31 August 2020

ASX Markets Announcement Office

Australian Securities Exchange Limited

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Helloworld Travel Limited FY20 Appendix 4E and Preliminary Final Report

Helloworld Travel Limited attaches the following documents relating to its results for the full-year ended 30 June 2020:

- Appendix 4E; and
- Preliminary Final Report.

Yours faithfully,

David Hall

Chief Financial Officer and Company Secretary
Helloworld Travel Limited

Authorised for release by Helloworld Travel Limited's Board of Directors

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HELLOWORLD TRAVEL LIMITED AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

helloworldlimited.com.au

ABN 60 091 214 998
ASX CODE: HLO

CONTENTS

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key financial results

Helloworld Travel Limited and its controlled entities (the Group) key financial results for the year ended 30 June 2020 compared with the prior corresponding period for the year ended 30 June 2019 are:

	For the year ended 30 June 2020 $000's	For the year ended 30 June 2019 (Restated)[2] $000's	Change $000's	Change %
Total Transaction Value (TTV)	5,005,961	6,511,299	(1,505,338)	(23.1%)
Revenue	282,187	357,562	(75,375)	(21.1%)
Profit / (loss) before tax	(68,879)	54,352	(123,231)	n/a
Profit / (loss) after tax	(69,985)	38,043	(108,028)	n/a
Underlying EBITDA	44,042	73,526	(29,484)	(40.1%)
Underlying PBT	17,094	50,773	(33,679)	(66.3%)

	For the year ended 30 June 2020 Cents	For the year ended 30 June 2019 (Restated)[2] Cents	Change Cents	Change %
Basic earnings per share	(56.5)	31.4	(87.9)	n/a
Diluted earnings per share	(56.5)	30.8	(87.3)	n/a
Interim dividend per share [1,3]	9.0	8.0	1.0	12.5%
Final dividend per share [1,4]	-	12.5	(12.5)	-
Total dividends per share [1]	9.0	20.5	(11.5)	(56.1%)

Note 1: All dividends were fully franked.
Note 2: Comparatives have been restated for changes in accounting standards.
Note 3: Paid on 19 March 2020 (2019: 15 March 2019).
Note 4: Paid on 18 September 2018.

Explanation of results

This information should be read in conjunction with the accompanying ASX release and the Helloworld Travel Limited Preliminary Final Report.

To comply with Regulatory Guide 230 issued by ASIC in December 2011, Helloworld Travel is required to make a clear statement about whether information disclosed in documents other than the financial report has been audited or reviewed in accordance with Australian Auditing Standards.

The Preliminary Final Report has been prepared in accordance with ASX Listing Rule 4.3A and has been derived from the unaudited Annual Financial Report. This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the accompanying notes, the 2019 Annual Report, the 2019 Annual Financial Statements, and any public announcements made by Helloworld Travel Limited in accordance with the continuous disclosure requirements of the Corporations Act 2001. In accordance with the Corporations Act 2001, the Preliminary Final Report is unaudited and contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2020. The Annual Financial Report is being audited and is expected to be made available on, or before 15 October 2020.

This document includes presentation of results on a statutory and non-statutory basis. Non-statutory items are outlined below:

- **Total Transaction Value (TTV):** represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is therefore derived from TTV. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. TTV excludes refunds that have been reported in the Group's management accounts in the three month period ended 30 June 2020.
- **Underlying Earnings before Interest, Taxation, Depreciation and Amortisation (Underlying EBITDA):** is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to:

- include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16; and
- exclude large non-recurring items detailed in part (c) of note 4 of the Preliminary Final Report.

A reconciliation of Underlying EBITDA to profit before income tax expense is provided in part (c) note 4 of the Preliminary Final Report.

- **Underlying Profit before Taxation (Underlying PBT):** is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group. Underlying PBT represents:
  - Underlying EBITDA; less
  - Depreciation and amortisation, excluding depreciation on Right of Use assets; and
  - Finance expense, excluding interest on lease liabilities.
- **Underlying earnings per share (Underlying EPS):** is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group. Underlying EPS represents:
  - Underlying PBT for the respective period, net of corporate taxation at 30%; divided by
  - Either the basic or the diluted weighted average number of shares.

Net tangible assets

Net tangible assets per ordinary share as at 30 June 2020 were negative (65.4) cents compared with negative (21.1) cents as at 30 June 2019.

Net tangible assets were calculated as net assets less total intangible assets. Net tangible assets per ordinary share is based on Helloworld Travel Limited's issued capital as the legal parent entity and issuer of this financial information as at the balance sheet date.

Net assets per ordinary share at 30 June 2020 were $1.74 compared with $2.50 as at 30 June 2019..

Entities over which control was gained or lost during the period

During the current year, the following key entities were acquired where control was gained:

- **TravelEdge Group:** On 1 October 2019, Helloworld Travel acquired 100% of the TravelEdge Group for a total consideration of $22.6 million, net of cash acquired. TravelEdge is one of Australia's largest privately owned corporate travel management companies. TravelEdge operates through six divisions, providing corporate travel management solutions, event and group planning and delivery, holiday and leisure services and travel prizing and incentives. The TravelEdge acquisition contributed $0.1 million profit before income tax expense to the current year Group result from the date of acquisition. The profit before income tax expense for the whole of the previous year of the TravelEdge Group was $4.4 million. Refer note 9 of the Preliminary Final Report for discussion regarding the non-cash impairment recognised in the 2020 statutory results.

- **Atlas Limited:** On 1 March 2020, Helloworld Travel completed the acquisition of 100% of the issued capital of Atlas Limited for a total consideration of $2.1 million. Atlas is a boutique travel management company providing tailored solutions for corporate, groups, conference and leisure travel. The Atlas acquisition contributed $0.2 million profit before income tax expense to the current year Group result from the date of acquisition. The profit before income tax expense for the whole of the previous year of Atlas was $0.2 million.

During the current financial year, Helloworld Travel divested (and lost control) over:

- **USA Wholesale:** On 30 June 2020, Helloworld Travel disposed (and control lost) of its USA Wholesale business. A gain on sale of $1.1 million was recorded. This included the disposal of the two legal entities registered in the USA of Concorde International Travel Inc., and Helloworld Travel Services USA Inc. The U.S Wholesale business contributed $(2.8) million loss before income tax expense to the current year Group result prior to the date of the disposal. The loss before income tax expense for the whole of the previous year of the USA Wholesale business was $(0.8) million

Details of associates and joint ventures

NAME OF ASSOCIATE/JOINT VENTURE	REPORTING ENTITY'S % HOLDINGS 2020 %	2019 %
Mobile Travel Holdings Pty Ltd and its controlled entities (MTA)	50.0	50.0
Inspire Travel Management Pty Ltd	40.0	40.0
Hunter Travel Group Pty Ltd	12.0	12.0
HTG Australia Pty Ltd	25.0	25.0
Cooney Investments Pty Ltd	20.0	20.0

Associates and joint ventures contributed $1.2 million (2019: $1.4 million) to the profit from ordinary activities before income tax during the current year. The contribution, via the equity accounting method, consisted of $1.3 million (2019: $1.3 million) from MTA, with no other significant contribution from our other associates and joint ventures.

Other information required by listing rule 4.3A

The remainder of information requiring disclosure to comply with Listing Rule 4.3A is contained in the accompanying Preliminary Final Report and ASX Media Release.

Andrew Burnes

Chief Executive Officer and Managing Director
31 August 2020

OPERATING AND FINANCIAL REVIEW

For the year ended 30 June 2020
Summary Group Results

	For the year ended 30 June 2020 $000's	For the year ended 30 June 2019 (Restated)[1] $000's	Change $000's	Change %
Total Transaction Value (TTV)	5,005,961	6,511,299	(1,505,338)	(23.1%)
Revenue	282,187	357,561	(75,374)	(21.1%)
Profit / (loss) before tax	(68,879)	54,352	(123,231)	n/a
Profit / (loss) after tax	(69,985)	38,043	(108,028)	n/a
Underlying EBITDA	44,042	73,526	(29,484)	(40.1%)
Underlying PBT	17,094	50,773	(33,679)	(66.3%)

	For the year ended 30 June 2020 Cents	For the year ended 30 June 2019 (Restated)[1] Cents	Change Cents	Change %
Basic earnings per share	(56.5)	31.4	(79.9)	n/a
Diluted earnings per share	(56.5)	30.8	(87.3)	n/a
Underlying basic earnings per share	9.7	29.4	(19.7)	(67.0%)
Underlying diluted earnings per share	9.7	28.8	(19.1)	(66.3%)
Interim dividend per share	9.0	8.0	1.0	12.5%
Final dividend per share	-	12.5	(12.5)	-
Total dividends per share	9.0	20.5	(11.5)	(56.1%)

Note 1: Comparatives have been restated for changes in accounting standards.

Reconciliation of Underlying EBITDA and Underlying PBT to profit or loss before income tax expense

	For the year ended 30 June 2020 $000's	For the year ended 30 June 2019 (Restated)[1] $000's	Change $000's	Change %
UNDERLYING EBITDA	**44,042**	**73,526**	**(29,484)**	**(40.1%)**
Depreciation and amortisation, excluding depreciation on Right of Use assets	(23,919)	(20,332)	(3,587)	17.6%
Finance expense, excluding interest on lease liabilities	(3,029)	(2,421)	(608)	25.1%
Underlying PBT	**17,094**	**50,773**	**(33,679)**	**(66.3%)**
Impairment of non-current assets	(67,097)	-		
Restructuring expense	(6,877)	-		
Increase in loss allowance	(6,467)			
Other provisions	(4,140)	-		
Trading losses relating to U.S Wholesale Division	(2,284)	(593)		
Business acquisition related and other expenses	(2,198)	(241)		
Fair value adjustment on contingent consideration receivable	(883)	-		
Payments relating to Tempo Holidays and Bentours collapse	(702)	-		
Fair value adjustment on redemption liability	3,600	2,400		
Gain on disposal of the U.S Wholesale Division	1,075	-		
Gain on disposal of Insider Journeys business	-	1,993		
Gain on disposal of investments	-	20		
Profit/(loss) before income tax expense	**(68,879)**	**54,352**	**(123,231)**	**(226.7%)**

Note 1: Comparatives have been restated for changes in accounting standards.

Shareholder Returns

The Board has determined no final dividend will be paid for the 2020 financial year. As a result, the total dividends declared for the 2020 financial year is 9.0 cents per share (paid on 19 March 2020), compared to 20.5 cents per share for the 2019 financial year. All dividends are fully franked.

Explanation of Results

This information should be read in conjunction with the Preliminary Final Report for the year ended 30 June 2020, the notes to the 2019 Annual Financial Statements and any public announcements made by the Company since that time.

YEAR IN REVIEW

Overview of results

The financial performance of the Group is significantly related to demand for domestic and international travel.

On 11 March 2020 the World Health Organisation (WHO) declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result, governments across the world took action to close country borders and limited people to only essential travel. Both Australia and New Zealand governments imposed these restrictions which resulted in a significant adverse impact on Helloworld Travel's ability to derive revenue from the sale of travel products and services.

As a consequence, Helloworld Travel's FY20 full year results reduced from those achieved in FY19. This is despite record performance having been achieved in the six month period to 31 December 2020 (1H20).

Helloworld Travel's key financial results for the year ended 30 June 2020 compared with the prior year ended 30 June 2019 are:

- Full year TTV of $5,006.0 million fell 23.1% (1H20 +12.9%) and revenue of $282.2 million fell 21.1% (1H20 +9.8%) compared to FY19 primarily impacted by adverse conditions in the six month period ended 30 June 2020 (2H20) due to COVID-19 which caused unprecedented impacts to travel and tourism as a result of border closures, mandatory quarantine periods and restrictions on domestic and international travel.
- During 2H20 Helloworld Travel undertook several critical steps to mitigate costs and minimise ongoing cash burn in the COVID-19 environment. The steps included:
  - Accessing government COVID-19 wage subsidy schemes in Australia and New Zealand.
  - Implementation of hiring and salary freezes and restructuring of non-essential contractors and staff.
  - Eliminating all non-essential expenditure including short term capital expenditure (travel, marketing, IT development).
  - Negotiating reduced rental across Helloworld Travel's property portfolio.
  - Implementing staff stand downs and reduced working hours across the business.
  - Directors and direct reports to the CEO have agreed to reduced fees and salaries which continue into the 2021 financial year.

  Post year end, the Group commenced a restructure of our New Zealand operations, further reducing headcount by 160 personnel at a cost of $2.4 million including all entitlements. The charge will be reflected in our FY21 statutory results. This is in addition to restructuring costs of $6.9 million which have been reflected in the 2020 financial year.
- Equity accounted profits of $1.2 million were 13.3% below the prior year due to adverse performance in 2H20.
- Underlying EBITDA was $44.0 million, down 40.1% or $29.5 million on the prior year.
- Depreciation and amortisation increased by $4.4 million to $32.7 million due to the full year amortisation impact of commercial agreements and intangible assets acquired in the prior year and the continued investment in technology developments prior to COVID-19.
- Finance expense increased by $0.7 million to $4.1 million due to the higher level of borrowings held to fund the business acquisitions.
- The Group has incurred a loss before tax of $68.9 million in the 2020 financial year which compares to a profit of $54.4 million in the 2019 financial year. The loss reflects adverse conditions in 2H20 due to COVID-19 which have also resulted in the Group recognising non-cash impairment charges of $67.1 million, an increase in loss allowances of $6.5 million, restructuring expense of $6.9 million and other non-recurring items totalling $5.5 million.
- The Group has incurred a loss after tax of $70.0 million in the 2020 financial year which compares to a profit after tax of $38.0 million in the 2019 financial year. The change from the prior year reflects the factors outlined above, partially offset by a reduction in income tax expense due to lower profitability in the 2020 financial year.

Shareholder returns

The Board determined that the Company will not pay a final dividend for the year ended 30 June 2020. As a result, the total dividend for the year was 9.0 cents per share fully franked, which is a decrease from the 20.5 cents per share paid for the prior year.

Helloworld Travel's underlying basic earnings per share of 9.7 cents compared to the prior year of 29.4 cents per share reflecting the business' lower performance in 2H20 due to COVID-19.

Impairment of non-current assets

The Group has recognised a total non-cash impairment loss of $67.1 million as a direct consequence of COVID-19 as summarised below.

