15 October 2020

The Manager
Markets Announcement Office
ASX Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

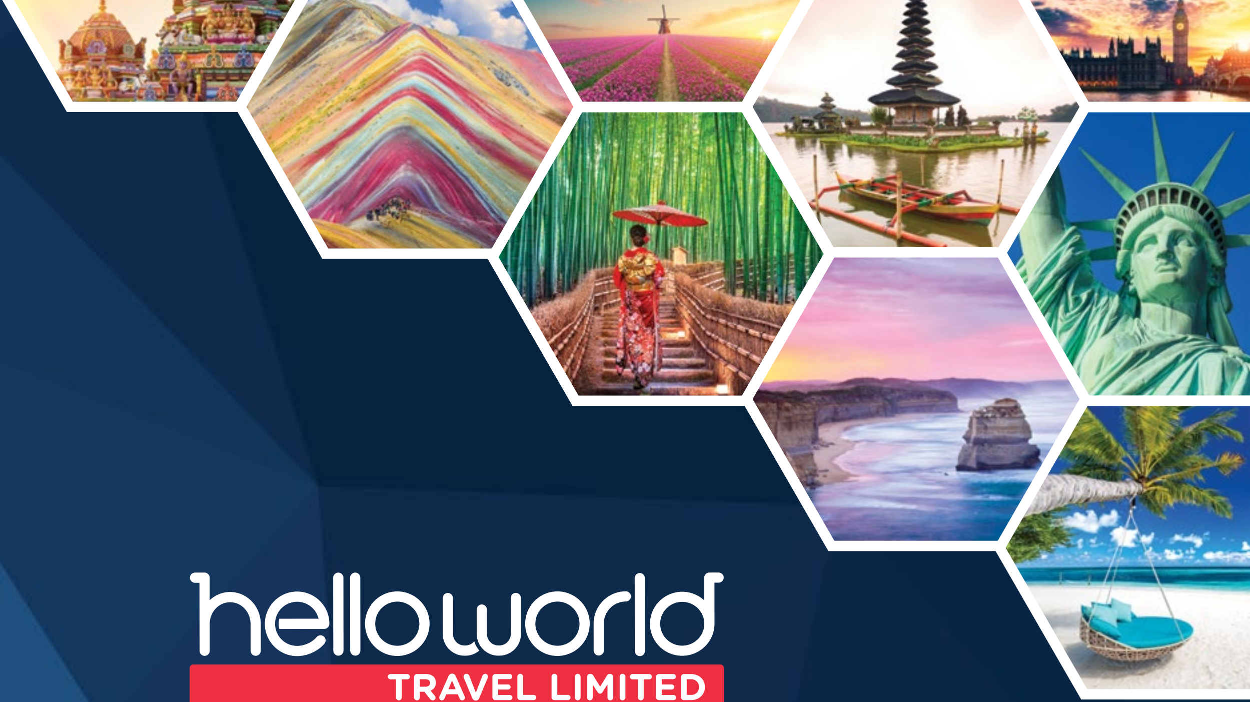
Dear Sir/Madam,

Please find attached the Helloworld Travel Limited 2020 Annual Report, incorporating the Corporate Governance Statement.

Yours faithfully,

David Hall
Chief Financial Officer
Helloworld Travel Limited
Ph: +61 3 9867 9600

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



helloworld TRAVEL LIMITED

ANNUAL REPORT 2020

Helloworld Travel Limited and Controlled Entities Annual Report for the year ended 30 June 2020

helloworld
TRAVEL LIMITED

ANNUAL REPORT 2020

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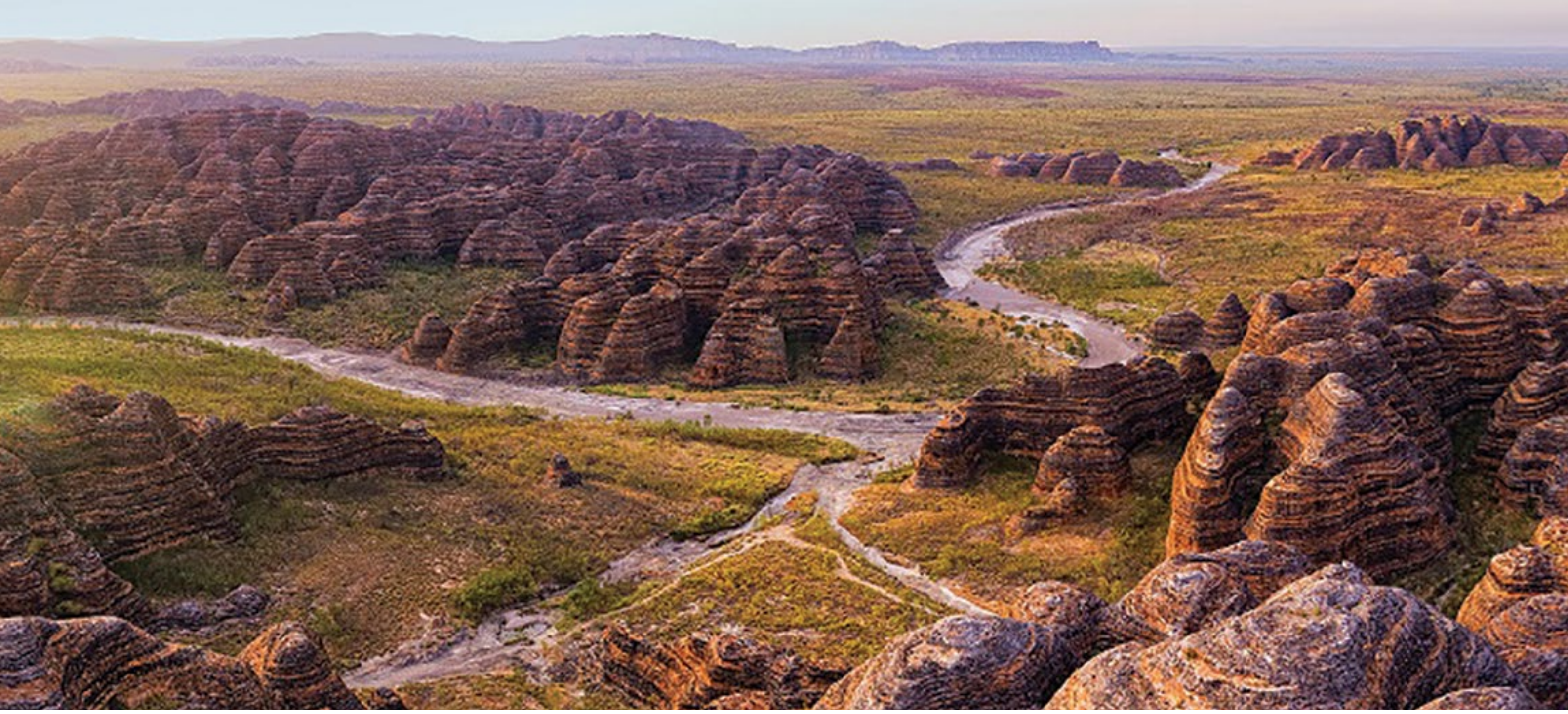


CORPORATE INFORMATION

Directors

Garry Hounsell (Chairman)
Andrew Burnes AO (Chief Executive Officer)
Cinzia Burnes
Mike Ferraro
Andrew Finch

Company Secretary

David Hall

Registered and principal office

179 Normanby Road
South Melbourne VIC 3205
Telephone: +61 3 9867 9600
Facsimile: +61 3 9867 4855

Auditor

PricewaterhouseCoopers (PwC) Australia
2 Riverside Quay
Southbank VIC 3006

Stock exchange

ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

ASX code

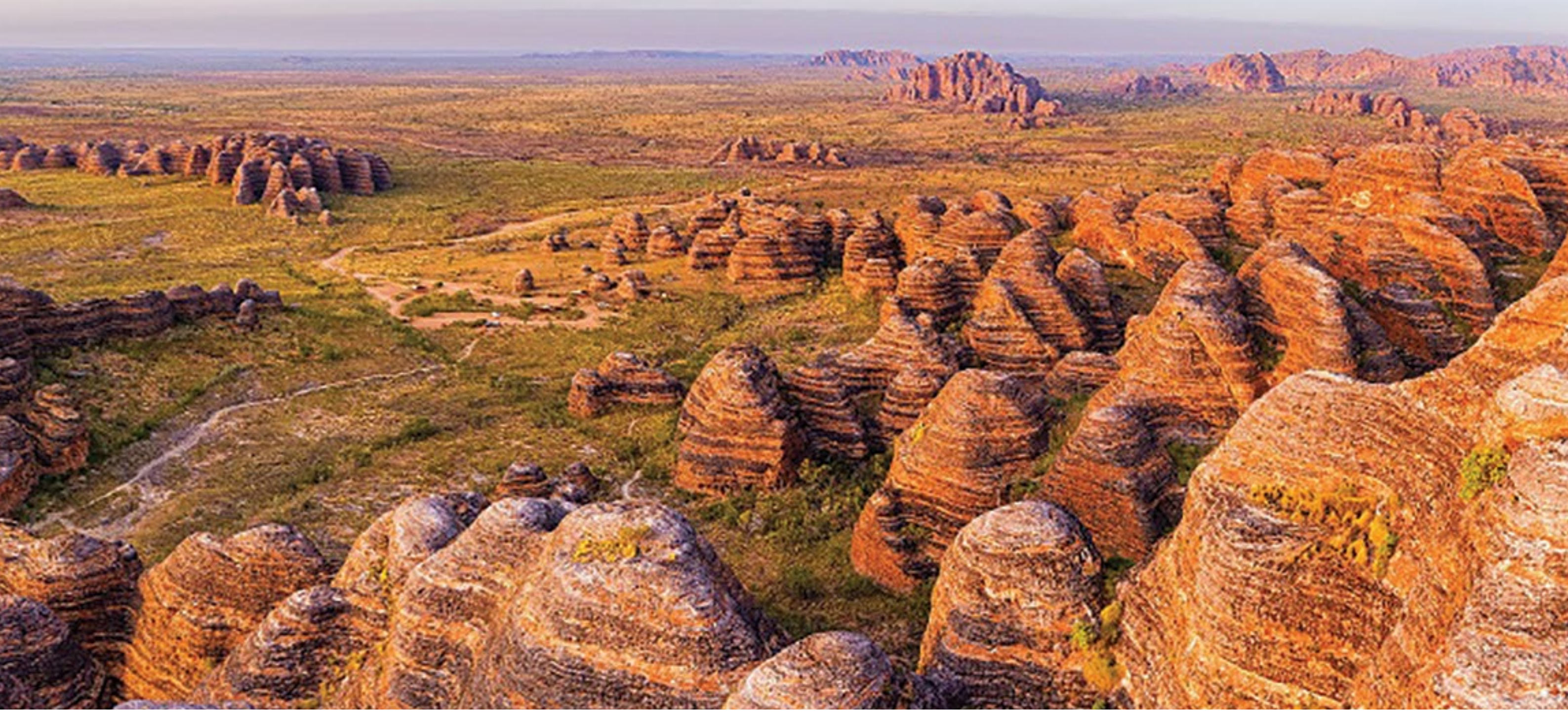
ASX code: HLO

Share registry

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000
hello@automic.com.au
1300 288 664 (within Australia) or
+61 2 9698 5414 (outside Australia)

Website

www.helloworldlimited.com.au



GLOSSARY

The following terms have been used through this Annual Report:

EBITDA	Earnings before interest expense, tax, depreciation and amortisation
AGM	Annual General Meeting
AOT	AOT Group Pty Ltd and its controlled entities
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	The parent entity, Helloworld Travel Limited
EPS	Earnings per share
FAR	Fixed Annual Remuneration
FY19	Financial Year ended 30 June 2019
FY20	Financial Year ended 30 June 2020
FY21	Financial Year ended 30 June 2021
Group	The Helloworld Travel Group, comprising Helloworld Travel Limited and its controlled entities
Helloworld Travel	Helloworld Travel Limited
HLO	Helloworld Travel Limited
KMP	Key Management Personnel
LTIP	Long Term Incentive Plan
MTA	Mobile Travel Holdings Pty Limited and its controlled entities
PCP	Prior Comparative Period
Qantas	Qantas Airways Limited
QBT	QBT Pty Limited
VH	Viva Holidays
STIP	Short Term Incentive Plan
TTV	Total Transaction Value

CHAIRMAN'S REPORT

> **"FY20 was an extraordinary tale of two halves. After a successful first half, things deteriorated from March onwards and we have turned our focus to re-structuring the business to get through the challenges of COVID-19 and beyond."**

The 2020 Financial Year has been the most extraordinary and challenging Financial Year for not only our business at Helloworld Travel Limited but also for so many businesses and so many industries in Australia, New Zealand and around the world.

Our first half results through to the 31 December 2019, released on 24 February 2020, showed record TTV up 12.9% to $3.6 billion, revenue up 9.8% to $200 million and an underlying EBITDA of $48 million, up 14.8% on the prior corresponding period.

The Company was on track to achieve its forecast results for the year including TTV of circa $7 billion.

All of this began to change in March 2020 in ways which impacted on the travel industry more significantly than just about any other industry globally and ultimately, as we now know, resulted in the closure of international borders, of State and Territory borders, in lockdowns across a number of major cities and countries throughout the world and the suspension of most international and domestic flights in Australia and New Zealand.

March TTV's and revenues fell as the spread of COVID-19 increased, and as each week of March deteriorated with border closures and airline route shutdowns.

The Company responded rapidly in order to reduce costs, taking advantage of JobKeeper in Australia and Wage Subsidy in New Zealand to reduce personnel overheads and implementing freezes on all discretionary expenditures while negotiating better terms with the Company's landlords in Australia and New Zealand.

In addition, Helloworld sold its North American operations at the end of June, closed down operations in the Philippines and wound back operations in Mumbai, where we previously had 140 personnel.

From April, the Company has been able to maintain a cash burn rate of approximately $2 million per month (excluding one-offs) with a combination of $4 million per month in revenues (down approximately 80% on the pcp) and $6 million per month in expenses (down approximately 75% on the pcp).

Post balance date the Company undertook a $50 million equity raising in July in order to extend the Company's liquidity runway and on the current cash burn rate has sufficient liquidity to continue at the same revenue and cost profiles all the way into 2023 if required.

Our results for the year ended 30 June, 2020 show an underlying EBITDA of $44.0 million for the year and an underlying profit before tax of $17.1 million.

The company undertook a detailed review of its non-cash assets and impaired those assets by $67.9 million which is appropriate given the current circumstances.

Current Status

Helloworld has three main operating divisions, Retail, Wholesale & Inbound and Corporate.

At present, the Company is currently experiencing reasonable volumes (approximately 35% on the pcp) in its corporate division while its wholesale and retail divisions are reporting transaction volumes of around 10-15% on last year.

The inbound division, which forms part of the wholesale division, is also experiencing new booking volumes of approximately 20% compared to this time last year even though the Company is not taking any inbound bookings for travel prior to July 2021.

Helloworld continues to take advantage of the JobKeeper scheme in Australia. Currently, the company has approximately 650 personnel working 390 FTE positions in Australia with a further 100 personnel working in non-travel related operations. A further 380 personnel are on stand down in Australia and Fiji, with 80 FTE in New Zealand and 45 in other parts of the world. This totals 1,210 people.

This is obviously a very significant reduction from the approximately 1,950 personnel which the Company employed at the end of December 2019.

Looking ahead

The Company has spent most of the last seven months restructuring its operations in order to remain viable in the face of a very significant decline in TTV and revenues.

I am pleased to say that this strategy has been largely successful with our monthly cash burn rate reduced to around $2 million and our surplus cash funds of around $100 million give us a very significant runway at these levels.

However, we do not believe it will take until 2023 for there to be a significant recovery in the travel industry and anticipate this recovery being a four-step process over the next two to three years.

Firstly, once Australian State borders have all opened and domestic flight schedules have resumed, most likely to 70-80% of their previous capacities, we will obviously see a significant uplift in our domestic wholesale sales, in sales through our retail networks and in our corporate business, which is normally 80% domestic in any event.

Step two will be the opening up of the trans-Tasman bubble and two-way traffic across the Tasman will generate significant demand from both leisure and corporate travellers while an extension of that bubble into the South-Pacific will help boost leisure travel sales in both Australia and New Zealand.

Step three will see the opening up of some specific bilateral 'bubbles', possibly with countries such as Singapore, Japan and possibly Taiwan. It's not a coincidence that those three countries are all islands and have an ability to closely monitor traffic flows in and out of their particular countries and keep the virus in check more so than countries with much bigger populations and / or porous borders.

From all accounts, a vaccine will most probably be available sometime in 2021 and obviously once a proven vaccine candidate is selected and goes into mass production and distribution, the world will begin to open up.

I thank our Board for all their efforts over the last year and particularly the last nine months. It's been a time of constant change and I very much appreciate the efforts that all Board members have made to our business and its sustainability. Importantly, may I extend the thanks and appreciation of the Board to our staff throughout the business.

Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 15 October 2020

CHIEF EXECUTIVE OFFICER'S REPORT

> "The 2020 Financial Year has been our most challenging ever however we are positioned to survive this crisis and emerge again as a major distributor of travel products and services in Australia and New Zealand."

