

*Market risk*

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

*Interest rate risk*

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

## 11. FINANCIAL ASSETS AT FAIR VALUE

	2011 \$'000	2010 \$'000
<b>Current Assets</b>		
Shares in unlisted companies	6	6
Shares in listed companies	9	13
	<b>15</b>	<b>19</b>

## 12. OTHER CURRENT ASSETS

Prepayments	<b>273</b>	<b>172</b>
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## 13. PLANT AND EQUIPMENT

Plant and equipment under lease	160	234
Accumulated amortisation	(43)	(53)
	<b>117</b>	<b>181</b>
Plant and equipment	3,173	2,884
Accumulated depreciation	(1,942)	(1,508)
	<b>1,231</b>	<b>1,376</b>
Total plant and equipment – at cost	3,333	3,118
Accumulated depreciation and amortisation	(1,985)	(1,561)
	<b>1,348</b>	<b>1,557</b>
Plant and equipment under lease		
At 1 July, net of accumulated amortisation	181	198
Disposals	(55)	-
Depreciation charge for the year	(9)	(17)
At 30 June, net of accumulated amortisation	117	181
Plant and equipment		
At 1 July, net of accumulated depreciation	1,376	1,479
Additions	501	439
Disposals	(17)	(36)
Additions through the acquisition of entities/businesses (note 22)	10	-
Depreciation charge for the year	(639)	(506)
At 30 June, net of accumulated depreciation	1,231	1,376

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

No additions during the year (2010: \$nil) were financed under finance lease agreements.

Additions of \$12,455 (2010: \$37,053) relate to the lease make good asset recognised under aasb 137 provisions, contingent liabilities and contingent assets. This amount is offset by the corresponding provision for make good in note 19.

## 14. INTANGIBLE ASSETS

	2011 \$'000	2010 \$'000
Client contracts and relationships	561	211
Accumulated amortisation	(338)	(211)
	<b>223</b>	<b>-</b>
Intellectual property	190	190
Accumulated amortisation	(92)	(83)
	<b>98</b>	<b>107</b>
Software	470	343
Accumulated amortisation	(370)	(297)
	<b>100</b>	<b>46</b>
Goodwill	28,704	11,550
Accumulated impairment	(191)	(191)
	<b>28,513</b>	<b>11,359</b>
<i>Client contracts and relationships</i>		
At 1 July, net of accumulated amortisation	-	24
Additions through the acquisition of entities/businesses(note 22)	350	-
Amortisation charge for the year	(127)	(24)
At 30 June, net of accumulated amortisation	<b>223</b>	<b>-</b>
<i>Intellectual property</i>		
At 1 July, net of accumulated amortisation	107	117
Amortisation charge for the year	(9)	(10)
At 30 June, net of accumulated amortisation	<b>98</b>	<b>107</b>
<i>Software</i>		
At 1 July, net of accumulated amortisation	46	118
Additions	129	13
Disposals	(2)	-
Amortisation charge for the year	(73)	(85)
At 30 June, net of accumulated amortisation	<b>100</b>	<b>46</b>
<i>Goodwill</i>		
At 1 July, net of accumulated impairment	11,359	11,310
Additions (note 22)	17,179	-
Additions (note 14(a))	-	25
Additions (note 14(b))	-	24
Change due to changes in foreign currency exchange rates	(25)	-
At 30 June, net of impairment	<b>28,513</b>	<b>11,359</b>
Total	<b>28,934</b>	<b>11,512</b>

- c. Adjustment payment for Sainten purchase, transacted by Corporate Travel Management Limited on 1 July 2008.
- d. Adjustment payment for Floron purchase, transacted by Corporate Travel Management Limited on 1 July 2008.