	Impairment of non-current assets $'000
GOODWILL	
Australia Wholesale and Inbound (i)	51,800
TravelEdge (ii)	13,700
IMPAIRMENT LOSS RELATING TO GOODWILL	**65,500**
Commercial Agreements	1,507
Right of Use assets	90
TOTAL IMPAIRMENT LOSS (PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS)	**67,097**

(i) Australia wholesale and inbound: The Group's Australia wholesale and inbound CGU is predominantly leveraged to international travel and is therefore expected to generate materially lower cash flows (relative to pre-COVID-19 levels) over coming years.

(ii) TravelEdge Group: TravelEdge Group was acquired on 1 October 2019 and prior to COVID-19, was expected to contribute earnings and cash flows commensurate with the purchase price. In light of COVID-19, TravelEdge Group's near-term cash flows will be below those assumed at the time of acquisition. TravelEdge Group historically derived around 30% of its TTV from international travel. *AASB 136 Impairment of Assets* requires TravelEdge Group to be tested for impairment immediately before being absorbed into the Australia travel management CGU.

The non-cash impairment charge has no impact on the Group's banking covenants.

Acquisitions and disposals

Refer to the 'Results for Announcement to the Market' section of this Appendix 4E for details regarding the Group's acquisitions and disposals in the current period.

Liquidity and funding

- At 30 June 2020, HLO had a cash balance of $131.9 million. In July/August 2020, Helloworld Travel completed a $50.0 million fully underwritten equity raising to further enhance the Group's liquidity position ($48.5 million net of offer costs).
- At the end of August 2020, the Group had circa $100.0 million of unrestricted cash, with an additional $8.9 million of headroom on existing facilities. This is believed to be sufficient to manage through a prolonged period of disruption to the global travel industry.
- The Group's loans incorporate certain market standard covenants such as interest cover ratio and net leverage ratio. Westpac Banking Corporation (Westpac) has agreed to covenant waivers and suspensions of certain financial covenants.
- At 30 June 2020, short dated facilities totalling $17.9 million and $29.0 million were extended by 12 months, expiring April 2022 and September 2022 respectively. The renewed pricing facility remains unchanged. With respect to covenants, the Leverage ratio was waived between December 2020 and June 2021; the Interest Cover ratio was significantly relaxed; and a minimum monthly liquidity (as defined in the Facilities Agreement) requirement was introduced of $35.0 million. No dividends can be paid prior to December 2021 without Bank consent.
- Subsequent to year-end, additional covenant amendments were negotiated with Westpac including the suspension of net Leverage and Interest cover ratios for the calculation dates between September 2020 and September 2021. The monthly Liquidity requirement was increased from $35.0 million to $70.0 million at 30 September 2020; $60.0 million during quarter 4 calendar 2020 and from 1 January 2021 $50.0 million. The amount of $50.0 million is subject to negotiation in good faith after 1 October 2021. The covenants are to be tested quarterly. The Company has agreed quarterly normalised EBITDA thresholds for the period 1 July 2020 to 30 September 2021, if the thresholds are not achieved a review event will trigger. The pricing of the facilities remains unchanged.

The Group has complied with the financial covenants of its borrowing facilities during the relevant 2020 and 2019 periods.

Cash flow

	2020 $'000	2019 Restated $'000	Change $'000	Change %
Net cash from operating activities	(41,439)	49,232	(90,671)	(184.2%)
Net cash used in investing activities	(42,271)	(29,815)	(12,456)	(41.8%)
Net cash from/(used in) financing activities	11,365	(19,616)	30,981	157.9%
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**(72,345)**	**(199)**	**(72,146)**	**N/A**

- Net cash outflows from operating activities in FY20 of $(41.4) million reflects a reduction in client cash during the period.
- Net cash outflows from investing activities of $(42.3) million in FY20 mainly reflects payments in respect of intangibles ($16.6 million) and acquisition related expenditure ($21.8) million.
- Net cash inflows from financing activities of $11.4m in FY20 mainly reflects:
  - an increase in borrowings of $44.0 million to fund acquisitions and working capital requirements; partially offset by
  - dividend payments of $26.4 million paid out of profits generated in FY19 and 1H20; and
  - principal payments in relation to leases.

Retail agency networks

Helloworld Travel's retail network has increased to 2,496 members across Australia and New Zealand, an increase of 49 since 30 June 2019. The Australian retail network grew to 1,900 members as at 30 June 2020, up 1,871 from 30 June 2019. The New Zealand network increased to 596 agency members, up from 576 members as at 30 June 2019. The increases were primarily driven by strong yearly growth in the home-based segment (MTA in Australia and Travel Brokers in NZ) pre-COVID-19. In Australia, 21 agencies have closed and a further 23 have indicated they will put their business into hibernation until travel demand returns.

Segment review

Helloworld Travel operates segments based on the geographical location from where the businesses are managed.

The Group has three main operating segments within its structure of:

- Australia Segment
- New Zealand Segment
- Rest of World Segment

The Board assesses the performance of the segments based on several measures including TTV, revenue, underlying EBITDA, profit before tax and associated key ratios. The segment results for Australia, New Zealand and Rest of World segments have been extracted from note 4 to the Preliminary Final Report.

Australia Segment

	FY20 $000's	FY19 $000's	Change $000's	Change %
Total Transaction Value (TTV)	4,275,488	5,574,146	(1,298,658)	(23.3%)
Revenue	229,338	282,777	(53,439)	(18.9%)
Underlying operating expenses	(191,104)	(221,552)	30,448	(13.7%)
Equity accounted profits	1,246	1,437	(191)	(13.3%)
Underlying EBITDA	39,480	62,662	(23,182)	(37.0%)
Revenue margin	5.4%	5.1%	0.3%	5.9%
Underlying EBITDA margin	17.2%	22.2%	(5.0%)	(22.5%)

Segment overview

The Australia segment has retail distribution operations, airline ticketing, wholesale & inbound, and travel management operations. These operations work together to supply travel products and services to customers and are supported by shared service functions.

The Australian retail operations act as a franchisor for multiple award-winning retail travel agency networks, including Helloworld Travel Branded, Helloworld Travel Associate and Helloworld Business Travel. The retail distribution operations also include the membership groups of My Travel Group, an independent network of stores, a 50% holding in MTA representing the specialist travel brokers and the Magellan network of corporate and leisure agents.

The retail division contains the online channel of helloworld.com.au and Flight Systems, enabling the distribution of travel products through Helloworld Travel's multiple distribution channels. The retail operations are underpinned by its ticketing division Air Tickets, being the distributor and ticketing services consolidator to the internal retail network and to over 400 external independent agents.

The wholesale businesses in Australia operate a range of brands including Viva! Holidays, Sunlover Holidays, Ready Rooms, The Cruise Team, Seven Oceans, and Territory Discoveries. These businesses package air, cruise and land products for sale through retail travel agency networks as well as other third-party retailers in Australia and New Zealand. The inbound business is the largest provider of inbound travel services in Australia, offering travel services to clients in over 70 countries worldwide. These businesses include AOT Inbound, ATS Pacific and Experience Tours Australia (ETA).

The Group's corporate travel management services division offers travel management services to corporate and government customers including booking flights and accommodation, through the QBT, AOT Hotels, Show Group and Travel Edge businesses.

Commentary on results

The Australian segment generated TTV of $4,275.5 million (-23.3%) and revenue of $229.3 million (-18.9%) impacted by adverse conditions in 2H20 which offset the strong growth experienced from the retail and corporate divisions in 1H20.

Revenue margin increased from 5.1% in FY19 to 5.4% in FY20. The increase reflects revenues derived from COVID-19 related contact tracing services which has been performed on behalf of state health organisations since April 2020. No TTV is associated with this revenue. Total operating expenditure was reduced by $30.4 million through cost saving initiatives and wage subsidies in Q420 to mitigate the impacts of COVID-19. Underlying EBITDA for the Australian segment was $39.5 million, a decrease of $23.2 million or 37.0% compared with the prior year.

Investments

During 2H20, Helloworld Travel purchased the Excite Holidays software platform which is continuing to be enhanced ahead of launch. The new technology will complement our Ready Rooms brand within our wholesale division.

In FY20, Helloworld Travel launched the ResWorld mid-office solution to retail agents. There are 50 active agencies and new agencies continue to be on-boarded remotely.

New Zealand Segment

	FY20 $000's	FY19 $000's	Change $000's	Change %
Total Transaction Value (TTV)	688,911	851,904	(162,993)	(19.1%)
Revenue	45,075	59,181	(14,106)	(23.8%)
Underlying operating expenses	(40,534)	(47,545)	7,011	(14.7%)
Underlying EBITDA	4,541	11,636	(7,095)	(61.0%)
Revenue margin	6.5%	6.9%	(0.4%)	(5.8%)
Underlying EBITDA margin	10.1%	19.7%	(9.6%)	(48.7%)

Segment overview

The New Zealand segment has retail distribution operations, airline ticketing, wholesale & inbound, and travel management operations. These operations work together to supply travel products and services to customers and are supported by shared service functions.

In New Zealand, the Group has a range of retail operations acting as a franchisor of retail travel agency networks including Helloworld Travel Branded and Helloworld Travel Associate. The retail distribution operations also include the membership groups of My Travel Group an independent network of stores and The Travel Brokers and NZ Travel Brokers groups representing the specialist travel brokers network. In addition, the business is supported by its ticketing division, Air Tickets, and the online channel, helloworld.co.nz.

The New Zealand wholesale business, Go Holidays, procures air, cruise and land product for packaging and sale through retail travel agency networks and other third-party retailers. The Group's inbound businesses of ATS Pacific and AOT New Zealand offers travel services to clients in over 70 countries worldwide.

The Group's corporate travel management services division offers travel management services to corporate and government customers including booking flights and accommodation, through the APX, Atlas, and specialised events services through GO Conference & Incentives (C&I) and Williment Travel Group.

Commentary on results

As with the Australia segment, New Zealand's full year segment results reflect the change in travel conditions in 2H20 caused by COVID-19. This offset the strong TTV growth in 1H20 (+33%) driven by an expanded retail network. FY20 TTV of $688.9 million decreased by 19.1% and revenue decreased by 23.8% to $45.1 million. Total operating expenditure was reduced by $7.1 million through cost saving initiatives and wage subsidies in Q420 to mitigate the impacts of COVID-19. Underlying EBITDA was $4.5 million, a decrease of 61.0% compared with the prior year.

The New Zealand underlying EBITDA margin has declined to 10.1% in FY20 (relative to 19.7% in FY19) which reflects a change in business mix with a higher proportion of NZ TTV coming from lower margin retail business.

Post year end, the Group commenced a restructure of our New Zealand operations, further reducing headcount by 160 personnel at a cost of $2.4 million including all entitlements. The charge will be reflected in our FY21 statutory results.

Rest of World (ROW) Segment

	FY20 $000's	FY19 $000's	Change $000's	Change %
Total Transaction Value (TTV)	41,563	85,249	(43,686)	(51.2%)
Revenue	7,774	15,604	(7,830)	(50.2%)
Operating expenses	(10,037)	(16,969)	6,932	(40.9%)
Trading losses relating to U.S Wholesale Division	2,284	593	1,691	285.2%
Underlying EBITDA	21	(772)	793	102.7%
Revenue margin	18.7%	18.3%	0.4%	2.2%
Underlying EBITDA margin	0.3%	(4.9%)	5.2%	106.1%

Segment overview

This segment consists of Insider Journeys (divested on 30 June 2019), Tourist Transport Fiji (TTF) and the ATS Pacific inbound business in Fiji.

Commentary on results

The Rest of World segment generated TTV and revenue below the prior year primarily reflecting the changing travel conditions in the second half of FY20 in addition to sale of the Insider Journeys business on 30 June 2019. The segment generated a positive underlying EBITDA, $0.8 million higher than the prior year loss of $0.8 million. On 30 June 2020, Helloworld Travel sold its USA wholesale business. Current year and prior year trading losses of the USA wholesale business are excluded from underlying EBITDA.

Outlook

The timeframe for how long domestic and international travel restrictions remain in place is uncertain however we are seeing some positive signs for a return to travel.

Helloworld Travel's successful cost mitigation strategies and enhanced liquidity position means it is well positioned to manage the business through a prolonged period of disruption to the global travel industry and then benefit from return of global travel. Future results will continue to be adversely impacted while restrictions on travel movements remain in place.

BUSINESS RISKS

There are a number of factors, both specific to Helloworld Travel and of a general nature, which may impact the future operating and financial performance of the Group and its ability to operate as a going concern. Helloworld Travel has a number of risks, some of which are specific to Helloworld Travel and many of which are beyond the control of the company. The specific material risks faced by Helloworld Travel and how these risks are managed, are set out below:

Travel industry disruption and the impact of COVID-19

Helloworld Travel's operating and financial performance is dependent on the health of the travel industry generally. A decline in the domestic and/or international travel industry, whether as a result of a particular event (such as a war, terrorist attack, outbreak of disease epidemic/ pandemic or a natural disaster, such as earthquakes and volcanic ash clouds), economic conditions (such as a decrease in consumer and business demand), or any other factors would have a material adverse effect on Helloworld Travel's operating and financial performance.

The events relating to COVID-19 have recently resulted in unprecedented restrictions on domestic and international travel, major reductions in airline capacity and general disruption to the tourism industry. These restrictions have been imposed by domestic and international governments and regulatory authorities, and/or implemented as a matter of best practice during a health crisis. These developments have resulted in a decline in international and domestic travel and tourism services (including hotels, accommodation and tourism activities) and an increase in travel cancellation rates, which has had a very significant short term impact and is expected to have a very significant medium term impact on Helloworld Travel's business and operations and in particular, the demand for its services. There is continued uncertainty as to the duration of and further impact of COVID-19 including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, travel restrictions and the impact on the Australian and global economy. There is a risk that if the spread of COVID-19 continues, and/or the actions taken to combat COVID-19 persist, Helloworld Travel's operational and financial performance could deteriorate further. There is no certainty that demand for Helloworld Travel's services will normalise to a level existing prior to the impact of COVID-19 (or how long such normalisation could take), even once the domestic and international travel restrictions are lifted.

Helloworld Travel has taken several critical steps to manage the financial impact of the travel industry disruption and COVID-19 as outlined in note 1 (c) in the Preliminary Final Report.