The year of extraordinary challenges.

Results

Helloworld Travel Limited has recorded an extraordinary 12-month period, with eight months of very solid results through to 29 February 2020 followed by a slide in transaction values and earnings throughout March and an entirely new set of trading parameters and circumstances from April onwards.

These circumstances and the resultant uncertainties have thrown up the most unique set of challenges the Company has ever faced and like many other businesses around the world we had to adapt quickly and reset our modus operandi in a matter of weeks. As Darwin said, its not the strongest who survive, it's the most adaptable.

Our trading results through to the 31 December 2019 were on forecast and our results in the March quarter highlighted the normalcy in trading through to the end of February followed by a rapid decline through March and an 80%-100% drop in various divisions from April onwards. So, our year in aggregate comprised eight very good months, aligned to our forecasts and showing continued growth across our business divisions, a 50% drop off in March and massive declines across all of business segments from April.

As 16,000 passenger jets were grounded around the world in April, we spent the last quarter in FY20 re-engineering our business processes as we stopped selling travel and began to process and refund literally hundreds of millions of dollars in cancellations back to customers as well as process an enormous amount of 'future travel credits' from airlines, cruise companies and other providers.

Our emphasis across the business since April has been in four specific areas.

Focus on costs

Firstly, given the inevitable nature of the rapid declines in TTV and revenues with the onset of COVID-19 we focused on our costs, with the early focus being on variable costs most particularly personnel and other discretionary variable expenditures such as marketing and advertising and over time we have turned our attention to our fixed costs which we have also been able to bring down through renegotiation of tenancy agreements, a review of all technology expenditures, consolidation of systems and keeping a very tight rein on overheads.

This has resulted in our average monthly overheads dropping from approximately $24 million per month up to the end of February to approximately $6 million per month since April and we are focused on continuing to keep our overheads at these levels, which have been set on the premise that we obviously need to maintain the skill sets and the personnel to provide the ongoing services our customers need and to be able to take advantage of an expected uplift in demand from 2021. To be clear though, we do not expect that to be by way of a massive up-tick in leisure or corporate demand from next year. It will be a slow and elongated process across 2021, 2022 and into 2023 and it will be full of the contradictions and inconsistencies we have come to expect with this virus.

Focus on refunds & credits

Secondly, we have focused on ensuring our network members get refunds back for their customers via our ticketing and wholesale operations as quickly as possible and continue to provide members with revenues earned on previous sales as they flow through from supplier partners. We have and continue to work with our network assisting with tenancy negotiations, setting out business plans and assisting with grant applications for various State Government schemes. Helloworld has frozen all franchise fees from April 2020 through to 31 March 2021. We've frozen all marketing costs for franchisees over the same period and are providing contractual flexibility in relation to agency members who have been or may be able to exit existing leases and are planning to operate from home for a period before reopening again in 2021.

Our networks members have been able to take advantage in both Australia and New Zealand of employment assistance on both sides of the Tasman and significantly reduce lease costs on their premises. Network numbers are holding at approximately 700 brokers and 1,800 bricks and mortar agents. 1,450 of those are in Australia and another 350 in New Zealand and while we anticipate there will be further agents looking to exit their business sometime in the next 6-12 months, our current expectation is that these closures will be limited to not more than 15% of our existing networks and that they will take place with all employee and customer obligations being met. This means our retail footprints across both Australia and New Zealand will be even more significant than in the past given the decline in agency numbers from our major competitors.

Revenue opportunities

Thirdly, we have been focusing on revenue opportunities from those areas which are still experiencing some demand and also seeking revenue from other sources. Our corporate TTV, after declining nearly 85% in the June quarter is now running at around 35% of the volumes from the prior corresponding period in Australia and at around 25% in New Zealand. Show travel, which was acquired in December 2018 has recovered well as a result of the resumption of major film and television productions although major live events are on hold for some time to come. Our wholesale division continues to record reasonable sales volumes in domestic intrastate travel and, when it's been possible, domestic interstate travel in Australia.

With domestic borders potentially opening up further before the end of the calendar year we expect this to be a reasonable source of sales and revenue in the second half of FY21 for our retail and wholesale operations.

The company has also focused on obtaining alternative work from a number of agencies for various call-centre services and this has generated reasonable revenue in the period April to June and similar amounts in subsequent months. This has helped keep many of our employees working on a full-time basis, maintaining their connectivity with the business, maintaining their income and generating some profits for the provision of these services.

Re-shaping the business

Finally, we have been focusing on the reshaping and resizing of the business so that it sits at appropriate levels for the foreseeable future. We have closed offices in Wellington, Mumbai and Manila, and sold our US operations in Los Angeles as part of our efforts to streamline our operations and right size them for the next couple of years.

We have mapped out various recovery scenarios in terms of border openings, bubbles and vaccine availability to ensure we have both the personnel and the right product available to sell in market once both domestic and then international travel becomes available and much work has gone into these future facing efforts.

When we consider what we have in the business that's good (to paraphrase that famous NASA expression) there is a lot to be thankful for. We have great people and over half our personnel are still with us. We have excellent systems across all of our divisions and we are continuing to invest in these to ensure we can meet our customers demands in the years ahead. We have a dedicated management team who have worked tirelessly to guide and lead our personnel over the last eight months. And we have an extraordinary group of travel agency members, both in their own outlets and across the broker networks we have in Australia and New Zealand. Their courage and determination has been extraordinary as they fought to get people home as this pandemic unfolded and they have fought to get back the millions owed to their customers in refunds and credits and re-shaped their businesses so they can survive and get back to being the trusted travel advisors for millions and millions of Australians.

Personnel

Having started the year with 1,950 personnel in Australia, New Zealand, Fiji and other parts of the world we have seen our personnel numbers reduce to approximately 1,200. This includes 380 personnel who are currently stood down. Unfortunately, quite a few of those employees stood down have been in that position for a considerable period and receiving JobKeeper only as there just hasn't been any work for them. We are looking to stand them up when we have sufficient work.

Future plans

Helloworld has been through a comprehensive recalibration of the business over the last 8 months as a result of COVID-19, significantly shrinking our cost base to maximise the length of our liquidity runway and with the $50 million capital raising we underwent in July 2020, anticipate that our current cash holdings will see us through to 2023 under existing conditions.

Obviously, we expect conditions to show signs of improvement as we roll into 2021 and beyond and for Helloworld Travel the opening up of Australia's domestic borders will provide a significant boost to our network retail and corporate businesses, our wholesale business and our own corporate division.

We know that markets do recover quickly and as evidence of that, China's domestic capacity in August 2020 grew by 1% compared to last year. Obviously different markets will perform at their own pace but we expect domestic capacity in Australia to be back at 100% of previous levels by end March, 2021 on the basis that all State and Territory borders are open.

In 2021 we expect the limited return for international travel,mainly in short-haul routes to the Pacific and parts of Asia. Initially this will come in some form of Trans-Tasman / Trans-Pacific bubble between nations with minimal transmission numbers with subsequent bilateral bubbles opening up to selected short to mid-haul destinations. Given recent experiences with domestic border openings we expect demand for any destination that's open for quarantine free travel will be extremely popular.

In relation to the resumption of widespread long-haul international travel, particularly travel to the northern hemisphere and most specifically North America and UK / Europe, we are not expecting this to available until the widespread distribution of COVID-19 vaccines and the establishment and acceptance of appropriate protocols for both air and cruise travel to minimise the residual risk of infection in a majority COVID-19 vaccinated world.

With prudent cost management, mutual support from our supplier partners, maximizing opportunities for our retail agents to get to the other side of this crisis, a great team of dedicated professionals and in the knowledge that Australians and New Zealanders are amongst the world's greatest travellers, we are hopeful.

On both sides of the Tasman travellers will not have spent close to $100 billion on domestic and international travel by early next year and many are sitting on large future travel credits from supplier partners.

So we are confident that when the opportunities return to venture from our shores, people will do so in droves and we will be there to help them with their travel arrangements, ensuring they travel safely and are there to help navigate through the myriad of rules that will no doubt exist through the insurance options that people are able to take and to get the best possible terms and conditions when they book with suppliers for future travel. Early signs from recent cruise sales for 2022 departures show a very clear indication of the levels of this demand and give us cause for optimism.

Technology developments

Helloworld's technologies are an extremely important part of its business and we continue to invest in these technologies to deliver world class outcomes for our agents, our corporate customers, our inbound customers and for travellers.

Helloworld has a suite of in-house technologies including our new agency mid-office system, ResWorld which we continue to develop and roll out across our networks and which continue to deliver greater degrees of efficiency and customer interaction than ever before. These technologies form a very important part of our future offerings and will stand the company in great stead to capture opportunities in 2021, 2022 and beyond.

Conclusion

On behalf of myself and the executive management team at Helloworld Travel, I want to thank every member of staff at Helloworld wherever they may be for the extraordinary efforts that you've made over the last eight months and your determination and professionalism to ride this crisis out and get to the other side. I also want to thank all of our shareholders, both our long-term holders and those who have recently invested in the company through our capital raising.

Andrew Burnes, AO

Chief Executive Officer and Managing Director
Helloworld Travel Limited
Melbourne, 15 October 2020

FINANCIAL PERFORMANCE SUMMARY

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)[1]	5,005,961	6,511,299	(1,505,338)	(23.1%)
Revenue	282,187	357,562	(75,375)	(21.1%)
Profit/(loss) before income tax expense	(68,879)	54,352	(123,231)	n/a
Profit/(loss) after income tax expense	(69,985)	38,043	(108,028)	n/a
Underlying EBITDA[2]	44,042	73,526	(29,484)	(40.1%)
Underlying PBT[3]	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[4]	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%)

RECONCILIATION OF UNDERLYING EBITDA TO PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	For the year ended 30 June 2020 $'000	For the year ended 30 June 2019 $'000	Change $'000	Change %
Underlying EBITDA[2]	44,042	73,526	(29,484)	(40.1%)
Significant non-recurring items	(85,973)	3,579	(89,552)	n/a
Depreciation and amortisation expense[2]	(23,919)	(20,332)	(3,587)	17.6%
Finance expense on borrowings[2]	(3,029)	(2,421)	(608)	25.1%
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	**(68,879)**	**54,352**	**(123,231)**	**n/a**

1 Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. 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 Group cash inflows as some transactions are settled directly between the customer and the supplier.

2 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 (refer note 6(c) in the Annual Report for further information). 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.

3 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.

4 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.

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 Director's Report, Financial Report and Auditor's Report for the year ended 30 June 2020 and any public announcements made by the Company since that time.

DIRECTORS' REPORT

The Directors of Helloworld Travel Limited (Helloworld Travel), present their Report together with the Financial Statements of the Consolidated Entity (Group) being Helloworld Travel Limited and the entities that it controlled at the end of, or during, the year ended 30 June 2020 and the Independent Auditor's Report.

Directors

The Directors of the Company in office at any time during or since the end of the financial year are as follows:

Garry Hounsell

B Bus, FAICD, FCA

Non-Executive Director and Chairman

Appointment

Garry Hounsell was appointed to the Board and as Chairman from 4 October 2016.

Experience and Expertise

Apart from his extensive director experience on a wide range of highly successful Boards, Garry was formerly Senior Partner of Ernst & Young, Chief Executive Officer and Country Managing Partner of Arthur Andersen, a Board member of Freehills (now Herbert Smith Freehills) as well as Deputy Chairman of the Board of Mitchell Communication Group Limited.

Garry is a Fellow of the Australian Institute of Company Directors and Chartered Accountants in Australia and New Zealand.

Other current directorships of listed entities:

- Myer Holdings Limited (since September 2017), Chairman (since November 2017), Executive Chairman (February 2018 to 4 June 2018).
- Treasury Wine Estates Limited (since 2012).

Former directorships of listed entities in the last 3 years:

- Dulux Group Limited (2010 to 2017).

Special Responsibilities:

- Chairman of the Board.
- Chairman of the Remuneration Committee and Nominations & Governance Committee.
- Member of the Audit & Risk Committee.

Interests in Shares:

- A legal and beneficial interest in 153,890 fully paid ordinary shares. This includes 15,390 shares acquired as part of the capital raising in July/August 2020.

Andrew Burnes AO

LLB, B Comm. (Melb)

Chief Executive Officer
and Managing Director

Appointment

Andrew Burnes was appointed Chief Executive Officer and Managing Director of Helloworld Travel Limited and to the Board on 1 February 2016.

Experience and Expertise

Upon completing his studies in Law and Commerce at Melbourne University, Andrew was employed by Blake Dawson Waldron where he completed his articles and worked as a solicitor.

On 1 November 1987, Andrew founded The Australian Outback Travel Company, which became The AOT Group. After the merger of The AOT Group and Helloworld in January 2016, he was appointed Chief Executive Officer of Helloworld Travel Limited on 1 February 2016.

Andrew was Honorary Federal Treasurer of the Liberal Party of Australia from July 2015 to June 2019. Prior to that appointment he was the State Treasurer of the Victorian Liberal Party from May 2009 to early 2011. He was appointed as a Director of Tourism Australia in July 2004 serving as Deputy Chairman from 2005 to 2009. Andrew chaired the Audit and Finance Committee of Tourism Australia during this period, was a Trustee of the Travel Compensation Fund from 2005 to 2009 and a Board member of the Australian Tourism Export Council ('ATEC') from 1998 and served as the organisation's National Chairman from 1999 to 2003.

Andrew was made an Officer of the Order of Australia (AO) in the June 2020 Queens Birthday honours for his distinguished services to business, particularly through a range of travel industries, to professional tourism organisations, and to the community.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

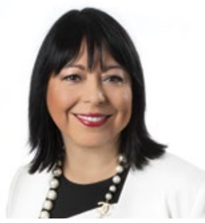
- Nil

Special Responsibilities:

- Chief Executive Officer and Managing Director

Interests in Shares:

- A legal and beneficial interest in 10,495,531 fully paid ordinary shares.
- In conjunction with Cinzia Burnes a further beneficial interest in 21,570,408 fully paid ordinary shares. This includes 3,030,303 shares acquired as part of the capital raising in July/August 2020.



Cinzia Burnes

Group General Manager –
Wholesale & Inbound,
Executive Director

Appointment

Cinzia Burnes was appointed Group General Manager – Wholesale and Inbound, Helloworld Travel Limited and to the Board on 1 February 2016.

Experience and Expertise

Cinzia brings extensive sector and management experience to the Board.

In 1982, she commenced her career in travel and after working as a travel wholesaler in Italy for 9 years she has played a pivotal role over 26 years in growing AOT from a regional safari operator into one of Australasia's leading travel distribution businesses. The AOT Group was privately owned by Andrew and Cinzia Burnes until its merger with Helloworld Travel Limited in February 2016.

Cinzia was a Director of Tourism Victoria from 2013 to 2015. She has also served as a Board member of Health Services Australia from 2005 to 2007 and the Australian Tourist Commission from 2001 to 2004. During 2018 Cinzia was a member of the Beyond Tourism 2020 Committee, initiated by the Minister for Trade, Tourism and Investment, Mr Ciobo, to design Australia's next long-term tourism strategy.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Group General Manager – Wholesale & Inbound

Interests in Shares:

- A legal and beneficial interest in 10,138,014 fully paid ordinary shares.
- In conjunction with Andrew Burnes a further beneficial interest in 21,570,408 fully paid ordinary shares. This includes 3,030,303 shares acquired as part of the capital raising in July/August 2020.

Mike Ferraro

LLB (Hons)

Non-Executive Director

Appointment

Mike Ferraro was appointed to the Board on 1 January 2017.

Experience and Expertise

Mike is currently Chief Executive Officer and Managing Director of Alumina Limited, having been appointed 1 June 2017. He was previously a non- executive director of Alumina Limited. On 25 May 2017 Mike was appointed as a non-executive of director of Alcoa of Australia Limited. Mike was previously a partner and member of the executive management team at global law firm Herbert Smith Freehills (HSF) and global head of the Corporate group at HSF. Prior to that he was Chief Legal Counsel at BHP Billiton Limited from 2008 to mid 2010.

Current directorships of listed entities:

- Alumina Limited (5 February 2014 to 31 May 2017), CEO and Managing Director (from 1 June 2017).

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Chairman of the Audit & Risk Committee.
- Member of the Remuneration Committee and Nominations & Governance Committee.

Interests in Shares:

- A beneficial interest in 19,522 fully paid ordinary shares. This includes 1,953 shares acquired as part of the capital raising in July/August 2020.

Andrew Finch

B Comm, LLB (UNSW), LLM (Hons 1 USYD), MBA (Exec) AGSM)

Non-Executive Director

Appointment

Andrew Finch was appointed to the Board on 1 January 2017.

Experience and Expertise

Andrew is General Counsel and Group Executive, Office of the CEO and Group Company Secretary at Qantas Airways Limited and is a member of the Qantas Group Management Committee. He was previously a partner with Allens Linklaters (including 2 years in London) where he specialized in mergers and acquisitions, equity capital markets and general corporate advice.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Member of the Audit & Risk Committee, Remuneration Committee and Nominations & Governance Committee.

Interests in Shares:

- Nil

David Hall

B Bus, FCA

Chief Financial Officer and Group Company Secretary

David joined Helloworld Travel Limited in December 2019 and has more than 30 years finance, commercial, operational and management experience across a number of industries, predominately in the Aviation sector. Prior to joining Helloworld, David was most recently CFO at Australia Pacific Airports Corporation (the owner of Melbourne and Launceston Airports).