### 15. 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.

	2011 \$'000	2010 \$'000
<b>The carrying amount of Goodwill allocated to the cash generating unit:</b>		
Travel Services	28,513	11,359
	28,513	11,359

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

	Travel Services 2011	Travel Services 2010
Pre tax discount rate applied to the cash flow projection	15.58%	16.22%
<b>Cash flows beyond the next financial year, up to year 5, are extrapolated using a growth rate of:</b>		
Revenue; and	3.5%	3.5%
Operating costs.	3.1%	3.1%
Terminal value	6 times	6 times

Key assumptions used in value in use calculations for the years ended 30 June 2011 and 30 June 2010

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

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

Sensitivity to changes in assumptions

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

Assumption	Possible change considered	Change required to cause an impairment Travel Services
Growth rates:		
Revenue	Reduction in yield rates, client retention	Decrease to (4.3%)
Operating costs	Higher labour and/or other support costs	Increase to 12.2%

### 16. TRADE AND OTHER PAYABLES

	2011 \$'000	2010 \$'000
<i>Current</i>		
Trade payables (i)	268	52
Client creditors (i)	5,842	3,353
Other payables and accruals	3,732	2,414
Contingent consideration payable – note 22	5,875	-
	<b>15,717</b>	<b>5,819</b>
<i>Non-current</i>		
Other payables and accruals	269	341
	<b>269</b>	<b>341</b>

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

#### *Fair value*

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

#### *Interest rate and liquidity risk*

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



## 17. BORROWINGS

	Maturity	2011 \$'000	2010 \$'000
<b>Current</b>			
<i>Interest bearing borrowings</i>			
Obligations under hire purchase contracts (i)	2012	62	130
Loans (ii)	2012	19	1,107
		<b>81</b>	<b>1,237</b>
<i>Borrowings - Related parties (note 24)</i>			
Pherous Holdings Pty Ltd		-	1,736
Matthew Cantelo		-	(28)
Matthew Dalling		-	19
The Moten Family Trust		-	23
Stephen Craig Smith		-	(14)
Claire Gray		-	427
Helen Logas		217	-
		<b>217</b>	<b>2,163</b>
<b>Non-current</b>			
<i>Interest bearing borrowings</i>			
Loans (ii)		-	600
		-	<b>600</b>

### (i) Hire purchase contracts

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

### (ii) Loans

The loans, as part of the overall facilities including term loans, overdraft, merchant facilities, and bank guarantees, are fully secured by:

- Mortgage over deposit \$2,689,000 (guarantees); and
- Registered Mortgage Debenture by Corporate Travel Management Group Pty Ltd.

Loans have repayment schedules.

The interest rates applicable to these facilities are 5.81%-9.95% (2010: are 4.15%-7.21%).

The weighted average interest rate for all borrowings including overdraft during the year was 8.98% (2010: 7.04%).

### (iii) Borrowings from related parties

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

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

### Fair values

Unless disclosed in the following table, the carrying amount of the group's current and non-current borrowings approximate Their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market Interest rates varying from 5.81%-9.95% (2010: 4.15% To 7.21%), Depending on the type of borrowing.

	Carrying amount		Fair value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
Obligations under hire purchase contracts	62	130	59	127
Loans	19	1,707	19	1,609
	<b>81</b>	<b>1,837</b>	<b>78</b>	<b>1,736</b>

### Interest rate and liquidity risk

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

### 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:

- Mortgage over deposit \$2,689,000 (guarantees); and
- Registered mortgage debenture by Corporate Travel Management Group Pty Ltd.

## 18. INCOME TAX PAYABLE/RECEIVABLE

	2011 \$'000	2010 \$'000
<b>Current</b>		
Income tax receivable	-	1,402
	-	1,402
<b>Current</b>		
Income tax payable	1,618	-
	1,618	-

## 19. PROVISIONS

	Employee entitlements \$'000	Onerous lease provision \$'000	Make good provision \$'000	Total \$'000
At 1 July 2010	1,228	224	93	1,545
Arising during the year	1,922	-	14	1,936
Acquisition of subsidiary	152	-	-	152
Utilised	(1,614)	(224)	(20)	(1,858)
	1,688	-	87	1,775
Current 2011	1,252	-	15	1,267
Non-current 2011	436	-	72	508
	1,688	-	87	1,775
Current 2010	899	224	35	1,158
Non-current 2010	329	-	58	387
	1,228	224	93	1,545

*Make good provision*

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

The assumptions used to calculate the provision were based on current assessments of the possible timing of the restoration liability crystallising and on current restoration costs being accreted at rates of 2.6% to 4.5% (2010: 2.8% to 3.4%).