General economic conditions

Helloworld Travel's operating and financial performance is influenced by a variety of general economic and business conditions in Australia and overseas. A prolonged deterioration in general economic conditions, including a decrease in consumer and business demand, would likely have a material adverse effect on Helloworld Travel's business or financial condition (or both). This risk is heightened in the current uncertain economic environment.

In light of recent Australian and Global macroeconomic events, including but not limited to the global impact of COVID-19, it is likely that Australia will experience an economic downturn of uncertain severity and duration which would affect discretionary spending on travel and leisure and the operating and financial performance of the Group.

Furthermore, the containment measures implemented in response to COVID-19 are expected to result in significant and prolonged disruption to economies globally. It is anticipated that many of the markets in which Helloworld Travel operates will have economic downturns of uncertain severity and duration, which could affect the desire of people to travel in those markets and spending on travel and leisure in those markets, which would in turn impact on the operating and financial performance of the Group.

There are also other changes in the macroeconomic environment which are also beyond the control of Helloworld Travel and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

- changes in inflation, interest rates and foreign currency exchange rates;
- changes in employment levels and labour costs, which will affect the cost structure of the Group;
- changes in aggregate investment and economic output; and
- other changes in economic conditions which may affect the revenue or costs of the Group.

Due to the impact of COVID-19, many of these factors are in a state of change and may have an adverse impact on the financial position and prospects of the Group in the future. If market conditions continue to deteriorate, Helloworld Travel may need to take additional measures to respond and there is a risk of future impairment of the carrying value of the company's assets.

Supplier risk

Helloworld Travel's business activities and financial performance are reliant on suitable contractual arrangements being negotiated with major airlines, global distribution system providers, and other suppliers of goods and services. Helloworld's supply chain consists of a complex series of travel providers and intermediaries. There are a variety of credit risks inherent in this supply chain which are particularly heightened in the current economic environment. A dispute, or a breakdown in the relationship, between Helloworld Travel and its suppliers, a failure to reach a suitable arrangement with a particular supplier, or the failure of a supplier to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of Helloworld Travel. The adverse impacts of COVID-19 may also have an adverse impact on the financial position of the Group's suppliers, which may impact their ability to carry on business with Helloworld Travel.

To the extent suppliers, partners or counterparties (such as international airlines, whose operations have been completely or substantially suspended) are facing financial stress, they may seek to change the terms upon which they engage with, cease or significantly reduce engagement with Helloworld Travel (including through the reduced supply of inventory), or in extreme cases, may not pay their debts as and when they fall due. Such circumstances may impact upon the operations and financial performance of Helloworld Travel.

Customer risk

Recent developments in international and domestic travel restrictions as a result of COVID-19 have resulted in a significant disruption to customer bookings and travel plans. As a result of the unprecedented travel restrictions, Helloworld Travel has experienced a significant increase in the number of customer requests for travel cancellations and refunds. The high volume of cancellation and refund requests during the COVID-19 crisis has placed significant burden on the Group's personnel in responding to and processing customer requests for travel credits and refunds. Delays in repayments by suppliers may have an adverse impact on Helloworld Travel's operational and financial performance. Customers may also seek a chargeback (or reversal) for certain types of card purchases. Any such actions may place a burden on the Group's resources which may have an adverse impact on Helloworld Travel's operational and financial performance. Further information is provided under the heading 'Working capital requirements' regarding the risks associated with Helloworld Travel's working capital requirements.

Uncertainty in relation to the future of the travel industry may also have detrimental effect on the confidence of customers in the ability of the Group to recover from this disruption to the industry and continue to operate in future. Further information regarding regulatory risk and diminution of customer satisfaction and loyalty is provided under the headings, 'Risk of litigation, claims and disputes' and 'Diminution of customer satisfaction and loyalty'.

Working capital requirements

Helloworld Travel's business model includes payment terms relating to the pre-payment by customers for travel and tourism related services and the maintenance of corporate credit balances, and related payment terms between Helloworld Travel and its suppliers. To the extent these terms of payment and supply change, customers seek refunds (particularly in the current environment), receivables are uncollectable fully or partly, contract assets on balance sheet are unrecoverable or counterparties do not act consistently with supply terms, Helloworld Travel may need to obtain additional working capital financing. In addition, transactional banking facilities, including credit card processing facilities, operated by Helloworld Travel may be withdrawn by the banks or other providers, or the terms and conditions of those facilities may be materially amended, which may have an adverse impact on Helloworld Travel's operational and financial performance. The company's working capital position may be impacted to the extent the current economic environment increases the risk of counterparties not complying with their obligations. To the extent that there is a continued decline in sales as a result of COVID-19 and ongoing expenses associated with operating the business would place pressure on Helloworld Travel's liquidity. In the event that Helloworld Travel did not have sufficient liquidity to manage its working capital cycle, Helloworld Travel would not be able to continue operating its business in the ordinary course. Further information is provided under the heading Travel industry disruption and the impact of COVID-19.

Subsequent to year end, Helloworld Travel completed a $50.0 million fully underwritten equity raise to strengthen the balance sheet and provide additional liquidity to manage the prolonged period of disruption to the global travel industry.

Cost reduction initiatives

The company has undertaken and will continue to undertake cost reduction initiatives. These initiatives are based on a number of assumptions made with respect to the company's ability to achieve and sustain these cost-saving targets. Additional considerations are the extent of one-off costs associated with realisation of those cost savings and legal advice in respect to the company's rights with respect to its employees, landlords, customers and suppliers. Inability to meet these cost-saving targets may impact upon the company's operations and financial performance. There is a risk that these assumptions are not correct, such that the cost-saving initiatives are not as effective as currently anticipated by management, or the one-off costs required to implement these cost reduction initiatives are larger than anticipated. These actions include changes to the employee cost base, operating and capital expenditure plans.

Further initiatives may be required in the case of an extended downturn. Wage relief is currently available in Australia and will form part of the company's ongoing workforce strategy. Any such relief may mitigate one-off costs associated with these cost reduction initiatives. Given the dynamic nature of the current environment, there can be no assurance that these initiatives and other cost-out efforts can or will be achieved as or to the extent envisaged.

Financing risk

The Group's loans incorporate certain market standard covenants such as interest cover ratio, net leverage ratio and a minimum level of liquidity. Westpac has agreed to certain covenant waivers and suspensions. In event that covenants are breached, financiers may require that their loans be repaid immediately, which may have a material adverse effect on the Group's future financial performance and position.

Human resources risk

The Group is dependent upon the experience of its Directors, key senior management and staff generally. The loss of any key personnel, as well as high staff turnover could cause disruption to the conduct of the Group's business in the short term and negatively affect the company's operating and financial performance.

The current and ongoing cost reduction initiatives could also cause significant disruption to operations and impact on the Group's ability to retain high quality staff, operate its business in the ordinary course, effectively manage operational risks and/or take advantage of a recovery in the sector when the travel restrictions cease. In addition, while the actions taken by the Group to preserve cash and Helloworld Travel's survival are believed by the Directors to have been appropriate and consistent with those taken across the industry, the area of labour relations can be subject to dispute and possible legal and industrial relations challenge.

In addition, any outbreak of COVID-19 within the Group's workforce could have an adverse effect on the operating and financial performance of the Group.

Complexities in the application of award and minimum conditions payments (including wages and overtime) during COVID-19 disruption also raises risks for the Group as with a large number of employers in Australia and overseas. While the Group has processes in place to ensure compliance with applicable labour laws, the overlap of workplace agreements, awards and industrial relations rules can give rise to risks of breaches having occurred in the countries in which the Group operates.

Growth strategy execution and business model disruption

The disruption to the Australian and global economy, and specifically the travel and tourism sectors is likely to impact upon Helloworld Travel's ability to drive its growth agenda in the short and medium term. The financial performance of investments and the economic conditions they operate within may result in investment impairment should the recoverable amount of the investment fall below its carrying value.

Regulatory risk

Regulatory action against the Group under legislation and government policy may adversely affect the Group. For example, as a retailer of travel and travel-related products, the Group engages in extensive promotional and other advertising activities, conducts a foreign currency exchange business and processes its employees' and customers' personal information/data. Further, the Group's various cancellations and refunds policies and procedures may also expose it to regulatory scrutiny or action. Any media attention, regulatory scrutiny or other action taken against the Group members in any of the countries in which it operates may have adverse effects on the reputation of the Group or on its operating and financial performance. Similarly, a variation in law or regulation requiring Helloworld Travel or any of its other businesses to hold or treat customer deposits differently to the way in which these are currently managed may have financial implications for the Group.

A variation in legislation and government policy may also affect the Group and the business environment in which it operates. Legislative changes could directly and indirectly alter consumer demand for and consumer attitudes towards international or domestic travel.

Climate change and social sustainability

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change. Physical risks resulting from climate change can be event driven or longer-term shifts in climate patterns and may have financial implications for Helloworld Travel, such as indirect impacts from supply chain disruption and travel patterns and habits of customers.

There is uncertainty about how Helloworld Travel's customers will respond to the effects of climate change (and therefore on possible changes in customer demand).

Helloworld Travel also recognises the potential environmental and social impact that tourists have on destinations in Australia and overseas. The Group recognises that the travel industry can have both positive and negative impact and continues to monitor this impact on tourism destinations and community and traveller expectations in relation to their travel experience.

Business systems risk

Helloworld Travel relies on the performance, reliability and availability of its information technology, communication and other business systems. Any damage to, or failure of, Helloworld Travel's key systems may result in disruptions to its business (especially its online services). Any failures of, or malicious attacks on, Helloworld Travel's business systems or any compromise to the security of data (including any personal information / data) held by the company may similarly impact both Helloworld Travel's business and its reputation. Financial penalties for data breaches can be significant, which if levied on Helloworld Travel could have an adverse effect on the reputation and the financial performance of the Group. The cost reduction initiatives being undertaken, as well as the disruption caused to operations as a result of COVID-19, may also affect its information technology, communications and other business systems.

Financial risk

Access to capital is a fundamental requirement to achieve the Group's business objectives and to meet its financial obligations when they fall due.

The inability to maintain a strong balance sheet or to secure new capital or credit facilities (from time to time) at market rates could impact upon Helloworld Travel's operational and financial performance and the ability to meet its ongoing liquidity needs.

There is no guarantee that equity or debt funding will be available to the Group when an existing facility expires or is otherwise terminated (e.g. due to an event of default), or that the Group will be able to refinance that debt facility on reasonable terms.

As a borrower of capital, the Group is exposed to fluctuations in interest rates which may increase the cost of servicing its debt.

Developments in global financial markets, such as the impact of COVID-19, may adversely affect the liquidity of global credit markets and the Group's access to those markets. This may have a material adverse effect on Helloworld Travel's future financial performance and position.

Agent network closure

Helloworld Travel's agent network has been an important part of its growth as a business throughout its corporate history. A significant reduction in the size of the agent network may negatively influence Helloworld Travel's brand and ability to generate sales and sales growth in its retail division.

This risk is mitigated by the size of the networks, their geographic spread and our close management, mentoring and engagement of our members.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED 2020 $'000	2019 Restated $'000
REVENUE	2	**282,187**	**357,562**
Employee benefits expenses	3	(120,317)	(139,390)
Advertising and marketing expenses		(24,433)	(35,696)
Selling expenses		(39,264)	(50,543)
Communication and technology expenses		(18,354)	(20,479)
Occupancy expenses		(4,343)	(4,248)
Operating expenses		(42,738)	(24,607)
Depreciation and amortisation expense	3	(32,742)	(28,343)
Impairment expense	3	(67,097)	-
Finance expense	3	(4,099)	(3,354)
Profit on disposal of investments	3	1,075	2,013
Share of profit of associates accounted for using the equity method		1,246	1,437
PROFIT /(LOSS) BEFORE INCOME TAX EXPENSE		**(68,879)**	**54,352**
Income tax expense	7	(1,106)	(16,309)
PROFIT/LOSS AFTER INCOME TAX EXPENSE FOR THE YEAR		**(69,985)**	**38,043**
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(111)	35
Owners of Helloworld Travel Limited		(69,874)	38,008
		(69,985)	**38,043**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges		(359)	(759)
Income tax benefit/(expense) on cash flow hedges	7	109	214
Exchange differences on translation of foreign operations		(2,318)	1,860
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(2,568)**	**1,315**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(72,553)**	**39,358**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(111)	35
Owners of Helloworld Travel Limited		(72,442)	39,323
		(72,553)	**39,358**
		Cents	Restated Cents
Basic earnings per share	6	**(56.5)**	**31.4**
Diluted earnings per share	6	**(56.5)**	**30.8**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 14.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	CONSOLIDATED 2020 $'000	2019 Restated $'000
CURRENT ASSETS			
Cash and cash equivalents	8	131,861	204,755
Trade and other receivables	12	41,933	97,141
Accrued revenue	12	34,482	66,681
Inventories		540	471
Derivative financial instruments		-	368
TOTAL CURRENT ASSETS		**208,816**	**369,416**
NON-CURRENT ASSETS			
Trade and other receivables	12	4,692	5,939
Investments accounted for using the equity method		18,286	17,109
Investment properties		14,697	17,608
Property, plant and equipment		24,538	24,529
Intangible assets		298,280	338,446
Deferred tax assets		-	816
TOTAL NON-CURRENT ASSETS		**360,493**	**404,447**
TOTAL ASSETS		**569,309**	**773,863**
CURRENT LIABILITIES			
Trade and other payables		99,816	210,944
Lease liabilities		9,145	8,509
Provisions		20,914	15,622
Deferred revenue		49,086	96,939
Income tax payable	7	6,448	478
TOTAL CURRENT LIABILITIES		**185,409**	**332,492**
NON-CURRENT LIABILITIES			
Borrowings	10	100,519	56,428
Lease liabilities		20,614	19,986
Deferred tax liabilities		37,502	44,664
Provisions		7,141	3,004
Other non-current liabilities		1,445	5,151
TOTAL NON-CURRENT LIABILITIES		**167,221**	**129,233**
TOTAL LIABILITIES		**352,630**	**461,725**
NET ASSETS		**216,679**	**312,138**
EQUITY			
Issued capital	11	419,466	416,219
Reserves		(1,673)	693
Accumulated losses		(202,484)	(106,255)
EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED		**215,309**	**310,657**
Non-controlling interest		1,370	1,481
TOTAL EQUITY		**216,679**	**312,138**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 14.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