During his decade with Qantas Group, David's roles included Qantas' Group Executive Corporate Services, Jetstar Airways' CFO and ultimately CEO of Jetstar Australia and New Zealand, responsible for leading one of Australia's best known brands and fastest growing airlines in the Asia Pacific. David is a Fellow of the Institute of Chartered Accountants in Australia and New Zealand.

Directors' meetings

During the year, twelve meetings of the Board, four meetings of the Audit & Risk Committee, three meetings of the Remuneration Committee and two meetings of the Nominations & Governance Committee were held.

Attendance at Board and Board Committee Meetings during FY20 is set out in the table below:

	Board		Audit & Risk Committee		Remuneration Committee		Nominations & Governance Committee	
DIRECTOR	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Garry Hounsell	12	11	4	4	3	3	2	2
Andrew Burnes	12	12	4	4	3	3	2	2
Cinzia Burnes	12	12	2	2	3	3	2	2
Mike Ferraro	12	12	4	4	3	3	2	2
Andrew Finch	12	11	4	3	3	2	2	1

Column A: Indicates the number of scheduled and ad-hoc meetings held during the period the Director was a member of the Board and/or Committee or was invited to attend.

Column B: Indicates the number of scheduled and ad-hoc meetings attended by the Director during the period the Director was a member of the Board and/or Committee or attended by invitation.

Committee membership

At the date of this report, the Company has an Audit & Risk Committee, a Remuneration Committee and a Nominations & Governance Committee of the Board.

During the year, the members of the Committees were:

Audit & Risk Committee

Mike Ferraro (Chairman)

Andrew Finch

Garry Hounsell

Remuneration Committee

Garry Hounsell (Chairman)

Andrew Finch

Mike Ferraro

Nominations & Governance Committee

Garry Hounsell (Chairman)

Andrew Burnes

Cinzia Burnes

Mike Ferraro

Andrew Finch

Retirement in office of Directors

In accordance with the Company's Constitution and the ASX Listing Rules, Garry Hounsell and Cinzia Burnes, being the longest serving directors are retiring by rotation and, being eligible, offer themselves for re-election at the 2020 Annual General Meeting.

Dividends

During the current financial year, the following fully franked dividends were distributed on Helloworld Travel Limited Ordinary Shares.

Type	Cents per share	Dividend amount $m
Final 2019 dividend, distributed on 17 September 2019	12.5	15.6
Interim 2020 dividend, distributed on 19 March 2020	9.0	11.2
Total dividends distributed during the current year	**21.5**	**26.8**

The company paid out its 9.0c per share dividend on 19 March, 2020, totalling $11.2m.

No final dividend for FY20 has been declared.

Further details on dividends during the year ended 30 June 2020 is set out in note 8 to the financial statements.

Earnings per share

Basic earnings per share was (56.5c) (2019: 31.4c)
Diluted earnings per share was (56.5c) (2019: 30.8c)

The decline in basic earnings per share reflects the impact on net profit after tax of COVID-19 in the current year.

Underlying EPS for FY20 was 9.7c compared to 29.4c in FY19.

Principal activities

The principal activities during the year of the entities in the Group were the selling of international and domestic travel products and services and the operation of retail distribution networks of travel agents.

Helloworld Travel is a leading Australian and New Zealand travel distribution company comprising retail distribution travel businesses, destination management services (for inbound Australian, New Zealand and South Pacific travel, air ticket consolidation, wholesale leisure businesses (domestic and international) corporate TMC (Travel Management Company) and Accommodation management operations and online operations.

Helloworld's retail distribution operations include Helloworld Travel, Australia' and New Zealand's largest network of branded and co-branded franchised travel agents, Magellan Travel, Helloworld Business Travel, the My Travel Group, NZ Travel Brokers and our 50% investment in MTA (Mobile Travel Agents).

Helloworld Travels corporate operations includes QBT, AOT Hotels, TravelEdge, Show Travel and APX in New Zealand.

Helloworld's wholesale travel businesses include Viva Holidays, Sunlover Holidays, Ready Rooms, Seven Oceans Cruises and Go Holidays and Williments Travel in New Zealand.

Helloworld's inbound operations include AOT, ATS Pacific and ETA while our transport businesses include TTF Fiji and Show Freight, a division of Show Travel.

Helloworld Travel's main business operations are located in Australia, New Zealand and Fiji.

OPERATING AND FINANCIAL REVIEW

Summary of 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**	**357,562**	**(75,375)**	**(21.1%)**
Underlying operating expenses	(241,675)	(286,066)	44,391	(15.5%)
Equity accounted profits	1,246	1,437	(191)	(13.3%)
Add back trading losses relating to U.S Wholesale Division	2,284	593	1,691	285.2%
Underlying EBITDA	**44,042**	**73,526**	**(29,484)**	**(40.1%)**
Significant non-recurring items	(85,973)	3,579	(89,552)	n/a
Depreciation and amortisation expense	(23,919)	(20,332)	(3,587)	17.6%
Finance expense on borrowings	(3,029)	(2,421)	(608)	25.1%
Profit/(loss) before income tax expense	**(68,879)**	**54,352**	**(123,231)**	**n/a**
Profit/(loss) after income tax expense	**(69,985)**	**38,043**	**(108,028)**	**(284.0%)**
Profit/(loss) after tax attributable to members	(69,874)	38,008	(107,882)	(283.8%)
Revenue margin %	**5.6%**	**5.5%**	**0.1%**	**1.8%**
Underlying EBITDA margin %	**15.6%**	**20.6%**	**(5.0%)**	**(24.3%)**

	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.

The Board assesses the performance of the group and its segments based on several measures including TTV, revenue, Underlying EBITDA, profit before tax and associated key ratios.

TTV does not represent revenue in accordance with Australian Accounting Standards. 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 the Group cash inflows as some transactions are settled directly between the customer and the supplier.

Revenue margin has been calculated as revenue as a percentage of TTV. Underlying EBITDA margin has been calculated as Underlying EBITDA as a percentage of revenue.

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 essential travel. Both the Australian 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 are down on those achieved in FY19. This is despite record performance achieved in the six month period to 31 December 2019 (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 was down 23.1% on FY19 (1H20 +12.9%) and revenue of $282.2 million fell 21.1% on FY19 (1H20 +9.8%) compared to FY19 primarily impacted by adverse conditions in the four month period from March to June 2020 (2H20) due to COVID-19.
- During 2H20 Helloworld Travel undertook several critical steps to reduce costs and minimise ongoing cash burn in the COVID-19 environment. These 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 and discretionary overheads.
  - Negotiating reduced occupancy costs across Helloworld Travel's property portfolio.
  - Implementing staff stand downs and reduced working hours across the business.
  - Directors and direct reports to the CEO 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 business acquisitions.
- The Group incurred a loss before tax of $68.9 million in the 2020 financial year which compares to a profit before tax 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 $67.9 million, an increase in loss allowances of $7.1 million, restructuring expense of $6.9 million and other non-recurring items totalling $5.5 million.
- The Group 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, particularly the non-cash impairment partially offset by a reduction in income tax expense due to lower profitability in the 2020 financial year.
- The Company's underlying net profit before tax was $17.1 million.

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 FY20 year was 9.0 cents per share fully franked, which is a decrease from the 20.5 cents per share paid in 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. In assessing potential future dividends, management will continually assess future cash flow generation in the context of the company's debt and equity preferred capital structure mix considering potential future business acquisition opportunities, balancing the needs of shareholders, creditors and external market confidence.

Acquisitions and disposals

Helloworld Travel made two business acquisitions during the current year and completed the disposal of its U.S Wholesale business. These transactions have met the strategic and financial objectives established by the Board of Directors.

Acquisitions

In FY20 Helloworld Travel continued to grow through business acquisitions that complement the Group's existing businesses, expanding future product offerings and expanding our network of agents, suppliers and customers. The full year benefit of these acquisitions will be reflected in future years and will deliver increased financial shareholder returns in the years ahead.

The acquisitions are outlined below:

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 to 30 June. The profit before income tax expense for the whole of the previous year of the TravelEdge Group was $4.4 million. Refer note 16 of the Annual Report for discussion regarding the non-cash impairment recognised in the 2020 statutory results.

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.

Disposals

On 30 June 2020, Helloworld Travel disposed (and control lost) of its U.S 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 business was not considered core to Helloworld Travel's future strategy and does not have a material impact on the Group's consolidated results. A preferred partner arrangement was entered into with the purchaser to ensure the TTV continues to be serviced by Helloworld Travel.

Liquidity and funding

At 30 June 2020, the Group 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).

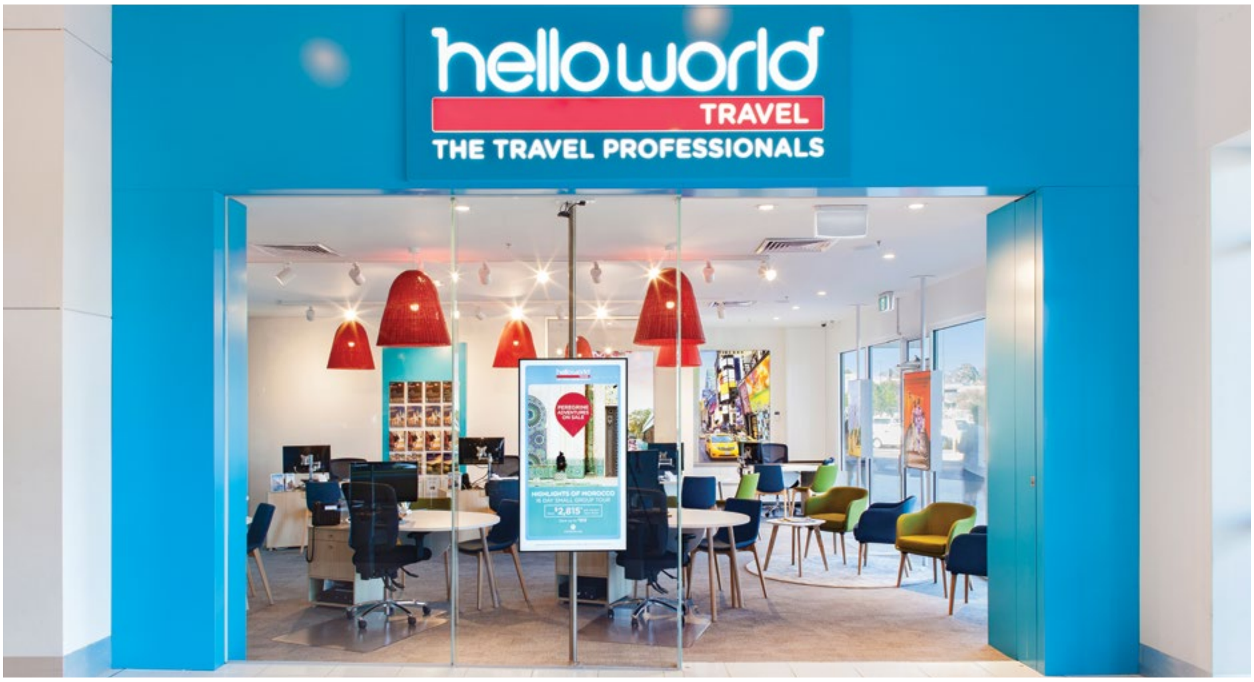
At 30 June 2020, short dated facilities totalling $17.9 million and $29.0 million were extended by a further 12 months, expiring April 2022 and September 2022 respectively.

Subsequent to year-end, facility amendments were negotiated with Westpac. Net leverage and interest coverage covenants are suspended for the calculation dates between September 2020 and September 2021.

At the end of September 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 has decided to prepay $20.0 million of borrowings in October 2020 which can be redrawn if required with Westpac's consent. This will reduce our annual interest costs by approximately $420,000 per annum at current rates.

A monthly Liquidity requirement has been agreed to be $70.0 million at 30 September 2020 (this was met), $50.0 million during quarter 2 FY21 and from 1 January 2021 $40.0 million through to the end of September 2021. The amount of $40.0 million is subject to negotiation in good faith after 1 October 2021.



No dividends can be paid prior to 31 December 2021 without Bank consent.

Previously agreed quarterly normalised EBITDA thresholds for the period 1 July 2020 to 30 September 2021 have been removed.

The pricing of the Group's facilities remains unchanged.

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

Network growth

Helloworld Travel's retail network increased to 2,496 members across Australia and New Zealand as at 30 June, 2020. This is 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.

Helloworld expects some further franchisee and buying group members may opt to close their businesses in the coming six months and will work to ensure all customer obligations are met.

Helloworld expects demand for agency services in the coming two to three years will be very high, given the expertise agents have in being the trusted advisers of their clients, the complexities of international travel in the next few years and the ability of agents to apply an appropriate duty of care for their customers in terms of traveller health, safety and risk management. Only travel agents, both corporate and leisure, can provide this professional duty of care to their customers with access to a range of risk assessment and risk management tools, the most up to date information on destinations and suppliers and awareness of issues around contactless check-ins, deep cleaning, digital key access, embarkation and disembarkation procedures, contactless rental car pick up and a range of other travel protocols that will be implemented as the world opens up again.

Continued brand investment

Helloworld Travel continued to make significant investment in consumer marketing, advertising and sponsorship up until the end of February 2020 to strategically accelerate Helloworld Travel's brand presence. Key initiatives implemented during the FY20 year included:

- Continued our platinum media partnership with Newscorp delivering high level results from both a branding and tactical perspective.
- Continued with the Helloworld Travel TV program on the Seven network. The program aired in Australia nationally, with 14 episodes from October 2019 through to March 2020 and 4 episodes still to be released. The program was watched on average by a weekly audience of over 405,000 and was very well received by viewers.
- From March 2020 most promotional activity ceased with the exception of some intrastate and interstate campaigns as lockdowns and border openings allowed. These initiatives we well received and fully funded by partners.

Investment in technology

Helloworld Travel continues to invest in our own technology platforms across the business to improve service delivery and product offerings to customers. Key developments in the current year include further upgrades and roll-outs of our retail ResWorld mid-office system, upgrading our Air Tickets booking system, rebuilding our wholesale agency platform ReadyRooms and further enhancements to our cruise platform.

In our Corporate division, we have enhanced our corporate customer interface solutions, improved mobile booking options and completed the deployment of the Amadeus 'Cytric' product across major QBT customers.

We have also invested in technologies to allow us to offer more Work From Home opportunities for personnel throughout the business as a result of lockdowns and safe work practices. This has resulted in most personnel in Australia and New Zealand being able to, if required, work from home.

Investment in people

Helloworld Travel continues to invest in our people and has focussed on providing training and career enhancement strategies for personnel throughout the business. Since March most of the training activities have been put on hold however we will be ramping this up again once our personnel are fully engaged again.

Helloworld Travel Community Fund

The Helloworld Travel Community fund actively encourages staff to recommend activities in their local communities for the Group to support. During the current year, Helloworld Travel staff and the Helloworld Travel Community Fund have provided support and donations to a wide variety of very worthy causes including:

- the School of St Jude in Tanzania. This amazing school in Tanzania provides life-changing education to over 2,000 students. Helloworld and AOT have donated over $500,000 to this worthy cause since 2011;
- Anangnu Community Foundation;
- Humpty Dumpty Foundation;
- Make a Wish Foundation;
- The Dannii Foundation;
- St Vincent's Hospital Sydney Foundation;
- World's Greatest Shave supporting Leukaemia research;
- the Auckland Women s Refuge;
- Share the Dignity campaign;
- Family Life Christmas Appeal;
- Buy a Bale campaign.

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 6 to the financial statements.

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%)

The Australia segment has retail distribution operations, air ticketing, wholesale & inbound operations and travel management operations (corporate travel). These operations supply travel products and services to customers and are supported by shared service functions encompassing Administration, Finance, IT, Systems and HR.

Retail

In Australia, the Group has a range of retail operations acting as a franchisor for retail travel agency networks, including Helloworld Travel Branded, Helloworld Travel Associate and Helloworld Business Travel and Magellan Travel. In addition HLO operates the My Travel Group, an independent network of agencies and has a 50% holding in MTA, which operates a travel broker network with over 450 members.