*Onerous lease provision*

Where there is, or where there are plans in place which will result in unoccupied leased space or a sub-lease entered at a lower rate of rent than that payable under the lease agreement, a provision is reported for the estimated expenditure required to fulfil the contract or the compensation or penalties for failing to fulfil it.

## 20. CONTRIBUTED EQUITY, RESERVES AND RETAINED EARNINGS

	2011 \$'000	2010 \$'000
<b>Contributed equity</b>		
Ordinary shares		
Issued and fully paid	25,548	6,583

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares.

Accordingly, the Group does not have authorised capital nor par value in respect of its issued shares. Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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

	Number of shares	\$'000
<b>Opening balance as at 1 July 2009</b>	60,509	6,583
Shares issued	-	-
At 30 June 2010	60,509	6,583
Share split (a)	50,309,491	-
Shares issued (a)(b)	20,000,000	18,965
At 30 June 2011	70,370,000	25,548

*Shares issued*

- A total of 20.0m shares were issued as part of the IPO. Prior to the IPO, existing shareholders undertook a share split at a ratio of 1:832.4381. Issue costs of \$1.610m (\$1.127m net of tax) were incurred as part of the IPO. Of these costs incurred, the portion relating to existing shares of \$0.132m (\$0.092m net of tax) has been recognised in administrative and general expenses in the Statement of Comprehensive Income.
- A total of 1,075,800 shares were issued on 4 August 2011, as part of the deferred consideration for the Travelcorp business combination, refer note 22.

### Capital management

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

The Group's capital structure includes a mix of debt (refer to note 17), general cash (refer to note 9) and equity attributable to the parent's equity holders (refer to note 20).

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

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

	2011 \$'000	2010 \$'000
Total borrowings	81	4,000
Total equity	38,231	11,748
Gearing ratio	0.21%	34.05%

	2011 \$'000	2010 \$'000
<b>Foreign currency translation reserve</b>		
Movements in this reserve were as follows:		
Balance 1 July	-	-
Net exchange differences on translation of foreign operations	-	-
Balance 30 June	-	-

	2011 \$'000	2010 \$'000
<b>Retained earnings</b>		
Movements in retained earnings were as follows:		
Balance 1 July	5,165	1,848
Net profit for the year	8,268	3,317
Dividends	(750)	-
Balance 30 June	12,683	5,165

### 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

#### Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate and the Group's policy is to manage its interest cost using a mix of the financial instruments described in this report. The level of debt is disclosed in note 17.

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

	2011 \$'000	2010 \$'000
<b>Financial Assets</b>		
Cash	15,681	1,817
	15,681	1,817
<b>Financial Liabilities</b>		
Overdraft	-	-
Borrowings	(81)	(1,837)
	(81)	(1,837)
Net exposure	15,600	(20)

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

The following sensitivity analysis is based on the interest rate risk exposures in existence at the statement of financial position date. At 30 June 2011, if interest rates had moved, as illustrated in the following table, with all other variables held constant, post tax profit would have been affected as follows:

(continued on next page)



	2011 \$'000	2010 \$'000
Judgements of reasonably possible movements:		
+2% (200 basis points)	(218)	-
- 2% (200 basis points)	(218)	-

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

#### Credit risk

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

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

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

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

#### Liquidity risk

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

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

The following table reflects all contractually fixed pay-offs, repayments and interest resulting from recognised financial assets and liabilities as at 30 June 2011. No derivative financial instruments are held and for other obligations, the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2011.