CONSOLIDATED	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interest $'000	Total equity $'000
BALANCE AT 1 JULY 2018	**408,495**	**1,716**	**(120,338)**	**1,458**	**291,331**
Change in accounting policy (note 14)	-	-	(736)	(4)	**(740)**
RESTATED BALANCE AT 1 JULY 2018	**408,495**	**1,716**	**(121,074)**	**1,454**	**290,591**
Profit after income tax expense (restated)	-	-	38,008	35	**38,043**
Other comprehensive loss (restated)	-	1,315	-	-	**1,315**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**-**	**1,315**	**38,008**	**35**	**39,358**
Transactions with owners in their capacity as owners net of tax:					
LTIP expensed	-	897	-	-	**897**
Franchise loyalty plan expensed	-	582	-	-	**582**
Sale of forfeited shares, net of transaction costs	3,907	-	-	-	**3,907**
Transfer of reserve for vested shares to share capital	3,817	(3,817)	-	-	**-**
Dividends	-	-	(23,657)	-	**(23,657)**
Dividends associated with LTIP	-	-	468	-	**468**
Option for additional interest in subsidiary	-	(7,200)	-	-	**(7,200)**
Transactions with non-controlling interest:					
Acquisition through business combinations	-	-	-	(8)	**(8)**
BALANCE AT 30 JUNE 2019	**416,219**	**693**	**(106,255)**	**1,481**	**312,138**

CONSOLIDATED	Issued capital $'000	Reserves $'000	Accumulated losses $'000	Non-controlling interests $'000	Total equity $'000
BALANCE AT 1 JULY 2019	**416,219**	**693**	**(106,255)**	**1,481**	**312,138**
Profit after income tax expense	-	-	(69,874)	(111)	**(69,985)**
Other comprehensive income	-	(2,568)	-	-	**(2,568)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**-**	**(2,568)**	**(69,874)**	**(111)**	**(72,553)**
Transactions with owners in their capacity as owners net of tax:					
LTIP expensed	-	195	-	-	**195**
Franchise loyalty plan expensed	-	7	-	-	**7**
Issue of new shares, net of transaction costs	277	-	-	-	**277**
Sale of forfeited shares, net of transaction costs	669	-	-	-	**669**
Proceeds on repayment of LTIP related loans	2,301	-	-	-	**2,301**
Acquisition of shares	(671)	-	-	-	**(671)**
Issue of shares to employees	671	-	-	-	**671**
Dividends	-	-	(26,815)	-	**(26,815)**
Dividends associated with LTIP	-	-	460	-	**460**
BALANCE AT 30 JUNE 2020	**419,466**	**(1,673)**	**(202,484)**	**1,370**	**216,679**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 14.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 Restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,711,242	3,387,635
Payments to suppliers and employees (inclusive of GST)		(2,749,226)	(3,321,035)
Interest received		2,313	3,442
Finance costs paid		(4,007)	(3,177)
Income taxes paid		(1,761)	(17,633)
NET CASH USED IN OPERATING ACTIVITIES		**(41,439)**	**49,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangibles		(16,596)	(19,334)
Payments for property, plant and equipment		(2,878)	(7,798)
Payments for acquisition of businesses, net of cash acquired		-	(6,063)
Payments for acquisition of controlled entities, net of cash acquired		(21,751)	-
Cash disposed via sale of U.S Wholesale		(1,215)	-
Net cash acquired from acquisition of controlled entities		-	614
Proceeds from adjustment for acquired controlled entities		-	210
Proceeds from disposal of controlled entities, net of cash disposed		-	457
Proceeds from disposal of property, plant and equipment		101	28
Proceeds from disposal of investment property	3	-	195
Dividends from associates		68	1,876
NET CASH USED IN INVESTING ACTIVITIES		**(42,271)**	**(29,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		44,000	15,000
Proceeds from loan funded LTIP repayments		2,301	-
Dividends paid to company shareholders	5	(26,355)	(23,189)
Loans provided to related parties for equity accounted investments		(245)	(2,450)
Loans repaid from related parties for equity accounted investments		104	263
Payments for shares acquired by employee share trust		(671)	-
Principal elements of lease payments		(7,769)	(9,240)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**11,365**	**(19,616)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(72,345)**	**(199)**
Cash and cash equivalents at the beginning of the financial half year		204,755	203,528
Effects of exchange rate changes on cash and cash equivalents		(549)	1,426
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	8	**131,861**	**204,755**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 14.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Note 1. Basis of preparation

(a) Reporting entity

Helloworld Travel Limited (the Company) is incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Stock Exchange (ASX).

The Preliminary Final Report of Helloworld Travel Limited and its controlled entities (the Group), for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 31 August 2020.

Helloworld Travel Limited is a for profit entity and its principal activities are the selling of international and domestic travel products and services and the operation of retail distribution networks of travel agents.

(b) Presentation and measurement

(i) Statement of compliance

This Preliminary Final Report has been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The report complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2019, the 2019 Annual Financial Statements and any public announcements made by Helloworld Travel Limited during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The report has been prepared on a going concern basis, which assumes the Group will be able to meet its obligations as and when they fall due, refer section (c). The report is presented in Australian dollars, which is the Group's functional currency and has been prepared on a historical cost basis except for financial assets and financial liabilities (including derivative instruments).

This report is based on accounts which are in the process of being audited. Audited consolidated financial statements for the year ended 30 June 2020 will be included in the Helloworld Travel Limited 2020 Annual Report.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and Preliminary Final Report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(ii) Consistent application of accounting policies

The accounting policies adopted in the preparation of the Preliminary Final Report are consistent with the Group's Annual Consolidated Financial Statements for the year ended 30 June 2019, except for the adoption of new and amended standards as set out in note 14: changes in accounting standards.

(iii) Comparative periods

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period.

(c) Going concern

The financial performance of the Group is significantly related to demand for domestic and international travel. COVID-19 has caused unprecedented impacts to travel and tourism as a result of border closures, mandatory quarantine periods and restrictions on domestic and international travel.

Since the global pandemic was officially announced by the World Health Organisation (WHO) on 11 March 2020 there continues to be a high level of uncertainty regarding the near-term outlook for the global travel industry. As a result, the Chief Executive Officer and the Board (the Chief Operating Decision Makers or CODMs) have carefully considered the Group's ability to continue as a going concern for at least the next 12 months from the date the financial statements are planned to be issued. Based on their assessment, it has been concluded the that Group will continue to operate as a going concern. As a result, the financial statements have been prepared on this basis.

The key considerations used by the CODMs to assess Helloworld Travel's ability to continue to operate are outlined below:

Liquidity considerations:

- At 30 June 2020, HLO had a cash balance of $131.9 million. In July/August 2020, Helloworld Travel completed a $50.0 million fully underwritten equity raising to further enhance the Group's liquidity position ($48.5 million net of offer costs).
- At the end of August 2020, the Group had circa $100.0 million of unrestricted cash, with an additional $8.9 million of headroom on existing facilities. This is believed to be sufficient to manage through a prolonged period of disruption to the global travel industry.
- The Group's loans incorporate certain market standard covenants such as interest cover ratio and net leverage ratio. Westpac has agreed to covenant waivers and suspensions of certain financial covenants.

- At 30 June 2020, short dated facilities totalling $17.9 million and $29.0 million were extended by 12 months, expiring April 2022 and September 2022 respectively. The renewed pricing facility remains unchanged. With respect to covenants, the Leverage ratio was waived between December 2020 and June 2021; the Interest Cover ratio was significantly relaxed; and a minimum monthly liquidity (as defined in the Facilities Agreement) requirement was introduced of $35 million. No dividends can be paid prior to December 2021 without Bank consent.
- Subsequent to year-end, additional covenant amendments were negotiated with Westpac including the suspension of net Leverage and Interest cover ratios for the calculation dates between September 2020 and September 2021. The monthly Liquidity requirement was increased from $35 million to $70 million at 30 September 2020; $60 million during quarter 4 calendar 2020 and from 1 January 2021 $50 million. The amount of $50 million is subject to negotiation in good faith after 1 October 2021. The covenants are to be tested quarterly. The Company has agreed quarterly normalised EBITDA thresholds for the period 1 July 2020 to 30 September 2021, if the thresholds are not achieved a review event will trigger. The pricing of the facilities remains unchanged.
- The Group has complied with the financial covenants of its borrowing facilities during the relevant 2020 and 2019 periods.

Future cash flow considerations:

- As a result of COVID-19, action was taken to progressively reduce Helloworld Travel's cost base. Cost reductions have been carefully considered to ensure that the Group is able to respond effectively once travel volumes recover. The Group has a diversified business with a mix of domestic and international leisure travel, corporate travel and wholesale travel. This means that Helloworld is well placed to benefit from a recovery.

The key cost saving initiatives below have been included in Helloworld's financial modelling and sensitivity testing. These have been reviewed and assessed by the CODMs to ensure that they are appropriate and reasonable.

- Accessing government COVID-19 wage subsidy schemes in Australia and New Zealand. Refer note 3.
- Implementation of hiring and salary freezes and restructuring of non-essential contractors and staff.
- Eliminating all non-essential expenditure including short term capital expenditure (travel, marketing, IT development).
- Negotiating reduced rental across Helloworld Travel's property portfolio.
- Implementing staff stand downs and reduced working hours across the business.
- Directors and direct reports to the CEO have agreed to reduced fees and salaries which continue into the 2021 financial year.

Refer to note 1 (d) (i) for more information regarding the impact of COVID-19 on Helloworld Travel.

(d) Use of critical accounting estimates and judgements

The preparation of the Preliminary Final Report requires management to make estimates, judgements and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) COVID-19 Pandemic

On 11 March 2020 the WHO declared a global pandemic as a result of the outbreak and spread of COVID-19. As a result, governments across the world took action to close country borders and limited people to only essential travel. Both Australia and New Zealand governments imposed these restrictions which resulted in a significant adverse impact on Helloworld Travel's ability to derive revenue from the sale of travel products and services.

As at 30 June 2020, many of these border restrictions across the world remained in place. Uncertainty remains with regard to when they may open. The actions taken by Helloworld to address the decline in revenue have been outlined in note 1 (c).

As a result of COVID-19, there has been an increase in estimation uncertainty when preparing the financial statements. The key estimates and judgements used have been outlined in the notes to the Preliminary Final Report. These include the recoverability of assets, trade and other receivables, accrued income, valuation of assets measured at fair value, restructuring costs and the timeline regarding the eventual recovery of the travel industry.

(ii) Impairment of non-financial assets

The Group determines impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Management's estimation of the recoverable amount requires the use of judgement and assumptions. The estimation of the recoverable amount is most relevant to goodwill and intangible assets with indefinite useful lives, which are tested on an annual basis. All other non-financial assets are tested for impairment when indicators of impairment exist.

Refer note 9 impairment of non-current assets for the key assumptions, including a sensitivity analysis, used in this estimation of recoverable amount of CGU's to which goodwill and intangible assets with indefinite useful lives are allocated.

(iii) Business acquisitions

Business acquisitions require key judgements in the identification, recognition and measurement of intangible assets recognised on acquisition. For certain acquisitions, the Group is required to assess and value any contingent consideration payable including the valuation of potential future purchases of non-controlling interests for existing put options.

In accordance with applicable accounting standards, Helloworld Travel has twelve months from the date of acquisition to finalise the acquisition accounting for additional information obtained after the acquisition about circumstances that existed at the acquisition date, including any purchase price allocation and income tax finalisation.

(iv) Override commission revenue

The Group enters into override commission revenue contracts with airlines and other suppliers. The override commission revenue accrual process is inherently judgemental and requires the use of accounting estimates. This is due to factors which are not completely under the control of Helloworld Travel. These factors include:

- A significant portion of override commission contract periods do not correspond to the Group's financial year end. Judgements and estimation techniques are required to determine anticipated future flown revenues over the remaining contract year and the associated override commission rates applicable to these forecast levels. Flown revenue is earned when the passenger has departed (for air and cruise) or the passenger has commenced their hotel stay (for land);
- The differing commencement dates of the override commission contracts mean that commissions may have to be estimated for contracts for which the applicable override commission rates have not been finalised and agreed between the parties; and
- Periodic renegotiation of terms and contractual arrangements with the suppliers of travel products may result in additional commission being received which relates to past performance and is not specified in existing contracts.

(v) Lease terms of contracts with extension options

Extension and termination options are included in a number of the Group's property leases. In determining the lease term, which forms part of the initial measurement of the right of use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(e) New and amended accounting standards impacting the Group

(i) New and amended accounting standards for the year ended 30 June 2020

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2019:

- AASB 16: Leases
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.
- AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions.

The Group changed its accounting policies and made retrospective adjustments as a result of adopting AASB 16: Leases (AASB 16). The changes and adjustments are disclosed in note 14: changes in accounting standards.

In addition, the Group adopted AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions, which amends AASB 16 and became effective from 1 June 2020.

As a result, Helloworld Travel has elected to use the practical expedient available under Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions when recognising rent concessions received from certain landlords as a direct result of the COVID-19 pandemic. Helloworld Travel has elected to not assess whether rental concessions have resulted in a lease modification. Rent concessions that have not resulted in a lease modification, are considered variable lease payments. The difference between the remeasurement of the lease liability and the right of use asset is recognised within occupancy expenses in the consolidated statement of profit or loss and other comprehensive income.

The adoption of the other accounting standard amendments and interpretation did not have any impact on the amounts recognised in the current period or any prior period and is not expected to materially affect future periods.