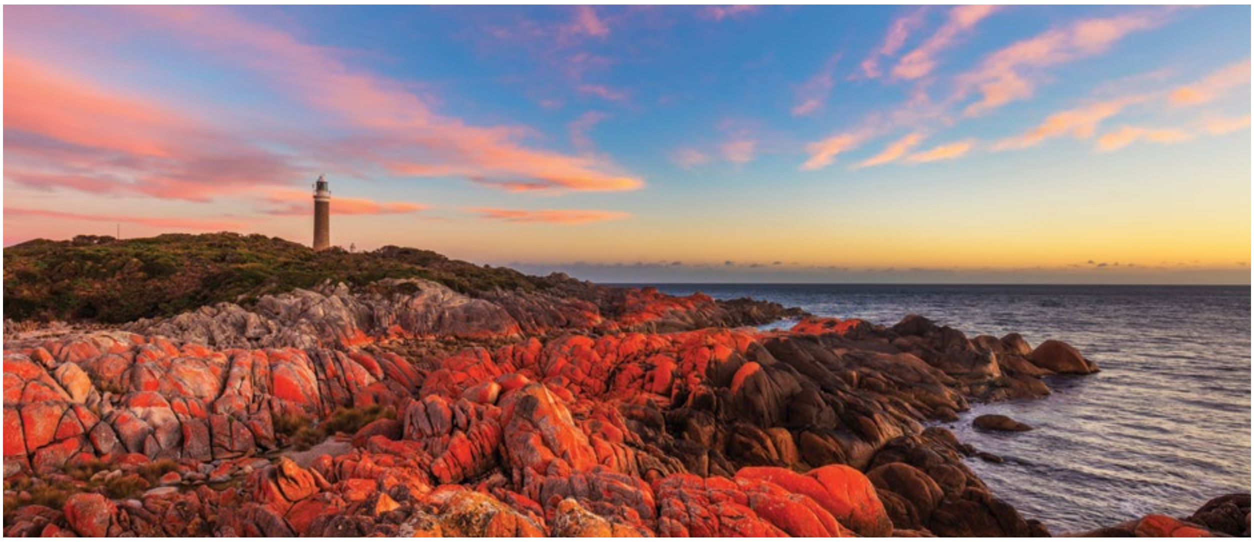
Retail operations are underpinned by HLO's ticketing division Air Tickets, being the distributor and ticketing services consolidator to the internal retail network and to over 400 external independent agents. Air Tickets operates in all Australian states with world class technology allowing agents to issue tickets 24 hours a day, seven days a week.

Air Tickets continues to invest in innovative ticketing technology and is considered one leading airfare distribution and ticketing services consolidator.

The retail distribution division performed strongly in FY20 up to the end of February, underpinned by margin improvement. Airline ticketing transaction volumes continued to perform strongly over this period in the leisure, wholesale and corporate sectors.

Since March, numbers fell away as border restrictions were imposed and air schedules cut back. It is expected that domestic air schedules will recover in Q2 '21 and Q3 '21 as domestic borders re-open and we anticipate the demand for professional travel agency services will be high with the implementation of a whole new range of travel protocols and requirements.

In addition many Agents will benefit from the recent tax breaks provided in the 2020 Federal Budget and any further direct assistance to the sector from State of Federal Governments.



The Australian retail network continues to expand organically even in these very challenging times, with a total of 2,496 members, a net increase of 49 members since 30 June 2019.

Member engagement remains strong and we have undertaken a wide range of engagement activities since March.

Helloworld Travel is focused on ensuring that our retail networks in Australia and New Zealand are there for when domestic, trans Tasman and eventually international borders re-open and are confident that demand for travel agency advice and service will be in high demand (refer page 20).

Since the pandemic broke out, travel agents managed the return of tens of thousands of travellers from overseas back to Australia and New Zealand. Agents then turned to managing the cancellation of hundreds of thousands of bookings and the processing of billions of dollars of customers money with either cash refunds or future travel credits, many of which were for amounts greater than the original value of the booking. Agents have earned nothing for this service and have refunded customers in full including the commissions earned on providing the original service.

Wholesale & Inbound

The wholesale businesses in Australia operate a range of brands including Viva! Holidays, Sunlover Holidays, Ready Rooms, Seven Oceans Cruises. 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 and New Zealand, offering travel services to clients in over 70 countries worldwide. These businesses include AOT Inbound, ATS Pacific and Experience Tours Australia (ETA).

The Australian wholesale & inbound operations TTV fell over 90% in the June quarter. With all international arrivals and departures to and from Australia, New Zealand and Fiji ceasing.

Wholesale sales are slowly recovering, with bookings being made for both intrastate and interstate travel and a limited number for international travel from late 2021 and into 2022.

Encouragingly, we have seem some significant sales of cruise departures for 2022, demonstrating that there is still very significant demand for cruise product in the Australian and New Zealand markets.

Our wholesale operation is poised to benefit from the volume of domestic product offered by our Viva Holidays and Sunlover Holidays brands as interstate borders re-open and the trans-Tasman market comes back on line.

With the commitment of State Governments and the Federal Government to promotion of domestic travel, including $230 million for Tourism Australia to promote domestic travel, we expect demand for all domestic destinations will increase significantly from December onwards and our retail networks and wholesale businesses are well placed to capture much of this demand.

Corporate

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

The corporate division expanded through the acquisition of Show Group in December 2018. Show Group is proving to be a valuable addition to the Helloworld Travel corporate division recording improved performance over recent months as television and movie production came back on line. Up to February, the business had been a strong performer with a range of high profile events and concerts generating demand for our travel and freight services.

Although we do not expect large scale concerts and events to return until 2021, there are plans in place for this business to start up again and many artists and other events will be eager to get back on the road again.

Our QBT, TravelEdge and APX businesses performed well in the first half of FY20 and into the new year but diminished over the June quarter.

Volumes are now back to 30-35% of previous levels however corporate and government travel is being undertaken on a strictly essential travel only basis.

Throughout the year we completed the roll out of the Cytric platform to major clients in Australia and are finalising the roll out in New Zealand. This should be completed by the end of Q2 21.

Summary

The Australian segment generated TTV of $4.275 billion (-23.3%) and revenue of $229.3 million (-18.9%) were 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 better margin outcomes from our sales mix with some impact from revenues derived from COVID-19 related call centre work. No TTV is associated with this revenue. Total underlying operating expenditure was reduced by $30.4 million through cost saving initiatives from March 2020 and from wage subsidies in Q420. Underlying EBITDA for the Australian segment was $39.5 million, a decrease of $23.2 million or 37.0% compared with the prior year.

Overall the segment reported an underlying EBITDA of $39.5 million, down from $62.7 million in 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 now over 50 active agencies and new agencies continue to be on-boarded remotely.

Awards

The Australia segment was well recognised at the July 2019 National Travel Industry Awards, with Magellan Travel awarded Best Non-Branded Travel Agency group, Viva Holidays awarded Best Wholesaler – Australia Product, Air Tickets awarded Best Agency Support Services, Veronika Panzic from Show Group awarded Best Travel Consultant Corporate and over 50 finalists across the Helloworld Travel group.

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%)

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

Retail

In New Zealand, the Group has a range of retail operations acting as a franchisor of retail travel agency networks including the Helloworld Travel Branded and Helloworld Travel Associate networks . The retail distribution operations also include the membership groups of My Travel Group (an independent network of agencies) 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 retail network has significantly increased member numbers during the year including the additions of associate members Gilpin Travel, Barlow Travel and Atlas Corporate Travel which joined during 2019.

The NZ Travel Brokers group joined the network in June 2019 taking the total number of brokers in the New Zealand network to more than 280 members. Helloworld's retail networks have a very strong value proposition which is providing a significant attraction for new agents to join.

The expansion brings the total retail network membership in New Zealand to over 550 members as at 30 June 2020.

Agents in NZ will be taking advantage of the Consumer Travel Reimbursement Scheme under which the NZ Government is paying 7.5% to agents for refunds and 5% of future travel credits for refunds and credits for bookings made prior to 14 August 2020 and refunded or credited after 14 August 2020.

Wholesale & Inbound

The Group's 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 offer travel services to clients in over 70 countries worldwide.

The New Zealand wholesale and inbound operations had a strong year through to February. Go Holidays continued to be well supported by the Helloworld Travel retail network and other NZ agents and benefited from an expanded product range and growing support from the networks. Inbound operations saw an increase in sales to end February before the NZ borders closed to all international arrivals.

Corporate

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

A decision was made to consolidate the GO C&I business into APX in March .

APX was reappointed to the New Zealand All of Government (AoG) Travel Management Services five member panel in March 2019 and the new agreement came into effect from 1 July 2019 for an initial five-year term with two further two-year renewal options.

Sports travel specialist, Williment Travel Group, which was acquired in 2019 opened up new product offerings to the existing Helloworld Travel network and expanded its reach in the travel market, with the benefits showing in FY20 until the end of February, when sporting and other events ceased.

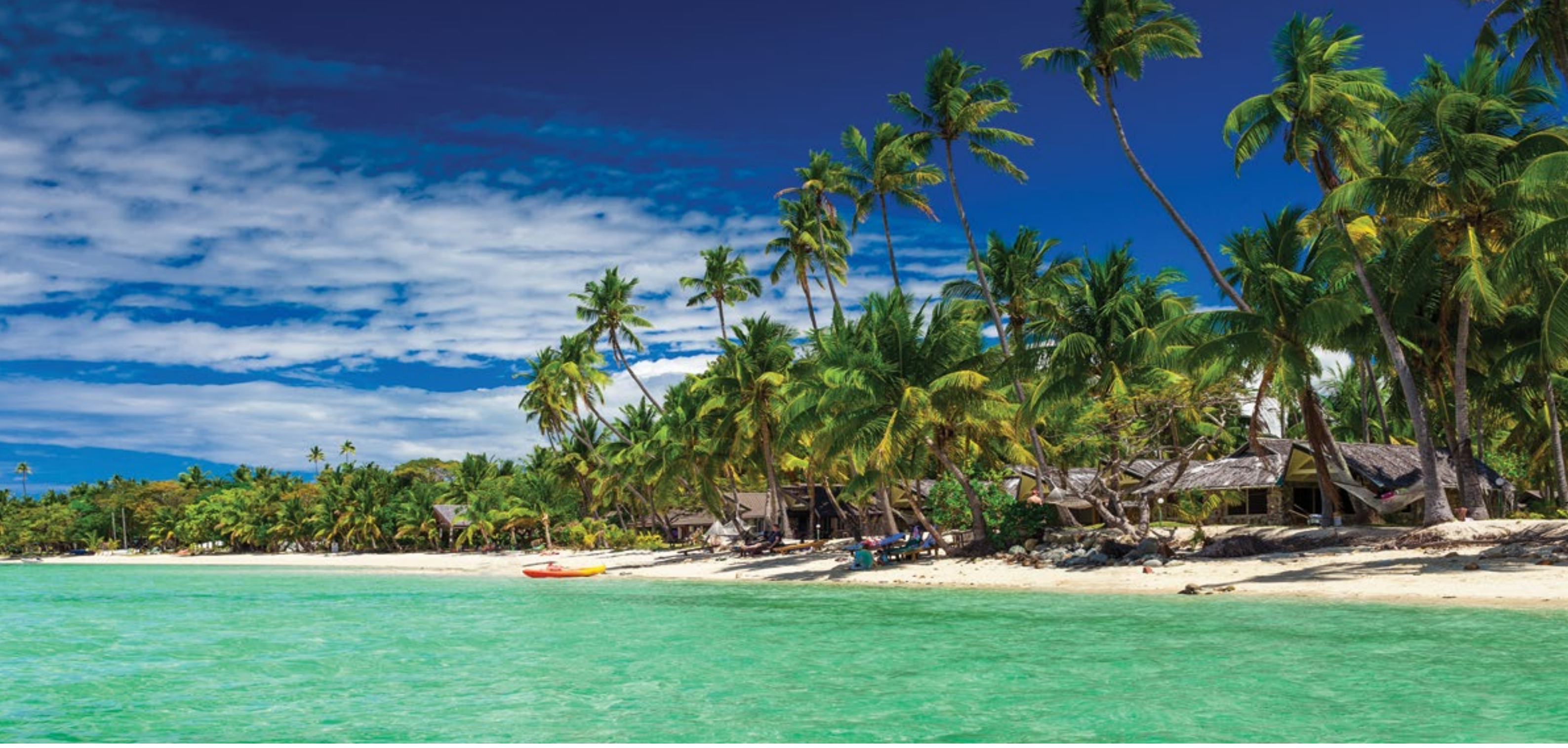
Summary

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 underlying operating expenditure was reduced by $7.0 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 reflected a change in business mix with a higher proportion of NZ TTV coming from lower margin retail business and the rapid onset of revenue reductions while business costs were being reduced.

Post year end, the Group commenced a restructure of our New Zealand operations, reducing headcount by a further 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%)
Underlying operating expenses	(10,037)	(16,969)	6,932	(40.9%)
Add back trading losses relating to U.S.A. 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%

This segment is now effectively our Fiji operation (ATS Pacific and Tourism Transport Fiji) post the disposal of our Insider Journeys (divested on 30 June 2019) and our US wholesale business (divested on 30 June 2020).

The segment generated TTV and revenue below the prior year primarily reflecting the changing travel conditions in the second half of FY20. Current year and prior year trading losses of the U.S Wholesale business are excluded from underlying EBITDA.

The segment generated a very small underlying EBITDA of $21,000. Operating costs were lower than the prior year as the segment focused on disposing of the US business and reducing costs in Fiji from March 2020 onwards.

Fiji

The Group's Fiji based businesses, ATS Pacific (Inbound) and TTF Fiji (Transport) performed well to the end of February 2020 but with the onset of COVID-19 travel to and from Fiji has been suspended, while there is hope for Fiji to be included in a trans-Pacific bubble in 2021.

Outlook & economic sustainability

The Travel Industry continued to grow strongly the first 8 months of FY20 however this ended in March with the onset of COVID-19. Economic growth both domestically and globally, is expected to decline in the year ahead.

Against this background, there is evidence that Australian and New Zealand leisure travellers have not spent or will not spend up to $100 billion in domestic and international travel and events between March 2020 and March 2021.

With interest rates at all time lows, tax concessions and reductions in the rates of personal income tax and an inability to travel internationally at all, this should bode well for the travel and tourism industry in the coming two years.

From a corporate travel perspective, this has been reduced to essential travel only for Government and business travellers but reports indicate this should start to recover in FY21 once new COVID safe protocols for travel have been implemented and accepted,

The Group's focus in the 2021 financial year will be on managing our costs and revenues to ensure we minimise our losses over the first 6-9 months before returning to profitability by the end of the year.

Helloworld Travel is focused on delivering value for our shareholders, our travel agents, our supplier partners and our travellers.

The Company has a strong balance sheet at the end of FY20, a stable network of high performing agents who are determined to see through this crisis, a wide range of preferred partners and a suite of enhanced digital solutions for our agency and corporate customers.

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 people's ability to travel. A decline in the domestic and/or international travel industry, whether as a result of a particular event or economic conditions (such as a decrease in consumer and business demand), will have a material adverse effect on Helloworld Travel's operating and financial performance.

The events relating to COVID-19 have resulted in unprecedented restrictions on domestic and international travel, major reductions in airline capacity and general disruption to the tourism and travel industry. These restrictions have been imposed by both State, Federal 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 halt in international travel and a sharp decline in domestic travel. Flowing from this has been a massive increase in travel cancellation rates and the requirement to process a vast amount of refund and future travel credits for travellers. This 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, vaccines, 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 Annual 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, to and from 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 flux 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 counter-parties (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

Restrictions in international and domestic travel as a result of COVID-19 have resulted in a significant disruption to customer bookings and travel plans. As a result of these travel restrictions, Helloworld Travel has experienced a very significant increase in the number of customer requests for travel cancellations and consequent 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 refunds by suppliers may have an adverse impact on Helloworld Travel's operational and financial performance. Customers may also seek a charge-back (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 counter-parties 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 counter-parties 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.

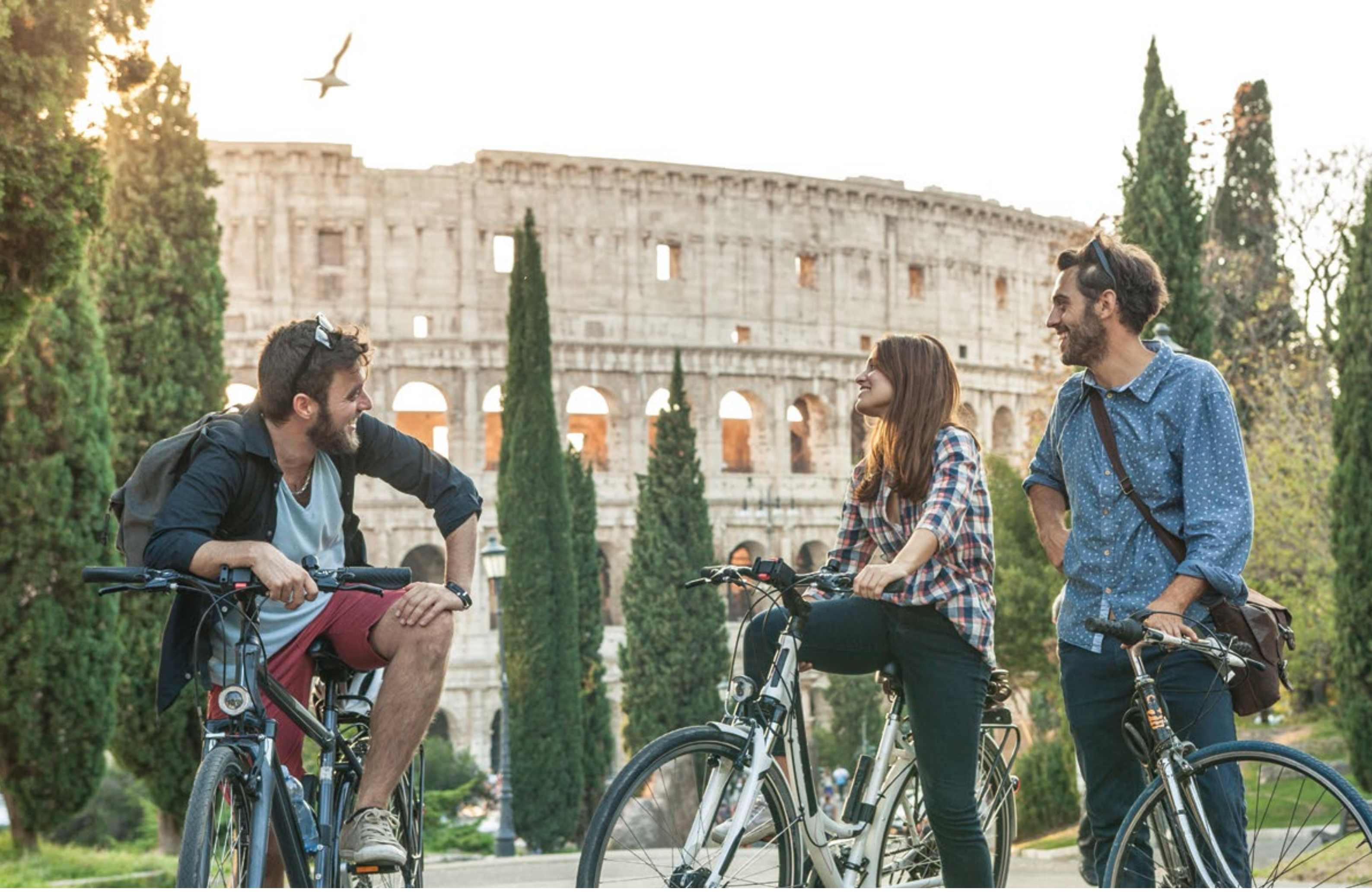
The current and ongoing cost reduction initiatives could also cause disruption to operations and impact on the Group's ability to retain high quality staff, operate its business in the ordinary course, effectively manage operational risks and/or take advantage of a recovery in the sector when the travel 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.