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

	Contractual Cashflows		Carrying amount	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
1 year or less	16,016	9,316	16,015	9,219
1-5 years	269	960	269	941
Over 5 years	-	-	-	-
	16,285	10,276	16,284	10,160

## 22. BUSINESS COMBINATIONS

### a) New Zealand business

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

	\$'000
Purchase consideration:	
Cash paid*	629
Contingent consideration paid on 1 August 2011	95
<b>Total purchase consideration</b>	<b>724</b>

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

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

	Fair Value \$'00
Plant & equipment	10
Client intangibles	17
<b>Total Fair Value of Identifiable Net Assets</b>	<b>27</b>
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.

Acquisition related costs of \$6,842 are included in administrative and general expenses in the Statement of Comprehensive Income.

The acquired business contributed revenues of \$1,200,168 and a net loss after tax of \$4,606 to the Group for the period 3 August 2010 to 30 June 2011. If the acquisition had occurred on 1 July 2010, consolidated revenue and profit after tax for the year ended 30 June 2011 would have been \$46,891,000 and \$8,268,000 respectively.

### b) Travelcorp

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

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

- \$3,875,000 in cash earn-out, based on Travelcorp achieving Net Profit Before Tax (NPBT) earnings of \$1.5 million for the six months ending 30 June 2011, calculated under certain specific criteria included in the purchase agreement; and
- Further scrip earn-out calculated on a four times multiple on the amount by which the Travelcorp business exceeds NPBT above \$1.5 million for the 6 month period ending 30 June 2011, calculated under certain specific criteria included in the purchase agreement. There was no cap on the scrip earn-out.

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

(continued on next page)

	\$'000
Purchase consideration:	
Initial cash paid	11,125
Acquisition date fair value contingent consideration – cash earn-out*	3,875
Acquisition date fair value contingent consideration – scrip earn-out*	1,801
Total acquisition date fair value purchase consideration	<b>16,801</b>
Re-measurement of the fair value of the contingent consideration – scrip earn-out recognised as an expense in the Statement of Comprehensive Income – note 5*	199
Final purchase consideration paid as at 31 July 2011	<b>17,000</b>

\* At 30 June 2011, \$5,875,000 was reported as contingent consideration payable in Note 16.

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

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

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

Acquisition related costs of \$11,483 are included in administrative and general expenses in the Statement of Comprehensive Income. The acquired business contributed revenues of \$4,185,445 and net profit after tax of \$1,400,215 to the Group for the period 3 January 2011 to 30 June 2011. If the acquisition had occurred on 1 July 2010, consolidated revenue and profit after tax for the year ended 30 June 2011 would have been \$50,967,000 and \$9,668,000 respectively.

### 23. COMMITMENTS AND CONTINGENCIES

#### Operating lease commitments – Group as lessee

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

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

	2011 \$'000	2010 \$'000
Within one year	1,669	1,724
After one year but not more than five years	1,376	2,491
More than five years	-	-
	<b>3,045</b>	<b>4,215</b>

#### Other Loan Commitments

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

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

	2011 \$'000	2010 \$'000
Within one year	63	134
After one year but not more than five years	-	-
Total minimum lease payments	63	134
Less amounts representing finance charges	(1)	(4)
Present value of minimum lease payments	<b>62</b>	<b>130</b>

#### Capital Commitments

There were \$151,476 of capital commitments as at reporting date (2010 - \$63,622).

#### 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.

	2011 \$'000	2010 \$'000
Various vendors	1,196	2,656
	<b>1,196</b>	<b>2,656</b>

Guarantees, as part of the overall facilities including term loans, overdraft, merchant facilities and bank guarantees, are fully secured by:

- Mortgage over deposit \$2,689,000 (guarantees); and
- Registered Mortgage Debenture by Corporate Travel Management Group Pty Ltd.

There were no other contingencies as at reporting date (2010 - \$nil).