(ii) New accounting standards impacting the Group in future financial years

New accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2. Revenue

The disaggregation of revenue by key type is provided as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Commissions	191,470	257,765
Transaction and services fees	40,170	43,581
Marketing related activities	24,463	32,754
Other revenue from contracts with customers	21,899	17,877
REVENUE FROM CONTRACTS WITH CUSTOMERS	**278,002**	**351,977**
Rents and sublease rentals	324	558
Finance income	2,313	3,442
Sundry income	1,548	1,585
OTHER REVENUE	**4,185**	**5,585**
REVENUE	**282,187**	**357,562**

Note 3. Expense items

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
PROFIT BEFORE INCOME TAX EXPENSE INCLUDES THE FOLLOWING SPECIFIC EXPENSES AND REVENUE ITEMS:		
Defined contribution superannuation expense	(8,928)	(9,412)
LTIP expense	(195)	(897)
Employee share plan expense	(671)	-
Other employee benefits expense including salaries	(123,215)	(129,081)
Government wage subsidy scheme (i)	12,692	-
TOTAL EMPLOYEE BENEFITS EXPENSE	**(120,317)**	**(139,390)**
Depreciation of property, plant and equipment	(6,029)	(5,162)
Depreciation of right of use assets	(8,823)	(8,011)
Amortisation of intangible assets	(17,890)	(15,170)
TOTAL DEPRECIATION AND AMORTISATION	**(32,742)**	**(28,343)**
Impairment of right of use assets (note 9)	(90)	-
Impairment of commercial agreements (note 9)	(1,507)	-
Impairment of goodwill (note 9)	(65,500)	-
IMPAIRMENT OF NON-CURRENT ASSETS	**(67,097)**	**-**
Fair value adjustment on contingent consideration receivable (ii)	(883)	-
Fair value adjustment on redemption liability (iii)	3,600	2,400
FAIR VALUE ADJUSTMENTS RELATING TO FINANCIAL ASSETS AND LIABILITIES	**2,717**	**2,400**
Gain on disposal of the US Wholesale Division	1,075	-
Gain on disposal of Insider Journeys business	-	1,993
GAIN ON BUSINESS DISPOSALS	**1,075**	**1,993**
Finance expense	(3,029)	(2,421)
Finance expense on lease liabilities	(1,030)	(933)
Finance expense on make good provisions	(40)	-
FINANCE EXPENSE	**(4,099)**	**(3,354)**
Loss allowance on trade receivables and accrued revenue	(7,666)	(461)
Business acquisition related expenses	(1,198)	(241)
Franchise loyalty plan expense	(7)	(582)
Other provision	(4,140)	-
Payments relating to Tempo Holidays and Bentours collapse (iv)	(702)	-
Profit on disposal of investments (v)	-	20
Rent concessions (vi)	977	-
Restructuring costs (vii)	(6,877)	-

Employee benefits expense

(i) During the current year, Helloworld Travel Limited received government wage subsidies for eligible employees in both Australia and New Zealand, in the form of JobKeeper and New Zealand wage subsidy payments. These subsidies were made available to companies to assist with the financial impacts of the COVID-19 pandemic. The government wage subsidies have been recognised within employee benefits expenses in the consolidated statement of profit or loss and other comprehensive income.

Fair value adjustments relating to financial assets and liabilities

(ii) The contingent consideration receivable relating to the sale of Insider Journeys is a financial asset recorded at fair value through profit or loss in accordance with applicable accounting standards. During the current year, $180,000 of consideration was received from Insider Journeys. As at 30 June 2020, the contingent consideration receivable has been remeasured to its fair value of $170,000 (2019: $1,233,000) and the resulting fair value change of $883,000 has been recognised within operating expenses in the consolidated statement of profit and loss.

(iii) The redemption liability relates to the put option liability to acquire the non controlling 40.0% ownership interest in Asia Escape Holidays on 1 July 2022. The put option is a financial liability recorded at fair value through profit or loss in accordance with applicable accounting standards. As at 30 June 2020, the redemption liability has been remeasured to its fair value of $1.2 million (2019: $4.8 million) and the resulting fair value change of $3.6 million (2019: $2.4 million) has been recognised within operating expenses in the consolidated statement of profit and loss.

Other expenses

(iv) During the current year, discretionary amounts of $0.7 million were paid to the Group's retail agents that were impacted by the collapse of Tempo Holidays and Bentours.

(v) In the prior year, Helloworld Travel disposed of its single investment property in Australia with a carrying value of $175,000. The sale proceeds amounted to $195,000, resulting in a profit on sale of $20,000. The Group does not hold any further investment properties.

(vi) Helloworld Travel received rent concessions from certain landlords as a direct result of the COVID-19 pandemic and has elected to use the practical expedient available under Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions. Rent concessions that have not resulted in a lease modification, are considered variable lease payments. Any difference between the remeasurement of the lease liability and the right of use asset is recognised within occupancy expenses in the consolidated statement of profit or loss and other comprehensive income.

(vii) In response to the change in the travel market due to the COVID-19 pandemic, Helloworld Travel has taken a charge for restructuring initiatives to deliver cost savings and efficiencies while preserving the key operations to support the eventual recovery of both domestic and international travel. A corresponding liability is recorded in provisions on balance sheet. Refer note 1 (c) for further information.

Note 4. Operating segments

(a) Description of segments

The reporting structure is based on a geographical basis of where the Group's businesses are managed. Internal reports reviewed and used by the Chief Executive Officer and the Board (the Chief Operating Decision Makers or CODMs) in assessing performance and making strategic decisions are prepared on this basis.

The Group has the following three segments:

- Australia;
- New Zealand; and
- Rest of World.

Australia and New Zealand segments each have retail distribution operations, air ticketing, wholesale and inbound, and travel management businesses. Australia and New Zealand also contain corporate support units performing shared service functions, which are fully allocated to all segments and are reported within segment expenses. The Rest of World segment consists of an inbound travel business in Fiji, and Tourist Transport Fiji (TTF), being a vehicle transport service provider in Fiji. The Group disposed of its U.S Wholesale Division on 30 June 2020. This business previously formed part of the Group's Rest of World segment.

(b) Segment information provided to the CODMs

The CODMs assess the performance of the operating segments based on a financial measure of Underlying EBITDA, which is not a measure prescribed by Australian Accounting Standards.

Underlying EBITDA represents earnings before interest expense, tax, depreciation and amortisation, adjusted to:

- include depreciation on right of use assets and interest expense on lease liabilities and make good provisions arising from the application of AASB 16; and
- exclude large non-recurring items described in part (c) of this note

A reconciliation of Underlying EBITDA to profit before income tax expense is provided in part (c) of this note.

Segment results for the Group are shown below:

CONSOLIDATED	Australia $'000	New Zealand $'000	Rest of World $'000	Total $'000
YEAR ENDED 30 JUNE 2020				
Commissions	152,801	34,224	4,445	**191,470**
Transaction and services fees	35,475	4,328	367	**40,170**
Marketing related activities	18,756	5,530	177	**24,463**
Other revenue from contracts with customers	18,776	496	2,627	**21,899**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**225,808**	**44,578**	**7,616**	**278,002**
Other revenue	3,530	497	158	**4,185**
SEGMENT REVENUE	**229,338**	**45,075**	**7,774**	**282,187**
Segment expenses	(183,255)	(39,177)	(9,350)	**(231,782)**
Depreciation of right of use assets	(6,964)	(1,204)	(655)	**(8,823)**
Interest expense on lease liabilities	(885)	(153)	(32)	**(1,070)**
Equity accounted profits	1,246	-	-	**1,246**
Trading losses relating to U.S Wholesale Division (i)	-	-	2,284	**2,284**
UNDERLYING EBITDA	**39,480**	**4,541**	**21**	**44,042**

CONSOLIDATED	Australia $'000	New Zealand $'000	Rest of World $'000	Total $'000
YEAR ENDED 30 JUNE 2019				
Commissions	201,843	45,095	10,827	**257,765**
Transaction and services fees	37,977	5,202	402	**43,581**
Marketing related activities	24,811	7,427	516	**32,754**
Other revenue from contracts with customers	13,581	599	3,697	**17,877**
REVENUE FROM CONTRACTS WITH CUSTOMERS	**278,212**	**58,323**	**15,442**	**351,977**
Other revenue	4,565	858	162	**5,585**
SEGMENT REVENUE	**282,777**	**59,181**	**15,604**	**357,562**
Segment expenses (i)	(214,853)	(46,129)	(16,140)	**(277,122)**
Depreciation of right of use assets	(6,019)	(1,232)	(760)	**(8,011)**
Interest expense on lease liabilities	(680)	(184)	(69)	**(933)**
Equity accounted profits	1,437	-	-	**1,437**
Trading losses relating to U.S Wholesale Division (i)	-	-	593	**593**
UNDERLYING EBITDA	**62,662**	**11,636**	**(772)**	**73,526**

(i) Trading losses relating to U.S Wholesale Division represents the EBITDA losses, excluding shared service allocations, associated with U.S Wholesale Division which was disposed of on the 30 June 2020.

(c) Other segment information

(i) EBITDA

A reconciliation of Underlying EBITDA to profit before income tax expense is provided as follows:

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 Restated $'000
UNDERLYING EBITDA	**44,042**	**73,526**
Impairment of non-current assets (notes 9)	(67,097)	-
Restructuring expense	(6,877)	-
Increase in loss allowance (note 12)	(6,467)	
Other provisions	(4,140)	-
Trading losses relating to U.S Wholesale Division	(2,284)	(593)
Business acquisition related and other expenses	(2,198)	(241)
Fair value adjustment on contingent consideration receivable (Insider Journeys)	(883)	-
Payments relating to Tempo Holidays and Bentours collapse	(702)	-
Fair value adjustment on redemption liability	3,600	2,400
Gain on disposal of the US Wholesale Division	1,075	-
Gain on disposal of Insider Journeys business	-	1,993
Gain on disposal of investments	-	20
TOTAL SIGNIFICANT ITEMS	**(85,973)**	**3,579**
Depreciation of property, plant and equipment	(6,029)	(5,162)
Amortisation of intangible assets	(17,890)	(15,170)
Finance expense on borrowings	(3,029)	(2,421)
PROFIT BEFORE INCOME TAX EXPENSE	**(68,879)**	**54,352**

Interest income on client funds is included within segment revenue and underlying EBITDA. Underlying EBITDA is reconciled to profit before income tax expense.

Note 5. Dividends paid and proposed

(a) Dividends

The amount of dividends paid during the year are:

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
DIVIDENDS PAID DURING THE FINANCIAL YEAR:		
Final dividend for year ended 30 June 2019 of 12.5 cents per share (2019: 11.0 cents per share), distributed on 17 September 2019 (2019: 18 September 2018)	15,590	13,696
Final dividends associated with LTIP	(298)	(271)
Interim dividend for year ended 30 June 2020 of 9.0 cents per share (2019: 8.0 cents per share), distributed on 19 March 2020 (2019: 15 March 2019)	11,225	9,961
Interim dividends associated with LTIP	(162)	(197)
DIVIDENDS PAID PER STATEMENT OF CASH FLOWS	**26,355**	**23,189**

All dividends paid or declared during the current year are fully franked.

The final dividend for the year ended 30 June 2019 was paid out of the 2019 financial year profits. The interim dividend for the year ended 30 June 2020 was paid out of the 2020 financial half year profits.

No final dividend has been declared or proposed for the year ended 30 June 2020.

Pursuant to the Group's financing arrangements, no dividends are permitted to be paid prior to December 2021 without bank consent.

Note 6. Earnings per share

(a) Basic and diluted earnings per share (EPS)

	CONSOLIDATED	
	2020 cents	2019 Restated cents
Basic EPS attributable to the ordinary equity holders of the Company	(56.5)	31.4
Diluted EPS attributable to the ordinary equity holders of the Company	(56.5)	30.8

(b) Reconciliation of earnings used in calculating EPS

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Profit/(loss) after income tax expense	(69,985)	38,043
Adjusted for profit/(loss) attributable to the non-controlling interest	111	(35)
NET PROFIT/(LOSS) FOR THE YEAR USED IN CALCULATING EPS	**(69,874)**	**38,008**

(c) Weighted average number of shares (WANOS)

	CONSOLIDATED	
	2020 Number of shares	2019 Number of shares
WANOS USED IN CALCULATING BASIC EPS	**123,737,691**	**120,884,688**
Adjustment for shares issued under franchise loyalty plan	2,466	258,456
Adjustment for shares issued under LTIP	-	2,200,000
WANOS USED IN CALCULATING DILUTED EPS	**123,740,157**	**123,343,144**

Shares issued under the franchise loyalty plan and the LTIP prior to vesting conditions being met are excluded from basic EPS due to the terms and conditions attached to these shares.

The franchise loyalty shares prior to vesting date are included in diluted EPS, reflecting the forward non-market vesting conditions and the nil consideration paid on the issue of the shares. At 30 June 2019, 30,000 shares issued under the franchise loyalty plan had not vested and were subject to future non-market conditions. These shares subsequently vested on 31 July 2019, with no further shares remaining under the franchise loyalty plan at 30 June 2020.

The LTIP shares prior to vesting date are included in diluted EPS, when the forward market vesting conditions attached to these shares have been met. In the prior year, this included 2,200,000 shares in relation to the LTIP share allocation granted on 1 July 2016, which vested on 1 July 2019.

The LTIP shares prior to vesting date are excluded from diluted EPS, until the forward market vesting conditions attached to these shares have been met. For the year ended 30 June 2020, Helloworld Travel has a weighted average number of potential ordinary shares relating to the LTIP of 980,685 (2019: 1,204,384) which have been excluded from diluted EPS. At 30 June 2020, there are 850,000 (2019: 1,050,000) shares issued under the LTIP that have that have not yet vested and are subject to future performance criteria.

(d) Information concerning the classification of securities

As at 30 June 2020, the Company had 124,720,842 (2019: 124,658,076) ordinary shares on issue. Refer note 11: issued capital for further details on the movement of ordinary shares during the current year.

Note 7. Income tax expense

The major components of income tax expense recognised in the consolidated statement of profit or loss and other comprehensive income are:

(a) Income tax expense

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Current income tax expense	6,061	9,966
Deferred income tax expense	(5,644)	5,781
Adjustment in respect of current tax expense of previous year	689	612
INCOME TAX EXPENSE	**1,106**	**16,309**
Deferred income tax expense relates to the origination and reversal of temporary differences and comprises:		
(Increase)/decrease in deferred tax assets	1,120	(1,058)
Increase in deferred tax liabilities	(6,764)	6,839
DEFERRED INCOME TAX EXPENSE	**(5,644)**	**5,781**

(b) Reconciliation of income tax expense and tax at the statutory rate

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	**(68,879)**	**54,352**
Tax at the statutory tax rate of 30%	(20,664)	16,298
Add/(deduct) tax effect of:		
Gain on disposal of non-current assets	231	(604)
Non-deductible amortisation	526	415
Non-deductible non-cash impairment	19,650	-
Share based payment expense	59	444
Non-assessable income	(1,198)	(840)
Non-deductible other expenses	1,949	190
Tax losses	(18)	452
Differences in overseas tax rates	(100)	(240)
Tax offset for franked dividends from equity accounted investments	(18)	(429)
Under provision in prior year	689	612
INCOME TAX EXPENSE	**1,106**	**16,309**

(c) Tax expense relating to items of other comprehensive income

	CONSOLIDATED	
	2020 $'000	2019 $'000
Cash flow hedges	(109)	(214)
TOTAL TAX (BENEFIT)/EXPENSE RELATING TO ITEMS OF OTHER COMPREHENSIVE INCOME	**(109)**	**(214)**

(d) Tax losses not recognised

	CONSOLIDATED	
	2020 $'000	2019 $'000
Unused tax losses for which no deferred tax asset has been recognised	-	171
Potential tax benefit at statutory tax rates	-	51

All unused tax losses were incurred by non-Australian entities that are not part of the Australian tax consolidated group.