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.

People

At 30 June 2020, Helloworld Travel has 1,578 employees if all employees were working at their normal capacity this would represent 1,508 FTE. Approximately 140 employees joined Helloworld Travel on 1 October 2019 as a result of the acquisition of TravelEdge Group. The decrease in FTE from FY19 reflects the need to reduce staff levels to align with lower revenues as a result of the impact of COVID-19. However taking in account the reduced work hours being worked due to COVID-19, the FTE as at 30 June 2020 was 552.

Of the total number of people employed across the Group at year end 69.6% (2019: 70%) are female.

Employee expenditure for the year ended 30 June 2020 decreased by $19.1 million or 13.7% to $120.3 million, due to the lower level of employed staff, reducing working hours and salary reductions for senior business leaders following the impact of COVID-19. In addition, Helloworld Travel received wage subsidies in Australia and New Zealand from the respective national governments.

While the majority of the Group's employees are now based in either Australia, New Zealand or Fiji, the Group has employees in several other countries.

The FTE breakdown by country as at 30 June 2020 is below:

Australia	1,060	(70%)
New Zealand	269	(18%)
Fiji	138	(9%)
India	22	(2%)
Other	19	(1%)
TOTAL	**1,508**	-

Capital structure

At 30 June 2020, Helloworld Travel had 124,720,842 shares on issue of which the Executive Directors, Andrew Burnes and Cinzia Burnes, along with their Director related entities, own 31.4%. Sintack Pty Limited and its associates hold 16.6%, QH Tours Limited (a subsidiary of Qantas Airways Limited) holds 15.4%, with the remaining 36.6% being held by other shareholders including management.

During the current year to 30 June 2020, the number of shares increased by 62,766 shares 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.

During July/August 2020 the company undertook a capital raising. The new shares issued as a result of the capital raising increased the total number of shares issued by 30,307,003 to 155,027,845.

Significant events after the balance date

With the exception of the items described at note 39 of the accompany financial statements, the Directors are not aware of any matter or circumstance that has arisen in the interval between 30 June 2020 and the date of signing of this report that has significantly, or may significantly, affect the operations of the Group, the results of the operations of the Group or the state of the Group's affairs in future financial years.

Likely developments

In the opinion of the Directors, it would prejudice the interests of the Group to provide additional information, except as described in this report, relating to likely developments in the operations of the Group in subsequent financial years.

Regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

Helloworld Travel is an accredited member of the International Air Transport Association (IATA). Ongoing accreditation allows the company to sell international and/or domestic airline tickets on behalf of IATA member airlines. It also allows access to IATA's Billing and Settlement Plan (BSP), which is an efficient interface for invoicing and payment between the travel agent and airlines.

Indemnification and insurance of Directors and officers

Indemnification

The Company has agreed to indemnify the Directors and executive officers (or former Directors or executive officers) of the Company against:

(a) any liability (other than for legal costs) incurred by the Director or executive officer;

(b) any legal costs reasonably incurred by the Director or executive officer in connection with;

(i) any claim brought against or by the Director or executive officer of the Company; or

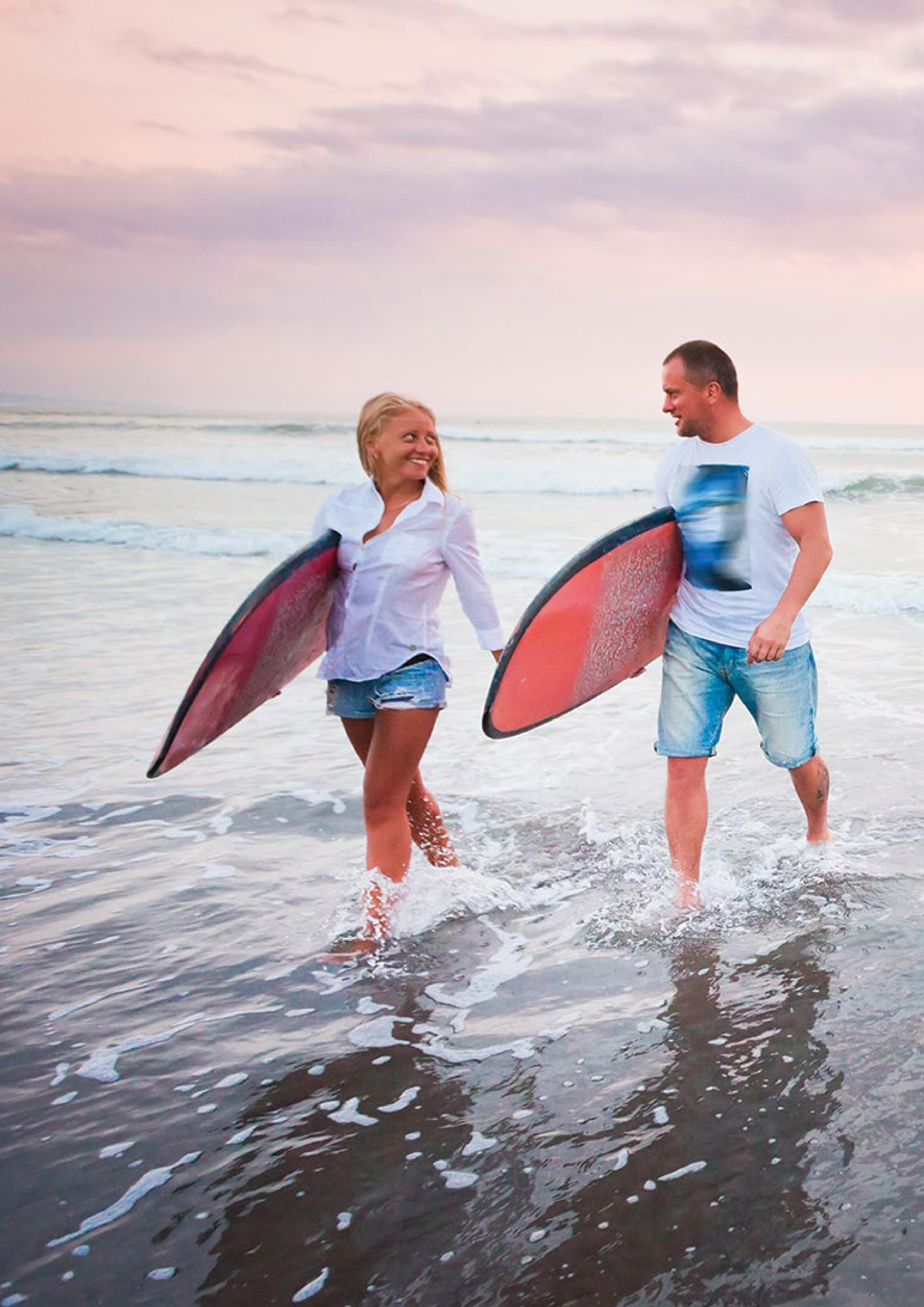
(ii) any investigative proceeding, including (without limitation) in obtaining legal advice for the purposes of responding to, preparing for or defending any of the above; and

(c) any legal costs reasonably incurred by the Director or executive officer in or in connection with the discharge of the Director or executive officer's duties as an officer of the Company, provided that the advice is obtained in accordance with the Board Charter which requires approval from the Chairman who will facilitate the obtaining of the advice and, where appropriate, disseminate the advice to all Directors.

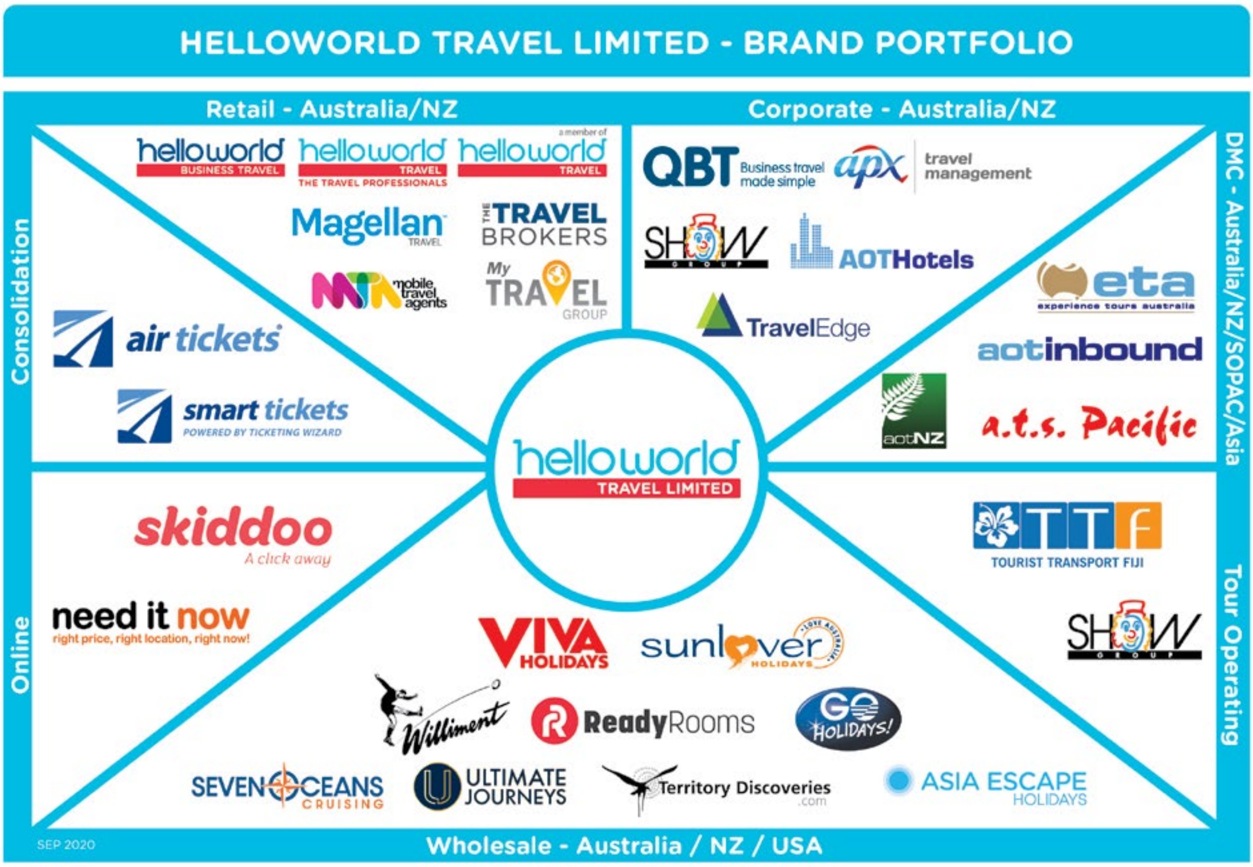
Insurance premiums

The Company has paid insurance premiums of $305,104 (FY19: $140,313) during the financial year to cover current and former Directors' and officers' liability and legal expenses. The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.




helloworld
TRAVEL
THE TRAVEL PROFESSIONALS


HELLOWORLD TRAVEL LIMITED - BRAND PORTFOLIO
Retail - Australia/NZ
Corporate - Australia/NZ
DMC - Australia/NZ/SOPAC/Asia
Tour Operating
Wholesale - Australia / NZ / USA
Online
Consolidation
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Magellan TRAVEL
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air tickets
smart tickets POWERED BY TICKETING WIZARD
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need it now right price, right location, right now!
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SEP 2020

LETTER FROM THE REMUNERATION COMMITTEE CHAIRMAN

Dear Shareholder,

On behalf of the Board, I am pleased to present the Remuneration Report for 2020 for Helloworld Travel Limited (the Group).

The Board is committed to an executive remuneration framework that is focused on driving organisational performance and linking executive remuneration to the achievement of the Group's strategy and business objectives and, ultimately, generating superior returns to shareholders.

Group performance and remuneration outcomes in 2020.

The Group's performance was significantly impacted by COVID-19 from March 2020. Prior to COVID-19, the Group had generated positive and sustained results through the determined focus by the Group's senior executive and their teams on driving strategic business outcomes, incentivised through remuneration and incentive structures. That performance was recognised by fixed salary increases for a number of Key Management Personnel (KMP) effective from November/December 2019. As a consequence of COVID-19, salary reductions for KMP were implemented. These reductions varied between 40% and 100% and were applied between April 2020 and June 2020 and extend into the new financial year.

The Board believes the current remuneration strategy ensures the appropriate framework is in place to drive long term performance and align executive reward with shareholders' interests.

The Board has continued its commitment to its LTIP program which is directly linked to Total Shareholder Return (TSR) for executive KMP, and other senior executives excluding Executive Directors. This consists of retaining the existing loan-based share plan until the last of the vesting periods expire on 31 December 2020 and the making of awards under the Omnibus Incentive Plan approved by shareholders at the 2019 Annual General meeting.

KMPs have established remuneration packages which allow them to participate in the Group's Long Term Incentive Plan (LTIP). There were no grants to KMP under either the existing LTIP loan based share plan or the Omnibus Incentive Plan during the current year.

During the previous year the performance conditions attached to the LTIP shares granted in 2016 were met and accordingly these shares vested on 1 July 2019. At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders approved 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.

During the year ended 30 June 2020 no short term incentive payments were made to any KMP.

The Board recommends the Remuneration Report to you and asks that you support our remuneration policies and practices by voting in favour of this Report at our 2020 Annual General Meeting.

Yours faithfully

Garry Hounsell

Chairman of the Remuneration Committee
Chairman of Helloworld Travel Limited
15 October 2020

REMUNERATION REPORT (AUDITED)

This 2020 Remuneration Report outlines the remuneration arrangements for the KMP of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report contains the following sections:

1 REMUNERATION GOVERNANCE & FRAMEWORK

2 EXECUTIVE REMUNERATION

3 NON-EXECUTIVE DIRECTOR REMUNERATION

1 REMUNERATION GOVERNANCE & FRAMEWORK

1.1 Persons to whom this report relates

This report covers the remuneration arrangements for the KMP of the Group. KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise). For the purposes of this report, the term 'executive' encompasses the Executive Directors and the Executive KMP.

Directors and other KMP disclosed in this report are:

Name	Position
Non-Executive Directors	
Garry Hounsell	Chairman and Non-Executive Director
Mike Ferraro	Non-Executive Director
Andrew Finch	Non-Executive Director
Executive Directors	
Andrew Burnes AO	Chief Executive Officer and Managing Director
Cinzia Burnes	Group General Manager, Wholesale & Inbound and Executive Director
Executive KMP	
David Hall	Chief Financial Officer (appointed effective 2 December 2019)
Michael Burnett	Chief Financial Officer (ceased role effective 1 December 2019)
John Constable	Group General Manager – Retail & Commercial
Simon McKearney	Group General Manager – New Zealand
Nick Sutherland	Group General Manager - Corporate

1.2 Remuneration governance

The Remuneration Committee of the Board is responsible for reviewing remuneration arrangements and making recommendations to the Board in respect of the directors and KMP executives. The Remuneration Committee assesses the nature and amount of remuneration of directors and KMP executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing Board of Directors and KMP executive team. Garry Hounsell (Chairman), Mike Ferraro and Andrew Finch were the members of the Remuneration Committee during the year.

In determining the level and make-up of executive remuneration, the Remuneration Committee considers advice from external consultants from time to time and reviews the market level of remuneration for comparable directors and KMP executive roles.