## 24. RELATED PARTY DISCLOSURES

### (i) Controlled Entities

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

Name	Country of Incorporation	Percentage of Equity Interest Held		Investment	
		2010 \$'000	2011 \$'000	2010 \$'000	2011 \$'000
Corporate Travel Management Group Pty Ltd	Australia	100	100	20,990	20,990
Sainten Pty Ltd	Australia	100	100	3,094	3,094
Floron Nominees Pty Ltd	Australia	100	100	2,907	2,907
WA Travel Management Pty Ltd	Australia	100	100	180	180
Travelogic Pty Ltd	Australia	100	100	1	1
Corporate Travel Management (New Zealand) Limited	New Zealand	100	-	-	-
Travelcorp Holdings Pty Ltd	Australia	100	-	16,801	-
Travelcorp (Aust) Pty Ltd	Australia	100	-	-	-
Total investments in controlled entities – at cost				43,973	27,172

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

Corporate Travel Management (New Zealand) Ltd was incorporated on 13 July 2010 to hold the New Zealand business acquired 3 August 2010.

Travelcorp Holdings Pty Ltd and Travelcorp (Aust) Pty Ltd were acquired in the business combination completed on 3 January 2011.

### (ii) Deed of Cross Guarantee

*Entities subject to class order relief*

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

Travelcorp Holdings Pty Ltd, Travelcorp (Aust) Pty Ltd and Corporate Travel Management (New Zealand) Limited were added to this Deed of Cross Guarantee during the year ended 30 June 2011.

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.

### *Closed Group Class Order Disclosures*

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

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

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

During the year, \$203,802 (2010: \$135,008) has been paid to a party related to J Pherous for rent and outgoings in relation to an office lease. The balance outstanding at 30 June 2011 is \$nil (2010: \$nil).

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

Details of security provided by Directors and their related parties are detailed in note 17 and note 23.

### (iv) Transactions with shareholders and shareholder related entities

Balances of loans outstanding to shareholders in relation to unpaid dividends are detailed in note 17. The balances were unsecured, had no fixed repayment plans and did not accrue interest.

Details of security provided by shareholders and their related parties are detailed in note 17 and note 23.

Borrowings owed to shareholders	2011 \$'000	2010 \$'000
Balance 1 July	2,162,616	2,760,988
Loans recognised from the acquisition of entities/businesses	850,000	-
Repayments of loan balances outstanding	(2,795,558)	(598,372)
Balance 30 June	217,058	2,162,616

## 25. PARENT ENTITY FINANCIAL INFORMATION

### (a) Summary financial information

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

	2011 \$'000	2010 \$'000
<b>Statement of financial position</b>		
Current assets	9,360	1,402
Total assets	53,786	28,600
Current liabilities	7,868	1,577
Total liabilities	7,868	1,577
<b>Shareholders' equity</b>		
Issued capital	45,951	26,987
Reserves	-	-
Retained earnings	(33)	36
	45,918	27,023
Profit or loss for the year	(681)	37
Total comprehensive income	(681)	37



**(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 17 and note 23.

In addition, the parent is party to the Group's cross guarantee arrangements 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 2011 or 30 June 2010. See above for information about guarantees given by the parent entity.

**(d) Contractual commitments**

The parent entity does not have any contractual commitments at 30 June 2011.

**26. AUDITORS' REMUNERATION**

	2011 \$	2010 \$
The auditor of the Group is PricewaterhouseCoopers		
<b>Amounts received or due and receivable by PricewaterhouseCoopers for:</b>		
Audits and review of the financial reports of the entity and any other entity in the consolidated group	330,870	95,000
<b>Other services in relation to the entity and any other entity in the consolidated group:</b>		
-Tax compliance	21,520	11,550
-Transaction Services - Initial Public Offering	215,288	-
	<b>567,678</b>	<b>106,550</b>

**27. EVENTS OCCURRING AFTER THE REPORTING PERIOD**

Other than the following items, there have been no other matters or circumstances not otherwise dealt with in this report, that will significantly affect the operation of the Group, the results of those operations or the state of affairs of the Group or subsequent financial years:

A contract has been signed for the acquisition of 100% of the shares of ETM Travel Pty Ltd, a Melbourne based travel management company, to be completed on 1 October 2011. As part of this transaction, a deposit of \$900,000 has been paid on 3 August 2011, \$4,500,000 is payable on completion, a further \$2,500,000 is payable on 30 April 2012 and \$600,000 is payable in 31 August 2012. A contingent consideration of \$4,100,000 in cash earn-out may also be payable based on ETM achieving NPBT earnings of \$2.3 million for the nine months ending 30 June 2012. Should actual NPBT earnings for nine months ending 30 June 2012 be less than \$2.3 million, the amount of the cash earn-out will be reduced.

The final amount of the total consideration will depend on results for the nine months ending 30 June 2012 and, at the date of this report, a formal assessment as to whether these criteria will be met has not yet been finalised.

**28. DIRECTOR AND EXECUTIVE DISCLOSURES**

<b>(i) Directors</b>	
Mr A Bellas	Non-Executive Director (appointed 23 June 2010).
Mr S Lonie	Non-Executive Director (appointed 23 June 2010).
Mr G Moynihan	Non-Executive Director (appointed 23 June 2010).
Mr J Pherous	Managing Director.
Ms C Gray	Executive Director (resigned as Executive director 23 June 2010, reappointed 22 September 2010).
Mr M Cantello	Executive Director (resigned as Executive director 23 June 2010).
Mr M Dalling	Executive Director (resigned as Executive director 23 June 2010).
Mr A Moten	Executive Director (resigned as Executive director 23 June 2010).
Mrs L McCabe	Executive Director (resigned as Executive director 23 June 2010).
Mr C Smith	Executive Director (resigned as Executive director 23 June 2010).
<b>(ii) Other executives</b>	
Mr S Fleming	Chief Financial Officer/Company Secretary (resigned as Company Secretary 2 August 2010 and reappointed Joint Company Secretary 21 April 2011).
Mrs L McCabe	Company Secretary (appointed 2 August 2010).
Ms L Ruffles	Chief Operating Officer (appointed 23 February 2010).
Ms N Fleming	General Manager (Corporate Services) (Included in other executives from 23 June 2010).

**a) Details of key management personnel**

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

**b) Compensation of key management personnel**

*Compensation by Category: key management personnel*

	2011 \$	2010 \$
Short-term	1,485,994	1,738,336
Post employment	121,454	137,637
Share-based payments	-	-
Long-term benefits	8,876	57,594
Termination benefits	-	-
	<b>1,616,324</b>	<b>1,933,567</b>

**c) Compensation options: Granted during the year**

During the financial year, no share options were granted as equity compensation benefits (2010: nil).

**d) Shares held by Key Management Personnel**

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

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

(continued on next page)

	Balance at 30 June 2009	Purchased	Disposed	Other changes during year	Balance at 30 June 2010
<b>Directors Ordinary shares</b>					
Mr J Pherous	31,954	-	-	-	31,954
MR M Cantelo	5,914	-	-	-	5,914
Mr M Dalling	5,914	-	-	-	5,914
Mr A Moten	1,878	-	-	-	1,878
Mrs L McCabe	1,403	-	-	-	1,403
Mr S C Smith	6,517	-	-	-	6,517
Ms C Gray	6,517	-	-	-	6,517
Mr A Bellas	-	-	-	-	-
Mr S Lonie	-	-	-	-	-
Mr G Moynihan	-	-	-	-	-
<b>Other key management personnel of the group Ordinary shares</b>					
Ms L Ruffles	-	-	-	-	-
Mr S Fleming	-	-	-	-	-
Ms N Fleming	-	-	-	-	-

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

**e) Loans to Key Management Personnel**

There were no loans provided to or received from key management personnel during the financial year other than those loans noted in relation to their role as shareholders, as detailed in note 24 (2010: \$nil).