During the current year, Helloworld Travel divested its U.S Wholesale Division and undertook additional business restructuring initiatives in Manila, Philippines and Mumbai, India. As a result, the unused tax losses for which no deferred tax asset has been recognised by non-Australian entities will not be utilised in future periods by the Group.

(e) Unrecognised temporary differences

The Group had undistributed earnings for controlled entities which if paid out as dividends would be non-assessable exempt income and not subject to tax in the hands of the recipient. Therefore, no deferred tax liability has been recorded in relation to the undistributed earnings.

Note 8. Cash and cash equivalents

	CONSOLIDATED	
	2020 $'000	2019 $'000
Cash at bank and on hand (i)	103,510	74,713
Restricted cash at bank (ii)	28,351	130,042
CASH AND CASH EQUIVALENTS	**131,861**	**204,755**

(i) Cash at bank and on hand

Includes client cash which is not IATA restricted.

(ii) Restricted cash at bank

Includes cash held of $24.4 million (2019: $130.0 million) within legal entities of the Group that have International Air Transport Association (IATA) requirements as part of providing ticketing travel arrangements. Qantas Holidays Pty Ltd was IATA restricted in the prior year (representing $81.0 million of cash at 30 June 2019). $4.0 million (2019: nil) relates to amounts borrowed to fund the TravelEdge acquisition. Payment is subject to satisfaction of certain conditions.

Note 9. Impairment of non-current assets

(a) Cash generating units

Australia retail distribution operations CGU, Australia wholesale and inbound CGU and Australia travel management CGU make up the Australia reportable segment for management reporting purposes. TravelEdge Group, acquired on 1 October 2019, is reported as part of the Australia travel management CGU. The New Zealand CGU equates to the New Zealand reportable segment for management reporting purposes, and includes Atlas Limited which was acquired on 1 October 2019. There is no goodwill allocated to the Rest of World CGU, which equates to the Rest of World reportable segment for management reporting purposes.

(b) Investment in Mobile Travel Holdings Pty Limited and its subsidiaries (MTA)

MTA's mobile travel consultants provide home based travel consulting services throughout Australia.

(c) Value in Use

The recoverable amount of the Group's CGU's and the Group's investment in MTA is determined based on the value in use calculations given the Group derives its value through use and has no intention to sell these assets. These calculations use cash flow projections for the next five financial years and a steady state terminal value calculation at the end of year 5. There were no changes to valuation methodology in the current financial year.

The financial performance of the Group is significantly related to demand for domestic and international travel. COVID-19 has caused unprecedented impacts to travel and tourism as a result of border closures, mandatory quarantine periods and restrictions on domestic and international travel. As a consequence, the Group has recognised a total non-cash impairment loss of $67.1 million as outlined below.

The non-cash impairment charge relating to goodwill and commercial agreements has no impact on the Group's banking covenants.

YEAR ENDED 30 JUNE 2020 2018	Impairment of non-current assets $'000
GOODWILL	
Australia Wholesale and Inbound (i)	51,800
TravelEdge (ii)	13,700
IMPAIRMENT LOSS RELATING TO GOODWILL	**65,500**
Commercial Agreements	1,507
Right of Use assets	90
TOTAL IMPAIRMENT LOSS (PER CONSOLIDATED STATEMENT OF PROFIT OR LOSS)	**67,097**

(i) **Australia wholesale and inbound:** The Group's Australia wholesale and inbound CGU is predominantly leveraged to international travel and is therefore expected to generate materially lower cash flows (relative to pre-COVID-19 levels) over coming years.

(ii) **TravelEdge Group:** TravelEdge Group was acquired on 1 October 2019 and prior to COVID-19, was expected to contribute earnings and cash flows commensurate with the purchase price. In light of COVID-19, TravelEdge Group's near-term cash flows will be below those assumed at the time of acquisition. TravelEdge Group historically derived around 30% of its TTV from international travel. AASB 136 Impairment of Assets requires TravelEdge Group to be tested for impairment immediately before being absorbed into the Australia travel management CGU.

Key assumptions

The Group's rationale and explanation of the assumptions used in the value in use calculations are described below.

AREA	COMMENTARY
Domestic travel restrictions	The impact of COVID-19 has continued to evolve. A Stage 4 lockdown remains in place across parts of Victoria, including Melbourne. Domestic borders within Australia remain constrained. In August 2020, New Zealand reimposed strict lockdowns. These actions adversely impact domestic travel and tourism. The Group's forecasts assume that current domestic border restrictions remain in place through to the end of 2020.
International travel restrictions	The Group's forecasts assume that current restrictions on Australian residents travelling overseas will be extended to the end of 2020. Trans-Tasman travel is assumed to commence in early 2021, and will grow as a proportion of TTV when compared to historical levels. International travel is forecast to gradually increase from July 2021 which is predicated upon further easing of international border restrictions. In the absence of a vaccine, international border openings likely dependent on containment of COVID-19 in such countries and the establishment of additional screening in airports and ports which are currently being explored by international agencies such as IATA and the World Health Organisation.
TOTAL TRANSACTION VALUE (TTV)	
Australia retail distribution operations CGU	The majority of TTV has historically been derived from outbound international travel. FY21 TTV is forecast to be 88.1% lower than FY19 levels, before gradually recovering to FY19 levels by FY25, consistent with IATA's July 2020 estimates.
Australia wholesale and inbound CGU	The majority of TTV has historically been derived from international travel. FY21 TTV forecast to be 93.0% lower than FY19 levels. FY25 TTV is expected to approximate FY19 levels.
Australia travel management CGU	FY21 TTV forecast to be 82.8% lower than FY19 levels (adjusting for the acquisition of the TravelEdge Group). Relative to FY19 levels, TTV is forecast to recover to FY19 levels by FY24. This CGU has a higher relative proportion of domestic travel by corporate customers when compared to the Australia retail distribution operations CGU and Australia wholesale and inbound CGU.
New Zealand	The New Zealand CGU comprises inbound and outbound leisure and corporate travel. FY21 TTV forecast to be 86.6% lower than FY19 levels. Due to strong growth in TTV pre COVID-19, the forecast recovery results in FY23 TTV exceeding that achieved in FY19.
Revenue margins	Revenue margins are forecast to remain at historical levels for each revenue stream, allowing for changes in TTV mix within the respective CGU.
OPERATING EXPENSES	
Employee benefits expenses	Are forecast based on the significantly reduced cost structure implemented as a result of COVID-19 and are net of JobKeeper subsidy which is assumed to be collected through to cessation of the benefit in March 2021. Expenditure is forecast to increase in dollar terms from FY21 to FY25 in line with the forecast TTV trends outlined above and assumes the extension of reduced a workforce until travel returns and attrition. As a percentage of revenue, employee benefits expenses are forecast to revert to pre- COVID-19 levels between FY22 and FY25.
Other expenses	Variable costs have been forecast as a percentage of TTV or revenue, based on historical trends. Fixed costs are forecast to remain at historical levels, adjusted only for discretionary expenditure and committed cost reductions.
Tax	Tax is forecast based on the prevailing corporate tax rates that apply to the CGU.
Capital expenditure	Forecast capital expenditure is based on historical levels, adjusted to exclude relocation costs and expansion or growth related items which have been incurred in prior years.
Working capital	Working capital movements are forecast net of movements in client cash. Working capital is forecast based on forecast revenues. Employee leave entitlements are forecast to reduce (resulting in cash outflows) through attrition between FY21 – FY25 as the Group's workforce reduces to levels commensurate with TTV.
Long-term growth	The terminal value calculations have an equivalent revenue and operating expense growth assumption of 2.0% (2019: 2.5%), with the exception of Australia Wholesale and Inbound CGU (0.5%; 2019: 2.5%). Revenue and operating expense growth projections have been benchmarked against long-term inflation estimates.
Discount rates	Discount rates applied in the testing of recoverable amounts reflect the post-tax weighted average cost of capital. An 11.5% discount rate has been applied to the respective CGU's with goodwill allocated (2019: 10.0%). The increase in the post-tax discount rate applied in the current year reflects the estimation uncertainty resulting from COVID-19.

Sensitivity analysis

It is not certain how long the current domestic and international travel restrictions will continue, and the recovery profile as travel restrictions are eased. The following outlines the impacts of changes in material assumptions.

The recoverable amount is based on operating and cashflow performance stabilising, however the timing of cashflow benefits arising from initiatives could be influenced by market conditions. The recoverable amount is sensitive to changes in all of the key assumptions. The impact of these changes in key assumptions is shown in the table below and has been calculated in isolation from other changes.

	RESULTANT IMPAIRMENT CHANGE		
	TTV reduction to key assumption (notes 1 and 2) 5.0%	Long-term growth decrease 0.5%	Discount rate increase 0.5%
GOODWILL			
Australia retail distribution operations	No impairment	No impairment	No impairment
Australia wholesale and inbound	Additional impairment of $11.3 million	Additional impairment of $2.2 million	Additional impairment of $3.2 million
Australia travel management	No impairment	No impairment	No impairment
TravelEdge	Additional impairment of $1.4 million	Additional impairment of $0.4 million	Additional impairment of $0.6 million
New Zealand	No impairment	No impairment	No impairment
MTA	Impairment of $0.1 million	No impairment	No impairment

Note 1: Total Transaction Value (TTV) is a non-statutory measure. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is therefore derived from TTV. TTV does not represent revenue in accordance with Australian Accounting Standards. TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier.

Note 2: a reduction in forecast TTV has a corresponding impact on forecast revenues and variable operating expenditures, working capital and tax.

Note 10. Borrowings

	CONSOLIDATED	
	2020 $'000	2019 $'000
Secured bank loans	101,000	57,000
Deferred borrowings costs	(481)	(572)
NON-CURRENT BORROWINGS	**100,519**	**56,428**

(a) Financing arrangements

The Group has secured financing arrangements with the Westpac Banking Corporation (Westpac) of $119.0 million (2019: $90.0 million) as outlined below:

	Expiry Date	CONSOLIDATED 2020 $'000	2019 $'000
Secured bank loan – multi currency	Facility A - May 2022	40,000	40,000
Secured multi-option revolving credit facility	Facility B - May 2022	30,000	30,000
Secured bank loan facility – AUD	Facility C – April 2022	20,000	20,000
Secured bank loan facility – TravelEdge acquisition (i)	Facility D – September 2022	29,000	-
TOTAL FACILITIES		**119,000**	**90,000**
Secured bank loan – multi currency		39,500	39,500
Secured multi-option revolving credit facility		17,500	17,500
Secured bank loan facility – AUD		15,000	-
Secured bank loan facility – TravelEdge acquisition (i)		29,000	-
FACILITIES DRAWN DOWN AT THE REPORTING DATE		**101,000**	**57,000**
Secured multi-option revolving credit facility		8,623	12,017
Secured bank loan facility – AUD		2,888	-
BANK GUARANTEES AND LETTERS OF CREDIT AT THE REPORTING DATE		**11,511**	**12,017**
Secured bank loan – multi currency		500	500
Secured multi-option revolving credit facility		3,877	483
Secured bank loan facility – AUD		2,112	20,000
UNUSED AT THE REPORTING DATE		**6,489**	**20,983**

(i) Secured bank loan facility – TravelEdge acquisition

On 25 September 2019, Helloworld Travel entered into bank loan facility to finance the acquisition of TravelEdge. The expiry of this facility has been extended to September 2022.

As at 30 June 2020, $29.0 million of the facility had been drawn down, with $22.6 million paid as cash consideration for the acquisition of TravelEdge, $4.0 million has been retained by the Group pending satisfaction of certain conditions (refer note 8: cash and cash equivalents); and the remainder applied to working capital requirements.

(b) Secured multi-option revolving credit facility

At 30 June 2020, Helloworld Travel renegotiated the terms and conditions of its Westpac Banking Corporation (Westpac) facility agreements, totalling $119.0 million. The key changes are outlined below:

- The term of facilities C and D totalling $49.0 million were extended from their original expiration date. As a result, all facilities are classified as non-current at 30 June 2020.
- During the current financial year, there have been no breaches of the Westpac debt covenants. On 30 June 2020, Helloworld renegotiated its banking covenants which provides Helloworld Travel with additional flexibility to manage its liquidity during the COVID-19 pandemic.

The Group's loans incorporate certain market standard covenants such as interest cover ratio and net leverage ratio. Westpac has agreed to covenant waivers and suspensions of certain financial covenants.

At 30 June 2020, short dated facilities totalling $17.9 million and $29.0 million were extended by 12 months, expiring April 2022 and September 2022 respectively. The renewed pricing facility remains unchanged. With respect to covenants, the Leverage ratio was waived between December 2020 and June 2021; the Interest Cover ratio was significantly relaxed; and a minimum monthly liquidity (as defined in the Facilities Agreement) requirement was introduced of $35.0 million. No dividends can be paid prior to December 2021 without Bank consent.

Subsequent to year-end, additional covenant amendments were negotiated with the Westpac including the suspension of net Leverage and Interest cover ratios for the calculation dates between September 2020 and September 2021. The monthly Liquidity requirement was increased from $35.0 million to $70.0 million at 30 September 2020; $60.0 million during quarter 4 calendar 2020 and from 1 January 2021 $50.0 million. The amount of $50.0 million is subject to negotiation in good faith after 1 October 2021. The covenants are to be tested quarterly. The Company has agreed quarterly normalised EBITDA thresholds for the period 1 July 2020 to 30 September 2021, if the thresholds are not achieved a review event will trigger.