1.3 KMP executive remuneration framework

The Group aims to reward KMP executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and to reflect their level of experience and performance.

The remuneration framework for KMP executives embodies the following principles:

- provide competitive rewards to attract and retain high calibre executives;
- have a portion of executive remuneration 'at risk,' dependent upon meeting pre-determined performance benchmarks;
- directly linking executive rewards to shareholder value; and
- establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

To achieve these principles, the remuneration arrangements of the CEO and KMPs are made up of one or more of the following elements:

Fixed Annual Remuneration (FAR)

Set to attract, retain and motivate the right talent to deliver on the Group's strategy, the Board takes into account individual performance, skills, expertise and experience as well as external benchmarking to determine executive's fixed remuneration.

Executives may receive their FAR in a variety of forms including cash and fringe benefits. It is intended that the manner in which FAR is paid will be optimal for the recipient without creating extra cost for the Group. Salary, as disclosed in the remuneration tables, is the remuneration remaining after the deduction of salary sacrifice components such as motor vehicles and superannuation which are shown in a separate category.

Annually the FAR for each executive is reviewed based on the executive's past performance, changes in responsibility, market forces and relativity to competitors and adjusted where appropriate. Due to the unprecedented impact of COVID-19 on domestic and international travel and on the Helloworld Travel business, a further re-assessment of each executive's FAR was conducted in March 2020 and adjustments made to reflect those conditions.

Short Term Incentive ('at risk' remuneration)

Short term 'at risk' components are linked to achievement of individual and the Group's KPIs. Due to the impact of COVID-19, no short term incentives were paid in the current year.

Long Term Incentive ('at risk' remuneration)

The long term 'at risk' components for certain KMP are based on the Group's performance against Total Shareholder Return metrics (threshold) and key financial and non-financial measures. Due to the impact of COVID-19, no long term incentives were granted during the year. More detail on the 'at risk' remuneration components and their link to the Group's performance is included in section 2 of this report.

1.4 Executive remuneration mix

The Board aims to find a balance between the different elements of remuneration to attract, retain and motivate the right talent to deliver on the Group's strategy while also linking pay to performance via incentive plans to motivate executives to achieve outcomes beyond the standard expected in the normal course of ongoing employment.

1.5 Remuneration changes for 2020

Short Term Incentive Plan (STIP)

During the 2020 financial year there were no STIP payments made to any KMP.

During the 2019 financial year, John Constable and Nick Sutherland received a STIP payment based on achievement of their individual and business KPIs.

Long Term Incentive Plan (LTIP)

A LTIP program was implemented in the 2017 financial year to a targeted group of senior leaders including executive KMP. Subsequent allocations were made in FY18. No allocations were made to KMP personnel during the current year and it is intended that this loan based LTIP will cease once the last vesting date, 31 December 2020 has passed. At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders approved 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. It is intended that grants will be made under the Plan to KMP as a component of the incentives to drive sustained and long term performance

The key criteria for the KMP LTIP plan are as follows:

- LTIP allocations will be limited to key executives and senior leaders reporting to the CEO or senior leaders who are considered critical to the ongoing success of the Group;
- The threshold performance criteria is directly linked to Total Shareholder Return and provides reward on successful marked improvement of Helloworld Travel's return to shareholders over an extended period; and
- The executive or senior leader will need to meet individual KPIs as determined by the Board and CEO over the measurement period.

The overall objectives of the LTIP scheme is to lock in key leaders for an extended period of time, whilst at the same time incentivising them to generate superior returns.

Pursuant to the loan LTIP, Michael Burnett and Simon McKearney were allocated shares during the year ended 30 June 2017 and Nick Sutherland and John Constable were allocated shares during the year ended 30 June 2018 which included the following attributes:

KMP	Michael Burnett & Simon McKearney	Nick Sutherland	John Constable
Type of Scheme	Loan Funded Scheme		
Scheme Commencement	1 July 2016		
Grant allocation date	1 July 2016	1 July 2017	1 April 2018
Scheme measurement and vesting date	1 July 2019	1 July 2020	31 December 2020
Share VWAP for allocation	$3.00 per share	$3.81 per share	$4.67 per share
50% Vesting	$4.50 share price	$5.50 share price	$5.50 share price
100% Vesting	$5.50 share price	$6.50 share price	$6.50 share price
Performance Criteria	Must meet both TSR and individual KPIs		
KPIs	Determined by the CEO periodically and the achievement of these KPIs would be at the sole discretion of the CEO and Board		
Loan	A loan will be given to the participant equal to HLO share value at the grant date and the number of shares issued. The loan is to be repaid to the Group after vesting of the shares.		

Refer to note 38: share-based payments in the financial statements for further details on the nature of the LTIP

In relation to FY19, the Board determined that the KPIs in relation to the shares granted to KMP in 2016 had been achieved. As a result, shares allocated to Michael Burnett (500,000 shares) and Simon McKearney (150,000 shares) vested on 1 July 2019. The vesting target was achieved as the TSR over the three year period was in excess of the TSR performance hurdle set at the commencement of the scheme as well as their individual KPIs.

In relation to the shares granted to Nick Sutherland in FY18, the Board has determined that the TSR share price based performance criteria KPI has not been achieved and accordingly those shares did not vest on 1 July 2020.

For the LTIP scheme, the Board has sole discretion about what happens to the shares on any change of control event.

1.6 2021 update

During July 2020, John Constable, Group General Manager - Retail & Commercial relocated to the United Kingdom and has since ceased his role with the Company. Simon McKearney, Executive General Manager - New Zealand, tendered his resignation in July, 2020 and left the Group in September 2020.

For the quarter commencing 1 July 2020, both the CEO and Managing Director, and Group General Manager – Wholesale & Inbound and Executive Director received salaries equivalent to 50% of their previous annual salaries prior to COVID-19. For the year commencing 1 July 2020 the salaries for the other executive KMPs will remain at the same 40% reduction level as they were at 1 April 2020.

2 EXECUTIVE REMUNERATION

2.1 Company performance and remuneration outcomes for 2020

The table below provides relevant Group performance information for the key financial measures over the last five years;

	2020 $'000	2019 $'000	2018 $'000	2017 $'000	2016 $'000
Net profit / (loss) after tax (NPAT)	(69,985)	38,043	30,830	21,591	1,676
EBITDA (i)	N/A	77,105	64,030	55,179	25,290
Underlying EBITDA	44,042	73,526	N/A	N/A	N/A

(i) EBITDA has been calculated for the 2019 financial year by including depreciation on right of use assets and finance expense on lease liabilities to ensure consistency with previous periods.

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2020	2019	2018	2017	2016
Basic earnings / (loss) per share (EPS cents)	(56.5)	31.4	26.1	18.8	1.90
Total dividends declared (cents per share)	9.0	20.5	18.0	14.0	2.00
Opening share price at 1 July ($)	5.07	4.80	4.04	3.08	2.16
Closing share price at 30 June ($)	2.29	5.07	4.80	4.04	3.08
Total shareholder return (%)	(53.1)%	9.9%	23.3%	35.7%	43.5%

Note: 2019 figures above have been restated. Refer to note 2 of the financial statements for details.

TSR for 2020 reflects the impacts of COVID-19. Returns in 2020 contrast dramatically with increases in key metrics including EBITDA, NPAT and EPS between 2016 and 2019.

2.2 Executive remuneration

	Short term benefits			Long term benefits	Post-employment benefits		Share based payments	Termination benefits		
	Salary ($)	STIP ($)	Other ($)	Leave ($)	Super-annuation ($)	Other benefits ($)	LTIP ($)	Termination payments ($)	Total ($)	Performance related percentage
A Burnes (CEO and Managing Director)										
2020	543,154	-	-	29,849	15,752	-	-	-	588,755	0%
2019	570,000	-	-	12,792	20,532	-	-	-	603,324	0%
C Burnes (Group General Manager – Wholesale & Inbound and Executive Director)										
2020	514,212	-	-	22,638	15,752	-	-	-	552,602	0%
2019	570,000	-	-	12,792	20,532	-	-	-	603,324	0%
D Hall (CFO and Group Company Secretary)										
Commenced effective 2 December 2019										
2020	268,039	-	-	-	15,763	-	-	-	283,802	0%
M Burnett (CFO and Group Company Secretary)										
(Resigned effective 20 December 2019)										
2020	260,192	-	-	(5,563)	10,501	-	-	-	265,130	0%
2019	550,000	-	-	4,855	20,531	-	208,958	-	784,344	26.6%
J Constable (Group General Manager – Retail & Commercial)										
2020	520,141	-	340,782	1,124	-	-	180,000	-	1,042,047	17.3%
2019	570,138	171,041	339,307	-	-	-	180,000	-	1,260,486	27.8%
S McKearney (Group General Manager – New Zealand)										
2020	362,892	-	-	-	10,887	-	-	-	373,779	0%
2019	327,367	-	-	-	9,821	-	62,688	-	399,876	15.7%
N Sutherland (Group General Manager – Corporate)										
2020	449,905	-	-	5,193	21,003	-	52,000	-	528,101	9.8%
2019	376,351	41,250	-	741	20,531	-	52,000	-	490,873	19.0%
2020 TOTAL	**2,918,535**	**-**	**340,782**	**53,241**	**89,658**	**-**	**232,000**	**-**	**3,634,216**	**6.4%**
2019 TOTAL	**2,963,856**	**212,291**	**339,307**	**31,180**	**91,947**	**-**	**503,646**	**-**	**4,142,227**	**17.3%**

During the year, material changes were made in respect of KMP remuneration. The key changes in relation to executive salary payments were as follows:

Andrew Burnes (CEO and Managing Director)

On 1 December 2019 annual salary increased from $650,000 to $850,000.

For the period 11 March 2020 to 25 March 2020 fortnightly salary was reduced by 30%.

For the period 26 March 2020 to 30 June 2020 fortnightly salary was reduced to zero and a JobKeeper payment of $1,500 per fortnight was received.

Cinzia Burnes (Group General Manager – Wholesale & Inbound and Executive Director)

On 1 December 2019 annual salary increased from $650,000 to $750,000.

For the period 11 March 2020 to 25 March 2020 fortnightly salary was reduced by 25%.

For the period 26 March 2020 to 30 June 2020 fortnightly salary was reduced to zero and a JobKeeper payment of $1,500 per fortnight was received.

David Hall (CFO and Group Company Secretary)

On 2 December 2019 commenced role with an annual salary of $600,000.

For the period 11 March 2020 to 25 March 2020 fortnightly salary was reduced by 25%.

For the period 26 March 2020 to 30 June 2020 fortnightly salary was reduced by a further 15% resulting in a 40% salary reduction.

John Constable (Group General Manager – Retail & Commercial)

For the period 1 April 2020 to 30 June 2020 fortnightly salary was reduced by 40%.

Simon McKearney (Group General Manager – New Zealand)

On 20 November 2019 annual salary increased from $400,000 to $450,000.

For the period 1 April 2020 to 30 June 2020 fortnightly salary was reduced by 40%.

Nick Sutherland (Group General Manager – Corporate)

On 20 November 2019 annual salary increased from $424,268 to $550,000.

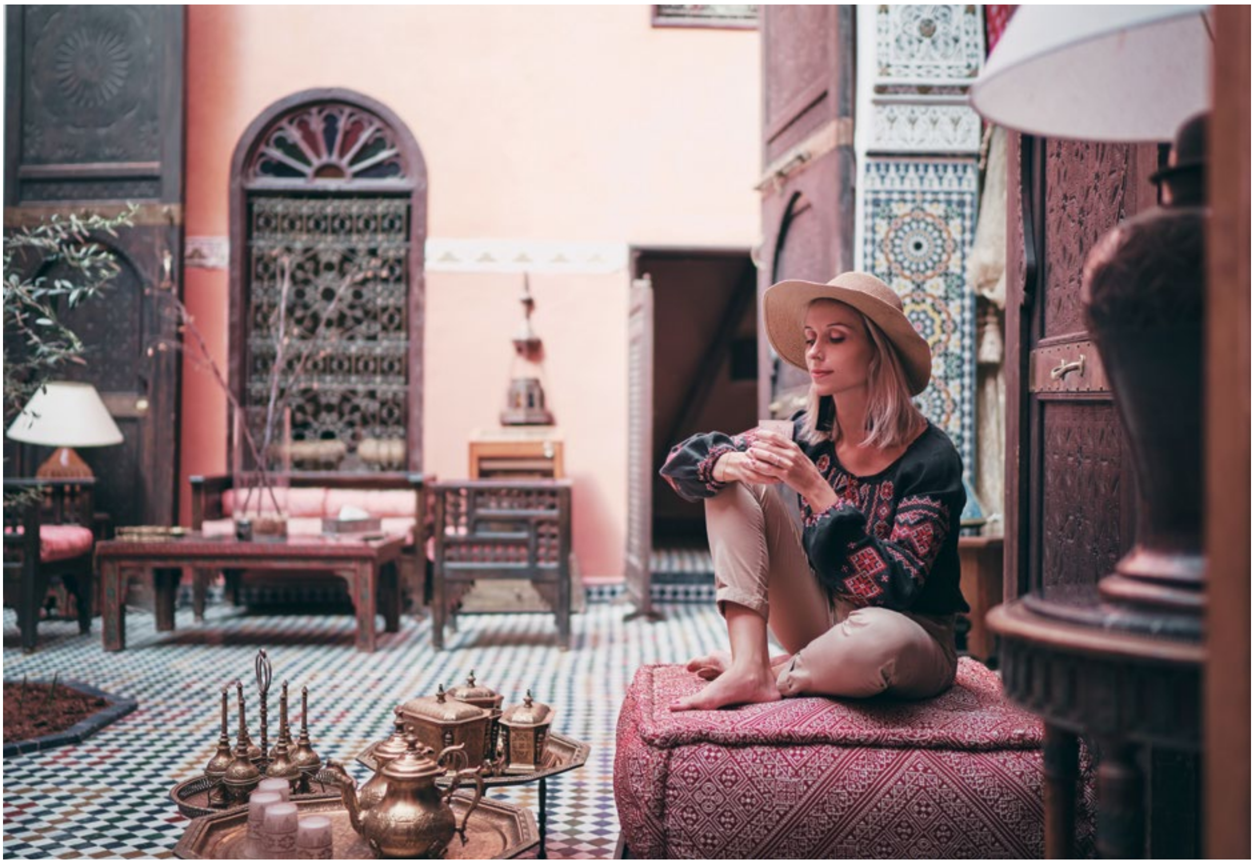
For the period 1 April 2020 to 30 June 2020 fortnightly salary was reduced by 40%.

The proportion of remuneration that is performance based is calculated as the combined STIP and LTIP share-based payments as a proportion of total remuneration.

David Hall was appointed as CFO for Helloworld Travel on 2 December 2019 and his remuneration for FY20 reflects the period from 2 December 2019 to 30 June 2020. Michael Burnett, the former CFO, ceased his role as CFO on 1 December 2019 and left the business on 20 December 2019. His remuneration reflects the period from 1 July 2019 to 20 December 2019. Mr Constable's short term benefits for the 2019 and 2020 years comprise housing, motor vehicle and travel allowances relating to his relocation from the UK. The cost of these benefits and the associated FBT payable are shown in the table above as short term benefits – other.

John Constable and Nick Sutherland were awarded Short Term Incentive Plan (STIP) payments in FY19 in relation to achievement of personal and business KPIs. The STIP for Mr Constable represented 30% of his fixed salary and was the maximum payable. Mr Sutherland's FY19 STIP was based on the achievement of certain revenue growth targets and represented the maximum payable.

No STIP payments were made in FY20 due to the adverse impact of COVID-19 on the Helloworld Travel business.



2.3 Long Term Incentive Plan (LTIP)

As described at section 1.5, a loan based LTIP was established during 2017. The overall objectives of the LTIP were to lock in our key leaders for an extended period of time, whilst at the same time, incentivising them to generate superior long term returns to our shareholders.

During the current year, no shares (2019: nil) were issued and allocated to KMP under this loan funded LTIP. The 200,000 LTIP shares previously allocated to Mr Sutherland have been included in the table of KMP shares as a result of Mr Sutherland joining the KMP on 1 July 2018. These shares were valued at the market value at the grant date of 1 July 2017 at $3.81 per share. The details of the loan funded LTIP are included in note 38 to the Financial Statements: share based payments.

During the 2019 year the individual and the Group's performance conditions attached to the loan funded LTIP shares granted in 2016 were met and accordingly these shares vested on 1 July 2019. In accordance with the fund rules, the vesting target was achieved as the Total Shareholder Return (TSR) over the three year period was in excess of the TSR performance hurdle set at the commencement of the scheme for vesting.

In relation to the shares granted to Nick Sutherland in FY18, the Board has determined that the TSR share price based performance criteria KPI was not been achieved and accordingly those shares did not vest on 1 July 2020.

A loan is provided to each participant equal to the market value of the shares at the time of issue. As at 30 June 2020, the loans to the KMP amount to $2.9 million (30 June 2019: $4.7 million). The loan is interest free and non-recourse. The loan is to be repaid to Helloworld Travel after vesting conditions are met and must be repaid on the earlier of, the sale of the shares or 10 years after grant date. If the shares fail to vest, the shares will be forfeited, and the loan extinguished. During the vesting period, the shares receive dividends as per ordinary paid up shares. The dividends earned on the shares during the vesting period are offset against the loan under the scheme until the loan is repaid.