**f) Other transactions and balances with Key Management Personnel**

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

## Directors' Declaration

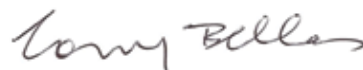
In the Director's opinion:

- a. The financial statements and notes set out on pages 49 to 96 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 2011 and of its performance for the financial year ended on that date; and
- b. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c. At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 24.

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

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

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



Mr A Bellas  
Chairman Managing Director

Brisbane, 24 August, 2011



Mr J Pherous  
Managing Director



### 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 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### Directors' responsibility for the financial report

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

#### Auditor's responsibility

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

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

#### 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 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

#### Report on the Remuneration Report

We have audited the remuneration report included in pages 32 to 38 of the directors' report for the year ended 30 June 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

#### Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Corporate Travel Management Limited for the year ended 30 June 2011 included on Corporate Travel Management Limited 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 auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. 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 audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

Brett Delaney  
Partner

Brisbane  
24 August 2011

## Shareholder Information

The shareholder information set out below was applicable at 15 August 2011.

### A. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:  
There were 10 holders of less than a marketable parcel of ordinary shares.

	Number of Shareholders
1 – 1,000	179
1,001 – 5,000	525
5,001 – 10,000	319
10,001 – 100,000	319
100,001 and over	39
	<b>1,381</b>

### B. EQUITY SECURITY HOLDERS

*Twenty largest quoted equity security holders*

The names of the twenty largest holders of quoted equity securities are listed as follows:

	Ordinary shares	
	Number held	Percentage of issued shares
Pherous Holdings Pty Limited	26,599,728	37.23%
Claire Lesley Gray	5,424,999	7.59%
Steven Craig Smith	5,174,999	7.24%
Mr Matthew Dalling	3,838,882	5.37%
Matthew Michael Cantelo	3,808,882	5.33%
Helen Logas	1,075,800	1.51%
National Nominees Limited	1,066,141	1.49%
Andre Eric Ross Moten	963,319	1.35%
RBC Dexia Investor Services Australia Nominees Pty Limited	850,000	1.19%
Doobie Investments Pty Limited	784,157	1.10%
Matimo Pty Limited	784,157	1.10%
UBS Wealth Management	776,500	1.09%

(continued on next page)

	Ordinary shares	
	Number held	Percentage of issued shares
Aust Executor Trustees NSW Limited	770,360	1.08%
J P Morgan Nominees Australia Limited	688,000	0.96%
Lyndall Mccabe	667,911	0.93%
J P Morgan Nominees Australia Limited	600,000	0.84%
Mr Michael Pherous and Mrs Diane Pherous	400,000	0.56%
HSBC Custody Nominees (Australia) Limited	388,862	0.54%
Citicorp Nominees Pty Limited	260,142	0.36%
Ms Karen Ann Shaw	251,483	0.35%
	<b>55,174,322</b>	<b>77.23%</b>

### C. SUBSTANTIAL HOLDERS

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

	Number held	Percentage of issued shares
Ordinary shares		
Pherous Holdings Pty Limited	26,599,728	37.23%
Claire Lesley Gray	5,424,999	7.59%
Steven Craig Smith	5,174,999	7.24%
Mr Matthew Dalling (including personal holdings and an interest in Matimo Pty Limited)	4,623,039	6.47%
Matthew Michael Cantelo (including personal holdings and an interest in Doobie Investments Pty Limited)	4,593,039	6.43%

#### 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 A Bellas  
Mr S Lonie  
Mr G Moynihan  
Mr J Pherous  
Ms C Gray

#### Joint Company Secretaries

Mrs L McCabe  
Mr S Fleming

#### Principal registered office in Australia

27A Elizabeth Arcade  
52 Charlotte Street  
Brisbane QLD 4000

#### Share registry

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

#### Auditor

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

#### Stock exchange listings

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

#### Website address

[www.travelctm.com](http://www.travelctm.com)