The Group has complied with the financial covenants of its borrowing facilities during the relevant 2020 and 2019 periods.

(c) Bank guarantees and letters of credit

Facilities used at 30 June 2020 of $112.5 million (June 2019: $69.0 million) includes bank guarantees and letters of credit on issue totalling $11.5 million (June 2019: $12.0 million).

(d) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
SECURED BANK LOAN	**101,000**	**57,000**

The financing arrangements are secured over the assets of the entities in the Deed of Cross Guarantee and certain New Zealand entities within the Group, which form the "obligor group" as defined under the Westpac facility agreement. The obligor group includes the group parent entity of Helloworld Travel Limited and its investment holdings in subsidiaries.

(e) Set-off of assets and liabilities

There are currently no contractual arrangements establishing a legal right to set-off assets and liabilities with any financial institutions.

(d) Fair values and risk exposures

Information about the carrying amounts and fair values of interest bearing liabilities, including exposure to interest rate and foreign currency changes, is provided in note 12: financial risk management.

Note 11. Issued capital

(a) Shares on issue

	2020 shares	2019 shares	2020 $'000	2019 $'000
Issued capital – fully paid	123,870,842	121,378,076	419,492	416,346
Issued capital – issued, but not vested (i)	850,000	3,280,000	(26)	(127)
ISSUED CAPITAL	**124,720,842**	**124,658,076**	**419,466**	**416,219**

Holders of ordinary shares in Helloworld Travel are entitled to receive dividends as declared from time to time and are entitled to one vote per share at Helloworld Travel shareholders' meetings. In the event of the winding up of Helloworld Travel, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation. Ordinary shares have no par value and Helloworld Travel does not have a limited amount of authorised capital.

(i) Issued capital – issued, but not vested

Issued, but not vested capital relates to shares that have been issued under the LTIP and the franchise loyalty plan which have not yet met their future vesting conditions. During the current year, 2,200,000 loan funded LTIP shares granted on 1 July 2016 met their vesting conditions, 30,000 shares under the franchise loyalty plan vested for nil consideration and 200,000 shares relating to the LTIP did not meet vesting conditions and were relinquished by the participants. As a result, the issued, but not vested capital decreased by 2,430,000 shares.

(b) Movements in shares on issue

The total secured liabilities (current and non-current) are as follows:

CONSOLIDATED	Date	Number of Shares	$'000
BALANCE	**1 July 2018**	**124,508,076**	**408,495**
Forfeited LTIP shares converted to fully paid capital (i)	28 August 2018	-	2,600
Forfeited LTIP shares converted to fully paid capital (i)	29 August 2018	-	1,300
Forfeited franchise loyalty plan shares converted to fully paid capital (ii)	29 August 2018	-	26
Vested and exercised franchise loyalty plan shares (iii)	31 October 2018	-	2,567
Transfer of shares issued under legacy performance rights	31 October 2018	-	1,250
Forfeited LTIP shares (iv)	26 March 2019	150,000	-
Costs associated with selling forfeited shares		-	(19)
BALANCE	**30 June 2019**	**124,658,076**	**416,219**
BALANCE	**1 July 2019**	**124,658,076**	**416,219**
Forfeited LTIP shares utilised as purchase consideration (iv)	1 July 2019	-	669
Issue of new shares (iv)	1 July 2019	62,766	280
Acquisition of shares (v)	16 December 2019	-	(671)
Issue of shares to employees (v)	17 December 2019	-	671
Proceeds on repayment of LTIP related loans (vi)	23 August 2019 to 30 December 2019	-	2,301
Costs associated with capital raising		-	(3)
BALANCE	**30 June 2020**	**124,720,842**	**419,466**

(i) Forfeited LTIP shares converted to fully paid capital

During the prior year, 900,000 shares relating to the LTIP did not meet vesting conditions and were relinquished by the participants. These shares were subsequently disposed of at a weighted average share price of $5.08, amounting to $4.6 million, of which $3.9 million was received in the prior year. As a result, these shares are now fully paid and no longer subject to the previous vesting conditions.

(ii) Forfeited franchise loyalty plan shares converted to fully paid capital

During the prior year, 5,000 shares relating to the franchise loyalty plan did not meet vesting conditions and were relinquished by the participants. These shares were subsequently sold on market at a share price of $5.20, resulting in proceeds of $26,000. As a result, these shares are now fully paid and no longer subject to the previous vesting conditions.

(iii) Vested and exercised franchise loyalty plan shares

On 31 October 2018, 675,500 shares under the franchise loyalty plan vested at nil consideration. As at 30 June 2020, there are nil (2019: 30,000) shares issued under the franchise loyalty plan. The share based payment expense relating to the vested franchise loyalty shares was transferred to issued capital in the prior year.

(iv) Forfeited LTIP shares utilised as purchase consideration

During the prior year, 150,000 shares relating to the LTIP did not meet vesting conditions and were relinquished by the participants. On 1 July 2019, these 150,000 shares ($0.7 million) along with a further 62,766 ($0.3 million) were provided as part of the purchase consideration for commercial agreements entered into in New Zealand for the distribution of travel products as part of the Group's distribution expansion.

(v) New omnibus incentive plan

At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders voted for the adoption of the Helloworld Travel Limited Omnibus Incentive Plan (the Plan). Under the Plan, the Group can reward and incentivise employees, directors (including both executive and non-executive directors), contractors and consultants by offering shares, performance rights or options. Any financial instruments granted under the Plan are held via an employee share trust (the Trust) established with Perpetual Corporate Trust Limited.

On 16 December 2019, 146,932 shares were purchased under the Plan at a cost of $4.57 per share, amounting to $671,479, which has been recorded as a share based payment expense in the current year. These shares have been granted to employees that have met eligibility criteria, up to the value of $1,000 per employee. These shares are held by the Trust and will be transferred to the employees upon the earlier of resignation or completion of three years of service from grant date. No shares were granted or issued to non-executive directors.

(vi) Proceeds on repayment of LTIP related loans

On 1 July 2019, 2,200,000 loan funded LTIP shares granted on 1 July 2016 met their vesting conditions as determined by the Board, based on meeting Total Shareholder Returns (TSR) and individual Key Performance Indicator (KPI) targets over the three year vesting period. As at 30 June 2020, there were 850,000 (2019: 3,250,000) LTIP shares that had not yet vested and were subject to future performance criteria.

During the current financial year, repayments associated with 2,200,000 of loan funded LTIP shares totalling $2.3 million were received and have been recognised in issued capital. In addition, $0.3 million of dividends were offset against the outstanding loan balance during the current finance year.

Note 12. Financial risk management

The Group holds the following financial instruments:

	CONSOLIDATED 2020 $'000	2019 Restated $'000
FINANCIAL ASSETS		
Cash and cash equivalents	131,861	204,755
Trade and other receivables (excluding contingent consideration receivable)	37,337	87,710
FINANCIAL ASSETS AT AMORTISED COST	**169,198**	**292,465**
Contingent consideration receivable (i)	170	1,233
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**170**	**1,233**
DERIVATIVE FINANCIAL INSTRUMENTS (ii)	**-**	**368**
FINANCIAL LIABILITIES		
Trade and other payables (iii)	99,816	210,944
Borrowings (excluding deferred borrowings costs)	101,000	57,000
FINANCIAL LIABILITIES AT AMORTISED COST	**200,816**	**267,944**
Redemption liability (i)	1,200	4,800
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**1,200**	**4,800**

Trade and other receivables (excluding contingent consideration receivable) consists of current trade and other receivables of $41.9 million (2019: $97.1 million) less prepayments of $9.1 million (2019: 14.1 million), plus non-current trade and other receivables of $$4.7 million ($5.9 million) less contingent consideration receivable of $0.2 million (2019: $1.2 million).

(i) Fair value measured using level 3 inputs which are not based on observable market data.

(ii) Fair valued measured using level 2 inputs which are based on valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.

(iii) The Group made retrospective adjustments as a result of adopting AASB 16, refer note 14 changes in accounting standards.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Helloworld Travel manages short term liquidity risk by matching surplus and deficit cash flows throughout the Group. In addition, the Group ensures that there is further excess liquidity based on an ongoing assessment of the current operating environment, in the event that unexpected circumstances should arise.

Management monitors rolling forecasts of the Group's liquidity reserves (comprising the undrawn facilities outlined in note 10: borrowings) and cash and cash equivalents (outlined in note 8: cash and cash equivalents) on the basis of expected cash flows. Financing arrangements, including details on the interest bearing liabilities and facilities and maturity dates, are contained in note 10: borrowings. Due to the current disruption in the travel industry, Helloworld has taken additional measures to ensure liquidity is managed prudently, refer note 1 (c) going concern.

Subsequent to year end, Helloworld Travel completed a $50.0 million fully underwritten equity raise ($48.5 million net of costs) to strengthen the balance sheet and provide additional liquidity to manage the prolonged period of disruption to the global travel industry. Refer note 13 events after the reporting period for further information.

(i) Maturities of financial liabilities

The tables below analyse and arrange the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- All non-derivative financial liabilities; and
- Net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

CONSOLIDATED - 2020	Carrying value $'000	Contractual maturities of financial liabilities Less than 6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
FINANCIAL LIABILITIES									
Trade and other payables	99,816	99,816	-	-	-	-	-	-	**99,816**
Lease liabilities	29,759	4,714	4,772	7,438	5,539	3,403	3,356	2,200	**31,422**
Restructuring provision	5,886	5,886	-	-	-	-	-	-	**5,886**
Redemption liability	1,200	-	-	-	1,200	-	-	-	**1,200**
Interest bearing liabilities – secured (i)	101,000	1,100	1,083	74,025	29,146	-	-	-	**105,354**
Bank guarantees and letter of credit	-	2,730	3,039	1,380	841	455	-	3,066	**11,511**
TOTAL	**237,661**	**114,246**	**8,894**	**82,843**	**36,726**	**3,858**	**3,356**	**5,266**	**255,189**

CONSOLIDATED - 2019	Carrying value $'000	Contractual maturities of financial liabilities Less than 6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
FINANCIAL LIABILITIES									
Trade and other payables	210,944	210,944	-	-	-	-	-	-	**210,944**
Lease liabilities (restated)	28,495	4,429	3,806	5,577	5,896	4,324	2,225	3,838	**30,095**
Redemption liability	4,800	-	-	-	-	4,800	-	-	**4,800**
Interest bearing liabilities – secured (i)	57,000	1,237	1,218	2,409	59,084	-	-	-	**63,948**
Bank guarantees and letter of credit	-	2,158	5,518	-	1,071	42	-	3,227	**12,016**
TOTAL	**301,239**	**218,768**	**10,542**	**7,986**	**66,051**	**9,166**	**2,225**	**7,065**	**321,803**

(i) Excludes deferred borrowing costs.

(b) Credit risk

The Group undertakes transactions with a large number of customers and other counterparties in various countries in accordance with Board approved policy. Credit risk arises from the possibility that a counterparty will default on its contractual obligation relating to cash and cash equivalents, trade and other receivables, accrued revenue and favourable derivatives, resulting in financial loss to the Group. Credit risk is measured at fair value.

The table below sets out the maximum exposure to credit risk as at 30 June:

	CONSOLIDATED 2020 $'000	 2019 Restated $'000
Cash and cash equivalents	131,861	204,755
Trade and other receivables (including contingent consideration receivable)(i)	46,625	103,080
Accrued revenue	34,482	66,681
Derivative financial instruments	-	368
TOTAL CREDIT RISK EXPOSURE	**212,968**	**374,884**

(i) The Group made retrospective adjustments as a result of adopting AASB 16, refer note 14 changes in accounting standards.

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued revenue.

On this basis, the loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for both trade receivables and accrued revenue:

CONSOLIDATED - 2020	Not past due $'000	Past Due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	More than 90 days $'000	Total $'000
Trade receivables	13,170	1,214	1,371	7,898	5,358	**29,011**
Accrued revenue	38,182	-	-	-	-	**38,182**
GROSS CARRYING AMOUNTS	**51,352**	**1,214**	**1,371**	**7,898**	**5,358**	**67,193**
Expected loss rate	7.7%	1.6%	1.4%	13.0%	59.6%	
Trade receivables	(253)	(20)	(20)	(1,029)	(3,195)	**(4,517)**
Accrued revenue	(3,700)	-	-	-	-	**(3,700)**
LOSS ALLOWANCES	**(3,953)**	**(20)**	**(20)**	**(1,029)**	**(3,195)**	**(8,217)**
NEITHER PAST DUE NOR IMPAIRED	**47,399**	**1,194**	**1,352**	**6,869**	**2,163**	**58,976**

The Group recognised a larger allowance for expected credit losses due to the COVID-19 pandemic. The gross carrying amount of trade receivables and accrued revenue as at 30 June 2020 was assessed based on management's judgement using information available at the time. The allowance incorporates management's review of specific debtors which have been individually assessed due to indications that the debt owed may not be repaid.

The expected credit loss allowance includes the following:

- A total provision of $1.5 million has been raised against the Virgin Group's receivables. A further, $2.0 million was recognised as a reduction in accrued revenue.
- In addition, provisions of $6.7 million were made across a number of other customers and suppliers, where information available at the time indicated that the debt owed may not be repaid. The full amount has been expensed through the expected credit loss.

As at 30 June 2020, trade receivables of $11.6 million (2019: $14.3 million) were aged between 1 and more than 90 days past due but not impaired. These relate to a number of independent counterparties for whom there is no recent history of default.

CONSOLIDATED - 2019	Not past due $'000	Past Due 1-30 days $'000	Past due 31-60 days $'000	Past due 61-90 days $'000	More than 90 days $'000	Total $'000
Trade receivables	61,720	7,219	4,396	1,985	1,395	**76,715**
Accrued revenue	66,681	-	-	-	-	**66,681**
GROSS CARRYING AMOUNTS	**128,401**	**7,219**	**4,396**	**1,985**	**1,395**	**143,396**
Expected loss rate	-	0.1%	1.4%	13.5%	42.9%	
Trade receivables	-	(10)	(59)	(236)	(419)	**(724)**
Accrued revenue	-	-	-	-	-	**-**
LOSS ALLOWANCES	**-**	**(10)**	**(59)**	**(236)**	**(419)**	**(724)**
NEITHER PAST DUE NOR IMPAIRED	**128,401**	**7,209**	**4,337**	**1,749**	**976**	**142,672**

Movements in the loss allowance for both trade receivables and accrued revenue are as follows:

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
BALANCE AT 1 JULY	**724**	**589**
Acquisitions through business combinations	20	31
Additional loss allowance recognised	7,666	461
Writeback of loss allowance	61	(213)
Receivables written off during the year as uncollectable	(272)	(152)
Other	18	8
BALANCE AT 30 JUNE	**8,217**	**724**

During the current year, a loss allowance of $7.7 million (2019: $0.5 million) relating to receivables and accrued revenue arising from contracts with customers was recognised in the statement of profit or loss and other comprehensive income.