Set out below is the summary of the shares and loan value with the KMP:

Year ended 30 June 2020	Number of LTIP shares				Loan Value $			
Name	Opening Balance	Addition	Vested	Closing Balance	Opening Balance	Addition	Movement	Closing Balance
Michael Burnett	500,000	-	500,000	-	1,349,427	-	(1,349,427)	-
Simon McKearney	150,000	-	150,000	-	404,828	-	(404,828)	-
John Constable	500,000	-	-	500,000	2,265,421	-	(81,393)	2,184,028
Nick Sutherland	200,000	-	-	200,000	711,254	-	(32,557)	678,697
TOTAL	**1,350,000**	**-**	**650,000**	**700,000**	**4,730,930**	**-**	**(1,868,205)**	**2,862,725**

Year ended 30 June 2019	Number of LTIP shares				Loan Value $			
Name	Opening Balance	Addition as KMP	Addition	Closing Balance	Opening Balance	Addition as KMP	Movement	Closing Balance
Michael Burnett	500,000	-	-	500,000	1,421,356	-	(71,929)	1,349,427
Simon McKearney	150,000	-	-	150,000	426,407	-	(21,579)	404,828
John Constable	500,000	-	-	500,000	2,337,350	-	(71,929)	2,265,421
Nick Sutherland	-	200,000	-	200,000	-	740,025	(28,771)	711,254
TOTAL	**1,150,000**	**200,000**	**-**	**1,350,000**	**4,185,113**	**740,025**	**(194,208)**	**4,730,930**

At the Helloworld Travel Annual General Meeting held on 14 November 2019, the Group's shareholders approved 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

2.4 Executive shareholdings

The number of shares in the company held during the financial year by each director and other members of KMP of the Group, including their personally related parties, is set out below:

EXECUTIVE	Number of shares at 1 July 2019	Additions	Disposals	KMP removal	Number of shares at 30 June 2020
Andrew Burnes	10,460,531	35,000	-	-	10,495,531
Cinzia Burnes	10,138,014	-	-	-	10,138,014
The Burnes Group Pty Limited as trustee for The Burnes Group Service Trust	18,530,105	-	-	-	18,530,105
Longbush Nominees Pty Ltd as trustee for the Burnes Superannuation Fund	10,000	-	-	-	10,000
Michael Burnett	500,000	-	-	(500,000)	-
John Constable	500,000	-	-	-	500,000
Simon McKearney	150,000	-	(150,000)	-	-
Nick Sutherland	200,000	-	-	-	200,000
David Hall	-	180,000	-	-	180,000
TOTAL	**40,488,650**	**215,000**	**(150,000)**	**(500,000)**	**40,053,650**

Andrew Burnes and Cinzia Burnes each have a beneficial interest in The Burnes Group Pty Limited which acts as the Trustee of The Burnes Group Service Trust. They also have an interest in Longbush Nominees Pty Ltd which acts as the Trustee of the Burnes Superannuation Fund of which they are both members.

During the current year Mr Burnett resigned from Helloworld Travel and is no longer a KMP for disclosure. The shares which were held by Simon McKearney under the LTIP vested during the year and were subsequently sold.

Entities related to David Hall acquired 180,000 shares on market during the financial year ended 30 June 2020.

Each of Andrew Burnes, Cinzia Burnes and David Hall participated in the Group's Institutional Placement and Accelerated Non-Renounceable Entitlement Offer (together, the Offer).

2.5 Executive service agreements

Remuneration and other terms of employment for KMP are formalised in continuing contracts of employment. These contracts specify the components of remuneration, benefits and notice periods. All contracts may be terminated by either party subject to notice periods and subject to termination payments or benefits as detailed in the table below:

EXECUTIVE		Notice period to be given by KMP	Notice period to be given by the Company	Termination payments or benefits payable if termination is by the Company
Andrew Burnes	CEO and Managing Director	6 months	6 months	In accordance with normal statutory entitlements
Cinzia Burnes	Group General Manager - Wholesale & Inbound and Executive Director	6 months	6 months	In accordance with normal statutory entitlements
David Hall	CFO and Group Company Secretary	6 months	6 months	In accordance with normal statutory entitlements
John Constable	Group General Manager – Retail & Commercial	6 months	6 months	In accordance with normal statutory entitlements
Simon McKearney	Group General Manager - New Zealand	3 months	3 months	In accordance with normal statutory entitlements
Nick Sutherland	Group General Manager – Corporate	3 months	3 months	In accordance with normal statutory entitlements

3 NON-EXECUTIVE DIRECTOR REMUNERATION

3.1 Non-Executive Director remuneration governance

As detailed in section 1.2, the Remuneration Committee is responsible for reviewing remuneration arrangements and making recommendations to the Board in respect of directors. In relation to directors' remuneration arrangements, the Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, at a cost which is acceptable to shareholders.

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct from executive remuneration and is further detailed below.

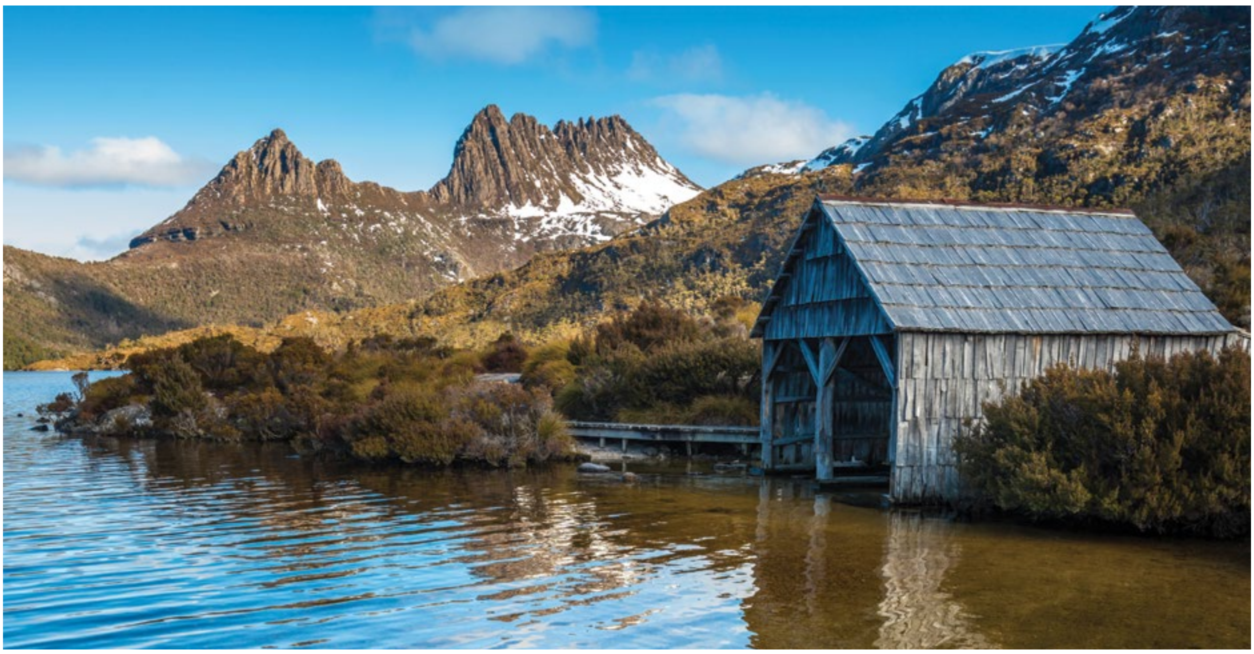
3.2 Non-Executive Director remuneration structure

The aggregate remuneration of Non-Executive Directors is determined from time to time by a general meeting. The latest determination was at the 2010 Annual General Meeting when shareholders approved an aggregate remuneration of $1,500,000 per year. The amount of aggregate remuneration to be approved by shareholders, together with the fee structure, is reviewed annually. The Board considers advice from external consultants from time-to-time as well as fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process. The Board is not proposing any change to the aggregate level of remuneration. A break down of director fees is below.

Role	Fee	Summary
Chairperson	$200,000 from 1 July 2019 (previously, $175,000)	The payment of the higher fee to the Chairman recognises the additional time commitment required and also covers all Board Committee fees.
Non-Executive Director	$100,000	Fee paid in recognition of time commitment and service to the Group's Board.
Committee Fee	$10,000 (Chairman of Audit & Risk Committee receives $25,000)	Additional fee to Non-Executive Directors for serving on or chairing on one or more Committees. Committee fee is not paid to the Board Chairman.

Other than the Chairperson, Directors' fees have not increased since 1 July 2011. Non-Executive Directors do not receive any performance related remuneration or retirement allowances. The remuneration of Non-Executive Directors for the years ended 30 June 2020 and 30 June 2019 is detailed in the following statutory table.

The process for review of Non-Executive Directors' performance is explained in the Corporate Governance Statement.



3.3 Non-Executive Director remuneration

NON-EXECUTIVE DIRECTOR	Short-term benefits Cash salary ($)	Other ($)	Post-employment benefits Superannuation ($)	Total ($)
Garry Hounsell (Chairman)				
2020	154,385	-	13,812	168,197
2019	175,000	-	16,625	191,625
Mike Ferraro				
2020	91,346	-	8,678	100,024
2019	125,000	-	11,875	136,875
Andrew Finch				
2020	-	-	-	-
2019	-	-	-	-
2020 TOTAL	**245,731**	**-**	**22,490**	**268,221**
2019 TOTAL	**300,000**	**-**	**28,500**	**328,500**

Since the original appointment of Andrew Finch to the Board on 1 January 2017, by agreement, no fees have been paid to Andrew Finch or Qantas Airways Limited in relation to his directorship.

During the year, material changes were made in respect of Director fees. The key changes were as follows:

Garry Hounsell (Chairman)

For the period 11 March 2020 to 30 June 2020, directors fees were reduced to zero. From 1 July 2020, Mr Hounsell's fee was increased to 50% of the pre-COVID level.

Mike Ferraro

For the period 11 March 2020 to 30 June 2020, directors fees were reduced to zero.

For the year commencing 1 July 2020 Mr Ferraro's fees were increased to 50% of pre-COVID level.

3.4 Non-Executive Director shareholdings

NON-EXECUTIVE DIRECTOR	Number of shares at 1 July 2019	Movement	Number of shares at 30 June 2020
Garry Hounsell (Chairman)	138,500	-	138,500
Mike Ferraro	17,569	-	17,569
Andrew Finch	-	-	-
TOTAL	**156,069**	**-**	**156,069**

Both Garry Hounsell and Mike Ferraro participated in the Offer, acquiring 15,390 and 1,953 shares, respectively.

This concludes the remuneration report, which has been audited.

Auditor Independence

The Directors received the declaration of independence on page 50 from PricewaterhouseCoopers, the auditor of Helloworld Travel. This declaration confirms the auditor's independence and forms part of the Directors' Report.

Non-Audit Services

During the year PricewaterhouseCoopers, has performed certain other services in addition to its statutory duties. Consistent with written advice provided by the Audit & Risk Committee, the Directors have resolved and are satisfied that the provision of these non-audit services is compatible with, and did not compromise, the general standard of independence of auditors imposed by the auditor independence requirements of the Corporations Act 2001. The reasons for this are that all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Audit & Risk Committee to ensure they do not impact the integrity and objectivity of the auditor. The non-audit services provided do not undermine the general principles relating to auditor independence, as set out in APES 110 Codes of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001, is set out on page 50 and forms part of the Directors' Report for the financial year ended 30 June 2020. Details of the amounts paid to PricewaterhouseCoopers, for audit and non-audit services are set out in note 28 of the Financial Statements on page 107 of the Financial Report.

Rounding

The amounts contained in this Directors' Report and in the Financial Report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under Australian Securities & Investments Commission ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Made in accordance with a resolution of the Directors.

Garry Hounsell

Chairman
Helloworld Travel Limited
Melbourne, 15 October 2020

Auditor's Independence Declaration

As lead auditor for the audit of Helloworld Travel Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
15 October 2020

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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CORPORATE GOVERNANCE STATEMENT

Overview

The Board of Helloworld Travel Limited (the Company) governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to the highest standards of ethics and integrity and ensures that senior management run the Group in accordance with these standards. The Board monitors the Company's governance framework and practices to ensure it fulfils its corporate governance obligations.

This statement has been approved by the Board and outlines the main corporate governance practices employed by the Company. The Company endorses the ASX Corporate Governance Principles and Recommendations (3rd Edition) released in March 2014 by the ASX Corporate Governance Council (ASX CGP) and where it has not adopted a particular recommendation, a detailed explanation is provided.

The Company has reviewed the 4th Edition of ASX Corporate Governance Principles and Recommendations released in February 2019 by the ASX Corporate Governance Council and is working through what changes are required before adoption on or before the year ending 30 June 2021.

This statement is current at 15 October 2020.

1 Laying solid foundations for management and oversight

The relationship between the Board and senior management is critical to the Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Group as a whole. The key aims of the Board are to ensure that the Company is properly managed and has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.

The role and responsibilities of the Board, the Chairman and individual Directors are set out in the Company's Board Charter. A copy of the Board Charter is available from the Corporate Governance section of the Company's website at www.helloworldlimited.com.au.

The Board's key responsibilities and those matters expressly reserved to the Board are set out in the Board Charter and include:

- Setting the strategic direction of the Company and monitoring the implementation of that strategy by management;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the CEO, CFO and Company Secretary;
- Board and Executive Management development and succession planning;
- Approving the annual operating budget;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/divestitures;
- Monitoring compliance with legal, tax and regulatory obligations;
- Reviewing and ratifying systems of risk management, governance, internal compliance and controls, code of ethics and conduct, continuous disclosure, legal compliance and other significant corporate policies;
- Reviewing the effectiveness of the Company's risk management systems;
- Approving and monitoring financial and other reporting to the market; and
- Appointment, reappointment or replacement of the external auditor.

Day-to-day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the CEO, the CFO and other senior executives. Authority for these matters is delegated to the CEO, CFO and senior management under the Delegations of Authority Policy and the delegations are subject to certain specified value thresholds. These matters include:

- Incurring budgeted and unbudgeted operating expenditure;
- Incurring budgeted and unbudgeted capital expenditure;
- Write-downs, bad debts, asset or equity disposals and acquisitions; and
- Approval of entry into contracts.

Prior to a Director appointment, the Board ensures that appropriate checks including background and reference checks are conducted on candidates for the role of Director, which may be conducted by external consultants and by other Directors. Candidates also meet with each existing Director prior to the Board's decision to appoint them.

To ensure that Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them.

Senior executive performance

With the assistance of the Remuneration Committee, the Chairman undertakes an annual review of the performance of the CEO against key performance indicators.

The CEO reviews the performance of his direct reports against key performance indicators and reports this to the Remuneration Committee.

2 Structure of the Board

Board composition

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently five Directors appointed to the Board.

Under the Board Charter, the appointment and removal of the Company Secretary is the responsibility of the Board. The Company Secretary reports directly to the Chairman in relation to all matters relating to the proper functioning of the Board.

The Company uses a Board Skills Matrix to ensure that its membership includes an appropriate mix of skills, experience and expertise and to assist in identifying the skills most desired in potential candidates for appointment to the Board. The matrix is also a tool for identifying professional development opportunities for existing Directors to develop and maintain the skills and knowledge required to effectively perform their role as Directors.

Board Skills Matrix	Number out of 5 directors
Travel Industry Experience - Australia	4
Travel Industry Experience - International	4
Franchise Operations	2
Technology & Digital Economy	3
Brand Development, Marketing	3
Governance & Compliance	4
Listed Company Experience	4
Relationships/Stakeholder Management	5
Remuneration, Human Resources	5
Legal	3
Wide Industry Experience	3
Financial Experience	3
Strategic Planning & Risk	5
Health & Safety	5

Further detail regarding the Directors' qualifications, special responsibilities, skills, experience and expertise (including the period of office held by each Director) is set out in the Directors' Report on pages 10 to 12.

Director Independence

As at 30 June 2020, based on the factors relevant to assessing the independence of Directors included in the ASX CGP, two Directors, Garry Hounsell and Mike Ferraro, are deemed to be independent.

The remainder of the Board is not independent for the following reasons:

- Andrew Finch is an executive of Qantas, the ultimate holding company of QH Tours Ltd, a substantial shareholder of Helloworld Travel Limited and a company having a material business relationship with the Company as a supplier of product and a customer for distribution services;
- Andrew Burnes is the Company's Chief Executive Officer and Managing Director, and a substantial shareholder of the Company; and
- Cinzia Burnes is the Company's Group General Manager, Wholesale and Inbound, Executive Director and a substantial shareholder of the Company.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 10 to 12.

Independent Decision Making

During the reporting period, the role of Chairman was held by Garry Hounsell. Mr Hounsell is an independent director of the Company.

For the whole of the year Andrew Finch was the nominated member to the Board by QH Tours Ltd. Mr Finch brought to the Board the requisite skills which are complementary to those of the other Directors and enabled him to adequately discharge his responsibilities as a Non- Executive Director.

As Executive Directors, Andrew Burnes in his role as CEO and Managing Director and Cinzia Burnes in her role as Group General Manager, Wholesale and Inbound, are not considered by the Board to be Independent Directors.