(c) Net fair values

The net fair values of current cash and cash equivalents and non-interest bearing current financial assets and current financial liabilities approximate their carrying values due to their short maturity.

The fair values of interest bearing financial assets and liabilities, together with their carrying amounts in the statement of financial position, are as follows:

	2020		2019	
CONSOLIDATED	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
Interest bearing assets – non-current	4,397	4,397	4,501	4,501
TOTAL ASSETS	**4,397**	**4,397**	**4,501**	**4,501**
Interest bearing liabilities – non-current	100,519	101,000	56,428	57,000
TOTAL LIABILITIES	**100,519**	**101,000**	**56,428**	**57,000**

Note 13. Events after the reporting period

No matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years except for the following items:

(a) Equity raising

Subsequent to year end, Helloworld Travel completed a $50.0 million fully underwritten equity raise to strengthen the balance sheet and provide additional liquidity to manage the prolonged period of disruption to the global travel industry.

The $50.0 million equity raise comprised of an institutional placement and an entitlement offer ($48.5 million net of costs). It resulted in the issue of 30.3 million new fully paid ordinary shares in Helloworld Travel, representing approximately 24.3% of existing shares on issue. The shares ranked equally with existing shares on issue. The issue price of $1.65 per share represented a 16% discount to the last traded price prior to announcement of the equity raise of $1.97 on 15 July 2020.

(b) Westpac loan facility banking covenants

Subsequent to year-end, with respect to Borrowings, additional covenant amendments were negotiated with Westpac, refer note 10 borrowings.

(c) Restructure of the New Zealand business

Post year end, the Group commenced a restructure of our New Zealand operations, further reducing headcount by 160 personnel at a cost of $2.4 million including all entitlements. The charge will be reflected in our FY21 statutory results.

(d) Further government travel restrictions in response to COVID-19 pandemic

The impact of COVID-19 has continued to evolve. A Stage 4 lockdown remains in place across parts of Victoria, including Melbourne. Domestic borders within Australia remain constrained. In August 2020, New Zealand reimposed strict lockdowns. These actions adversely impact domestic travel and tourism.

Note 14. Changes in accounting standards

The Group has applied AASB 16 for the first time for the full year reporting period commencing 1 July 2019. The Group has adopted this accounting standard using the full retrospective approach, where comparatives have been restated to align with the new accounting standard. As a result, the initial date of applying the new standard is the beginning of the comparative period on 1 July 2018.

(a) AASB 16: Leases

AASB 16 replaces previous leases guidance, including AASB 117: Leases (AASB 117), Interpretation 4: Determining whether an Arrangement contains a Lease, Interpretation 115: Operating Leases – Incentives and Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 introduces a single, on balance sheet lease accounting model for lessees. The adoption of this new standard has resulted in the Group recognising a right of use asset and related lease liability in connection with all operating leases except for those identified as low value or those having a lease term of less than 12 months. Depreciation of right of use assets and interest on lease liabilities is charged to the profit or loss statement and replaces straight line operating lease expense. Lessor accounting does not change under the new standard with lessors continuing to classify leases as finance or operating leases.

(i) Measurement and recognition

AASB 16 primarily impacts the Group's accounting for operating leases relating to commercial office premises, retail properties and motor vehicles. The Group's leases are typically for fixed periods between 3 to 10 years and may include extension options. Lease terms are negotiated on an individual lease basis and contain a wide range of different terms and conditions. None of the Group's lease agreements impose any covenants, however leased assets may not be used as security for borrowing purposes.

Payments made under operating leases, less any incentives received from the lessor, were previously charged to the profit or loss statement on a straight line basis over the period of the lease pursuant to the requirements of AASB 117. In applying AASB 16, a right of use asset representing the right to use the underlying asset and a corresponding lease liability representing the obligation to make lease payments are recognised at the date at which the leased asset is available for use by the Group.

The right of use asset is measured at cost, comprising the following:

- initial measurement of the lease liability;
- lease payments made in advance of the lease commencement date less any incentives received;
- initial direct costs; and
- estimate of any costs to dismantle and remove the asset at the end of the lease.

The Group depreciates the right of use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The Group also assesses the right of use assets for impairment when such indicators exist.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease where that rate is readily available or using the Group's incremental borrowing rate for the respective period the lease was entered.

Lease payments included in the measurement of the lease liability consist of:

- fixed payments less any incentives receivable;
- variable payments based on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability is reduced for payments made and increased for interest incurred. The liability is remeasured to reflect any reassessment or modification, or if there are changes relating to in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is made to the value of the right of use asset, or the profit and loss statement if the right of use asset is already reduced to zero.

On initial recognition of the right of use asset and the lease liability, a corresponding deferred tax asset and deferred tax liability are recognised to reflect the temporary differences that arise.

Under AASB 16, the Group's accounting policy as a lessor has not changed from the comparative period. As a lessor, the Group continues to classify and record its leases as either operating or finance leases. A lease is classified as a finance lease if the arrangement transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not. The Group currently has not entered any finance leases.

The financial impact of applying AASB 16 under the full retrospective method on the comparative consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows, and the consolidated statement of financial position at 1 July 2018 and 30 June 2019, is outlined in note 14(b): transitional financial statement impacts.

(i) Measurement and recognition

Definition of lease

The definition of a lease has been applied pursuant to AASB 117 and Interpretation 4 to contracts entered into or modified before 1 July 2018.

The Group has determined that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on risks and rewards as outlined in AASB 117 and Interpretation 4.

Short term and low value leases

The Group has elected to apply the recognition exemptions to short term leases and leases of low value assets available under AASB 16. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term. Short term leases are leases with a lease term of 12 months or less. Low value assets comprise small items of office and information technology related equipment.

Extension and termination options

Extension and termination options are included in a number of the Group's property leases. In determining the lease term, which forms part of the initial measurement of the right of use asset and lease liability, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Due to the Group's continual focus on cost reduction and efficiency initiatives, the Group has determined in most cases where applicable, that it is not reasonably certain that options to extend or terminate those leases would be exercised.

(b) Transitional financial statement impacts

The Group has adopted AASB 16 under the full retrospective approach, where comparatives have been restated. There is no significant financial impact on net assets and profit after tax in the current year arising from the adoption of the new standard.

The opening consolidated statement of financial position as at 1 July 2018 has been restated, as well as the comparative period of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows. Line items that were not affected by the changes have not been presented in the statement of cash flows extract set out in part (iv). As a result, the sub-totals and totals disclosed in the statement of cash flows extract cannot be recalculated from the numbers provided.

(I) CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	30 Jun 2019 Reported $'000	AASB 16 Adjustments $'000	30 Jun 2019 Restated $'000
REVENUE	**357,562**	**-**	**357,562**
Employee benefits expenses	(139,390)	-	(139,390)
Advertising and marketing expenses	(35,696)	-	(35,696)
Selling expenses	(50,543)	-	(50,543)
Communication and technology expenses	(20,479)	-	(20,479)
Occupancy expenses	(12,902)	8,654	(4,248)
Operating expenses	(24,673)	66	(24,607)
Depreciation and amortisation expense	(20,420)	(7,923)	(28,343)
Finance expense	(2,421)	(933)	(3,354)
Profit on disposal of investments	2,013	-	2,013
Share of profit of associates accounted for using the equity method	1,437	-	1,437
PROFIT BEFORE INCOME TAX EXPENSE	**54,488**	**(136)**	**54,352**
Income tax expense	(16,334)	25	(16,309)
PROFIT AFTER INCOME TAX EXPENSE FOR THE YEAR	**38,154**	**(111)**	**38,043**
PROFIT FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest	38	(3)	35
Owners of Helloworld Travel Limited	38,116	(108)	38,008
	38,154	**(111)**	**38,043**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges	(759)	-	(759)
Income tax expense on cash flow hedges	214	-	214
Exchange differences on translation of foreign operations	1,888	(28)	1,860
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**1,343**	**(28)**	**1,315**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**39,497**	**(139)**	**39,358**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest	38	(3)	35
Owners of Helloworld Travel Limited	39,459	(136)	39,323
	39,497	**(139)**	**39,358**

	30 Jun 2019 Reported Cents	AASB 16 Adjustment Cents	30 Jun 2019 Restated Cents
Basic earnings per share	**31.5**	**(0.1)**	**31.4**
Diluted earnings per share	**30.9**	**(0.1)**	**30.8**

(II) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 1 JULY 2018

	30 Jun 2018 Reported $'000	AASB 16 Adjustment $'000	1 Jul 2018 Restated $'000
CURRENT ASSETS			
Cash and cash equivalents	203,528	-	203,528
Trade and other receivables	81,273	(758)	80,515
Accrued revenue	48,361	-	48,361
Inventories	524	-	524
Derivative financial instruments	1,471	-	1,471
TOTAL CURRENT ASSETS	**335,157**	**(758)**	**334,399**
NON-CURRENT ASSETS			
Trade and other receivables	2,489	-	2,489
Investments accounted for using the equity method	17,546	-	17,546
Investment properties	175	-	175
Property, plant and equipment	14,143	(279)	13,864
Right of use assets	-	21,222	21,222
Intangible assets	327,225	-	327,225
Deferred tax assets	1,957	209	2,166
TOTAL NON-CURRENT ASSETS	**363,535**	**21,152**	**384,687**
TOTAL ASSETS	**698,692**	**20,394**	**719,086**
CURRENT LIABILITIES			
Trade and other payables	196,158	(107)	196,051
Lease liabilities	-	9,898	9,898
Provisions	14,251	(903)	13,348
Deferred revenue	97,760	-	97,760
Income tax payable	8,124	-	8,124
Other current liabilities	807	(807)	-
TOTAL CURRENT LIABILITIES	**317,100**	**8,081**	**325,181**
NON-CURRENT LIABILITIES			
Borrowings	41,465	-	41,465
Lease liabilities	-	14,476	14,476
Deferred tax liabilities	37,128	(301)	36,827
Provisions	3,154	(127)	3,027
Other non-current liabilities	8,514	(995)	7,519
TOTAL NON-CURRENT LIABILITIES	**90,261**	**13,053**	**103,314**
TOTAL LIABILITIES	**407,361**	**21,134**	**428,495**
NET ASSETS	**291,331**	**(740)**	**290,591**
EQUITY			
Issued capital	408,495	-	408,495
Reserves	1,716	-	1,716
Accumulated losses	(120,338)	(736)	(121,074)
EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED	**289,873**	**(736)**	**289,137**
Non-controlling interest	1,458	(4)	1,454
TOTAL EQUITY	**291,331**	**(740)**	**290,591**

(III) CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	30 Jun 2019 Reported $'000	AASB 16 Adjustment $'000	30 Jun 2019 Restated $'000
CURRENT ASSETS			
Cash and cash equivalents	204,755	-	204,755
Trade and other receivables	97,605	(464)	97,141
Accrued revenue	66,681	-	66,681
Inventories	471	-	471
Derivative financial instruments	368	-	368
TOTAL CURRENT ASSETS	**369,880**	**(464)**	**369,416**
NON-CURRENT ASSETS			
Trade and other receivables	5,939	-	5,939
Investments accounted for using the equity method	17,109	-	17,109
Property, plant and equipment	18,267	(659)	17,608
Right of use assets	-	24,529	24,529
Intangible assets	338,344	102	338,446
Deferred tax assets	768	48	816
TOTAL NON-CURRENT ASSETS	**380,427**	**24,020**	**404,447**
TOTAL ASSETS	**750,307**	**23,556**	**773,863**
CURRENT LIABILITIES			
Trade and other payables	210,983	(39)	210,944
Lease liabilities	-	8,509	8,509
Provisions	15,451	171	15,622
Deferred revenue	96,939	-	96,939
Income tax payable	478	-	478
Other current liabilities	483	(483)	-
TOTAL CURRENT LIABILITIES	**324,334**	**8,158**	**332,492**
NON-CURRENT LIABILITIES			
Borrowings	56,428	-	56,428
Lease liabilities	-	19,986	19,986
Deferred tax liabilities	45,206	(542)	44,664
Provisions	3,352	(348)	3,004
Other non-current liabilities	7,970	(2,819)	5,151
TOTAL NON-CURRENT LIABILITIES	**112,956**	**16,277**	**129,233**
TOTAL LIABILITIES	**437,290**	**24,435**	**461,725**
NET ASSETS	**313,017**	**(879)**	**312,138**
EQUITY			
Issued capital	416,219	-	416,219
Reserves	721	(28)	693
Accumulated losses	(105,411)	(844)	(106,255)
EQUITY ATTRIBUTABLE TO THE OWNERS OF HELLOWORLD TRAVEL LIMITED	**311,529**	**(872)**	**310,657**
Non-controlling interest	1,488	(7)	1,481
TOTAL EQUITY	**313,017**	**(879)**	**312,138**

(IV) CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 (EXTRACT)

	30 Jun 2019 Reported $'000	AASB 16 Adjustment $'000	30 Jun 2019 Restated $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)	(3,330,740)	9,705	(3,321,035)
Finance costs paid	(2,244)	(933)	(3,177)
NET CASH FROM OPERATING ACTIVITIES	**40,460**	**8,772**	**49,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment (i)	(8,266)	468	(7,798)
NET FLOWS FROM INVESTING ACTIVITIES	**(30,283)**	**-**	**(29,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal elements of lease payments	-	(9,240)	(9,240)
NET CASH USED IN FINANCING ACTIVITIES	**(10,376)**	**(9,240)**	**(19,616)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(199)**	**-**	**(199)**

(i) Under AASB 16, make good assets are recognised in right of use assets at the commencement of the lease. Additions relating to make good assets in financial year 2019 have been reclassed from property, plant and equipment to right of use assets. As a result, payments relating to make good assets are recognised as cash flows from operating activities.