All Directors bring independent judgement to bear on their decisions.

The materiality thresholds used to assess Director independence are set out in the Board Charter. The Board believes that the interests of the shareholders are best served by:

- the current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- the Independent Directors providing an element of balance as well as making a considerable contribution in their fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgement:

- a standing item on each Board Meeting agenda requires Directors to focus on and declare any conflicts of interest in addition to those already declared;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman;
- all Directors must act at all times in the interests of the Company; and
- the Directors meet regularly without management present.

Adoption of these measures ensures that the interests of shareholders, as a whole, are not jeopardised by a lack of independence.

A majority of the Board are not independent and the Company recognises that this is a departure from Recommendation 2.5 of the ASX CGP.

Nominations and Governance Committee

The company has a Nominations & Governance Committee. It's key responsibilities are the nomination, appointment and re-election of directors and are set out in the Nominations and Governance Committee's charter, which is available in the Corporate Governance section of the Company's website.

The following Directors were members of the Nominations and Governance Committee:

- Garry Hounsell (Chairman)
- Andrew Burnes
- Cinzia Burnes
- Mike Ferraro
- Andrew Finch

Details of these Directors' qualifications, their attendance at Nominations and Governance Committee meetings, and the number of meetings held during FY20 are set out in the Directors' Report on pages 10 to 14.

The terms of reference, role and responsibility of the Nominations and Governance Committee are consistent with ASX CGP 2.1 except that it does not have a majority of Independent Directors. The Chairman of the Committee is an independent Director and the Committee members are considered to have the appropriate experience to serve on the committee.

More information regarding the Committee is set out on page 58 in this Corporate Governance Statement under the heading 'Remunerating fairly and responsibly.'

Remuneration Committee

During the year, the following Non-Executive Directors were members of the Remuneration Committee:

- Garry Hounsell (Chairman)
- Mike Ferraro
- Andrew Finch

Details of these Directors' qualifications, their attendance at Remuneration Committee meetings, and the number of meetings held during FY20 are set out in the Directors' Report on pages 10 to 14.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It reviews the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operations of the Company.

Directors are nominated, appointed and re-elected to the Board in accordance with the Board's policy on these matters set out in the Charter, the Company's Constitution and the ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered along with an assessment of the nature of the skills, experience, expertise, diversity and other attributes which would benefit the Board in fulfilling its responsibilities.

Board performance

The Board undertakes an annual self-assessment of its collective performance and the performance of its committees, by way of a series of questionnaires. The results are collated and discussed at a Board meeting and any action plans are documented together with specific performance goals which are agreed for the coming year.

The outcomes from this Board and Committee performance review were:

- That the Board was functioning well with very open communication between management and the Board;
- The mix of skills and experience of the Board is appropriate for the size and complexity of the company with all Directors making a strong contribution; and
- The focus of the Board will be to ensure the company is well positioned to manage through the COVID-19 pandemic and be in a strong position to take advantage of the opportunities as they arise.

An assessment of individual Director's performance was undertaken during the year. This assessment consisted of a self-assessment questionnaire completed by each Director and an individual discussion with the Board Chairman. The assessment and discussion in relation to the Chairman's performance was undertaken by the Chairman of the Audit & Risk Committee.

Access to information

Directors may access all relevant information required to discharge their duties in addition to information provided in Board papers and regular presentations delivered by executive management on business performance and issues. With the approval of the Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

3 Ethical and responsible decision making

A Code of Ethics and Conduct is in place to promote ethical and responsible practices and expectations for Directors, employees and consultants of the Company in the discharge of their responsibilities. This Code reflects the Directors' and senior executive's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Code of Ethics and Conduct is available to all employees and is also available in the Corporate Governance section of the Company's website.

Diversity

The Board has established a Diversity Policy which supports the commitment of the Company to an inclusive workplace that embraces and promotes diversity and provides a framework for new and existing diversity related initiatives, strategies and programs within the business. A copy of the policy is available in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP3.

In accordance with this policy and ASX CGP3, the Board has established the following measurable objectives in relation to gender diversity:

- The Board will actively seek suitable women applicants for Board vacancies;
- The proportion of females on the Board should not fall below current levels unless a transparent process fails to succeed in attracting a suitable woman candidate; and
- The proportion of females reporting to the CEO should not fall below the current levels unless a transparent process fails to succeed in attracting suitable women candidates.

During the current year, no new Directors were appointed and no Director retired. The percentage of female personnel reporting directly to the CEO was 17% at 30 June 2020 and 38% at 30 June 2019.

During the year the company delivered the following diversity outcomes:

- Continued to implement a Reconciliation Action Plan to raise awareness of cultural issues and workplace practices to support the employment of Aboriginal and Torres Strait Islander people;
- Further revised our methods in talent attraction and selection in the recruitment of people from diverse backgrounds by removing unconscious biases;
- Enhanced our employee health and hygiene activities particularly in the context of a COVID safe workplace
- Promoted awareness of mental health services available to our employees and immediate family members. To support people who are experiencing mental, financial or legal duress;
- Implemented our flexible work practices to allow people to balance family and work priorities; and
- Employed dedicated talent experts to source, acquire and benchmark people for our organisation.

Subject to COVID-19 restrictions, Helloworld Travel's specific diversity and inclusion goals and actions for FY20 include:

- Developing a mentoring program to build the capability and skill of female talent for senior leadership roles;
- Monitor and review for gender pay gaps and set targets to create equality;
- Implement cultural awareness training across the business to acknowledge the diversity of our employee community;
- Enhance the career pathways strategy to incorporate key attributes and leadership behaviours;
- Review our performance development and reward programmes to continue to encourage high performance, and reward key behaviours; and
- Continue to evolve our Employee Value Proposition incorporating inclusivity and diversity across our business and brands.

Indigenous initiatives

The Company recognises the importance and prominence of diversity that is currently encouraged across Australia and globally. The Company will continue to focus on a holistic view of diversity as opposed to solely focusing on gender.

Helloworld Travel is proud to support Aboriginal and Torres Strait Island people. A number of initiatives have been implemented leveraging our QBT business to support the ongoing employment and development of indigenous Australians. During the year we have:

- Promoted out Reconciliation Action Pan (RAP), and are working towards its implementation across our business; and
- Senior leaders from our QBT business participated in an Aboriginal and Torres Strait Islander cultural awareness session to be mindful of cultural norms and leadership practices in the workplace.

The Helloworld Travel Reconciliation Action Plan is designed to:

- Attract and retain indigenous employees; and
- Develop indigenous awareness through communication and training.

Proportion of women in the organisation

There are 1,080 female employees in the Group representing 69.6% of the workforce. There is one female employee in executive role representing 17% of employees who report directly to the CEO. There is one female on the Board which represents 20% of the Board.

Share trading

A Share Trading Policy is in place for Directors, senior executives and employees. The objectives of the policy are to minimise the risk of Directors and employees who may hold material non-public information contravening the laws against insider trading, ensure the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency with respect to trading in securities of the Company. A copy of the policy is available in the Corporate Governance section of the Company's website.

Protected disclosures

The Group's Whistle-blower Policy encourages employees to report concerns in relation to illegal, unethical or improper conduct in circumstances where they may be apprehensive about raising their concern because of fear of possible adverse repercussions. The Whistle-blower Policy is available to all Helloworld Travel employees and is also available in the Corporate Governance section of the Company's website.

4 Integrity of financial reporting

The Board has an Audit & Risk Committee to assist the Board in the discharge of its responsibilities.

During the reporting period, the following Non-Executive Directors were members of the Audit & Risk Committee:

- Mike Ferraro (Chairman)
- Andrew Finch
- Garry Hounsell

The Audit & Risk Committee charter is available in the Corporate Governance section of the Company's website and the composition, operation and responsibilities of the Committee are consistent with ASX CGP 4.1.

Mike Ferraro, an independent Director, has been the Committee Chairman for the full year. The composition and operation of this committee is consistent with ASX CGP 4.1.

Details of these Directors' qualifications and attendance at Audit & Risk Committee meetings are set out in the Directors' Report on pages 10 to 14.

The Board and Audit & Risk Committee closely monitor the independence of the external and internal auditors. Regular reviews of the independence safeguards put in place by the internal and external auditors are undertaken including the rotation of the external audit engagement partner every five years.

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the Auditor's Report.

5 Timely and balanced disclosure

The Company has a written Continuous Disclosure Policy in relation to the market disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities in order to ensure compliance with its obligations under the ASX Listing Rules.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website.

6 Rights of shareholders

The Helloworld Travel Limited Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at Annual General Meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the Annual Report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website and the Helloworld Travel Limited Annual Reports since 2014 are posted here.

Copies of each of the charters and policies relevant to the governance of the Company can also be found on the Company's website.

The Company ensures that the explanatory notes accompanying its Notices of Annual General Meeting provide shareholders with all material information in the Company's possession relevant to a decision on whether or not to elect or re-elect a Director at an Annual General Meeting, including a recommendation from the Board. These notices are available under Investor and ASX Releases on the Company's website.

The Chairman ensures that shareholders are provided with the opportunity to question the Board concerning the operations of the Company at the Annual General Meeting and other shareholder meetings. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements. Shareholders who are unable to attend the meeting are provided with the opportunity to submit questions and comments before the meeting to the Company or to the auditor.

The CEO and CFO endeavour to respond to queries from shareholders and analysts for information in relation to the Company, provided the information requested is not price sensitive.

Shareholders have the option to receive communications from and send communications to the Company and its share registrar electronically if they wish to do so. They also have the option of voting online on resolutions to be put at the Company's Annual General Meetings.

7 Recognising and managing risk

The Company has a written policy in place for the oversight and management of its material business risks. The Group takes a proactive approach to risk management. The Board and Audit & Risk Committee are primarily responsible for ensuring that risks are identified and reviewed on a timely basis. A copy of the Risk Management Policy is located in the Corporate Governance section of the Company's website.

Under the Risk Management Policy, the Board is responsible for:

- Overseeing and approving the establishment and implementation of the Company's risk management, internal controls and compliance systems;
- Reviewing the effectiveness of the Company's risk management, internal control and compliance systems at least annually, and satisfying itself that management has developed and implemented a sound system of risk management and internal control; and
- Approving the delegations of authority for day-to-day management of the Company's operations.

Under the Risk Management Policy, the Audit & Risk Committee is responsible for assisting the Board in fulfilling its corporate governance responsibilities with regard to:

- The reliability and integrity of information for inclusion in the Company's financial statements;
- Enterprise-wide risk management;
- Compliance with legal and regulatory obligations, including audit, accounting, tax and financial reporting obligations;
- The integrity of the Company's internal control framework; and
- Safeguarding the independence of the external and internal auditors.

Details of the members of the Audit & Risk Committee are set out in the Integrity of financial reporting section of this Corporate Governance Statement.

The Company's Executive Management Team (EMT) also plays a significant role in identifying, assessing, monitoring and managing risks. The EMT, supported by the Helloworld Group Risk team, are responsible for assisting the Audit & Risk Committee to ensure that robust risk management exists across the organisation. The EMT ensures that a sufficient level of risk analysis is applied to critical decisions and provides assurance to the Audit & Risk Committee that risk processes at all levels are effective and compliant with the Company's Risk Management Policy.

The Board has received a report from Management as to the effectiveness of the Company's management of its material business risks during the year. The Board has also received from the CEO and CFO a declaration that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Information in relation to the economic, environmental and social sustainability risks facing the Company and the manner in which these are managed are included in the Operating and Financial Review on pages 28 to 34 of the Annual Report.

Internal Audit

An internal audit program is an important element of the Company's risk management processes. While the Company does not have an in-house internal audit function, it engages independent, expert consultant PKF to conduct internal audit work on its behalf on a case by case basis. The consultants engaged are those considered on the basis of their skill set to best be able to undertake a particular audit. Areas of focus for internal audits are identified by reference to the Company's risk management framework. The findings and recommendations generated by the internal audits are evaluated and reviewed by the Audit & Risk Committee.

8 Remunerating fairly and responsibly

Helloworld Travel's remuneration philosophy, objectives and arrangements are detailed in the Remuneration Report, which forms part of the Directors' Report.

Directors

The annual total of fees paid to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees and Committee Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. No retirement benefits and no equity-based remuneration scheme exist for Non-Executive Directors.

Details of the remuneration arrangements for the Company's Executive Directors are set out in the Remuneration Report on pages 37 to 49.

Remuneration

The Board has established a Remuneration Committee to assist the Board in the discharge of its duties in relation to remuneration.

Details of the Non-Executive Directors who were members of the Remuneration Committee during the reporting period are set out in the Remuneration Committee section of this Corporate Governance Statement.

The Remuneration Committee Charter is available in the Corporate Governance section of the Company's website. The composition and operation of this committee is consistent with ASX CGP 8.1. Details of the Directors' qualifications and attendance at Remuneration Committee meetings are set out in the Directors' Report on pages 10 to 14.

Executive management

Remuneration for executive management is generally set to be competitive, so as to both retain executives and attract appropriately skilled executives to the Company. Remuneration comprise a fixed cash element and variable incentive components. Payment of the variable components will depend on the Company's financial performance and the executive's personal performance.

In 2017, a loan based equity LTIP was established and targeted to a group of executives and senior leaders within the business. LTIP allocations are limited to key executives and senior leaders who are considered critical to the ongoing success of the Group. During the current year there were no additional offers made to participate in the LTIP.

The Company's Share Trading Policy prohibits executives participating in the equity based remuneration scheme from entering into any arrangement that operates, or is intended to operate, to limit their exposure to risk in relation to these shares.

A copy of the Share Trading Policy is available from the Corporate Governance section of the Company's website.

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	3	**282,187**	**357,562**
Employee benefits expenses	4	(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		(41,888)	(24,607)
Depreciation and amortisation expense	4	(32,742)	(28,343)
Impairment expense	4	(67,947)	-
Finance expense	5	(4,099)	(3,354)
Profit on disposal of investments	4	1,075	2,013
Share of profit of associates accounted for using the equity method	13	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/(LOSS) 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	26	(359)	(759)
Income tax benefit on cash flow hedges	26	109	214
Exchange differences on translation of foreign operations	26	(2,318)	1,860
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**(2,568)**	**1,315**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(72,553)**	**39,358**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(111)	35
Owners of Helloworld Travel Limited		(72,442)	39,323
		(72,553)	**39,358**

	Note	Cents	Restated Cents
Basic earnings per share	9	**(56.5)**	**31.4**
Diluted earnings per share	9	**(56.5)**	**30.8**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 2.

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	10	131,861	204,755
Trade and other receivables	11	39,991	97,141
Accrued revenue	12	34,482	66,681
Inventories		540	471
Derivative financial instruments	30	-	368
TOTAL CURRENT ASSETS		**206,874**	**369,416**
NON-CURRENT ASSETS			
Trade and other receivables	11	4,692	5,939
Investments accounted for using the equity method	13	17,436	17,109
Property, plant and equipment	14	14,697	17,608
Right of use assets	15	24,538	24,529
Intangible assets	16	300,747	338,446
Deferred tax assets	17	-	816
TOTAL NON-CURRENT ASSETS		**362,110**	**404,447**
TOTAL ASSETS		**568,984**	**773,863**
CURRENT LIABILITIES			
Trade and other payables	18	93,967	210,944
Lease liabilities	19	9,145	8,509
Provisions	21	20,914	15,622
Deferred revenue	22	53,802	96,939
Income tax payable		5,748	478
TOTAL CURRENT LIABILITIES		**183,576**	**332,492**
NON-CURRENT LIABILITIES			
Borrowings	20	100,519	56,428
Lease liabilities	19	20,614	19,986
Deferred tax liabilities	23	40,512	44,664
Provisions	21	5,639	3,004
Other non-current liabilities	24	1,445	5,151
TOTAL NON-CURRENT LIABILITIES		**168,729**	**129,233**
TOTAL LIABILITIES		**352,305**	**461,725**
NET ASSETS		**216,679**	**312,138**
EQUITY			
Issued capital	25	419,466	416,219
Reserves	26	(2,517)	693
Accumulated losses	27	(201,640)	(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 2.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 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 2)	-	-	(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**
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/(loss) 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)**
Transfer of predecessor accounting reserve to accumulated losses	-	(844)	844	-	**-**
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**	**(2,517)**	**(201,640)**	**1,370**	**216,679**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 2.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	Note	CONSOLIDATED 2020 $'000	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 FROM/(USED IN) OPERATING ACTIVITIES	29	**(41,439)**	**49,232**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangibles	16	(16,596)	(19,334)
Payments for property, plant and equipment	14	(2,878)	(7,798)
Payments for acquisition of businesses, net of cash acquired	36	-	(6,063)
Payments for acquisition of controlled entities, net of cash acquired	36	(21,751)	-
Payments for disposal of controlled entities, net of cash disposed	37	(1,215)	-
Net cash acquired from acquisition of controlled entities	36	-	614
Proceeds from adjustment for acquired controlled entities	36	-	210
Proceeds from disposal of controlled entities, net of cash disposed	37	-	457
Proceeds from disposal of property, plant and equipment		101	28
Proceeds from disposal of investment property	4	-	195
Dividends from associates	13	68	1,876
NET CASH USED IN INVESTING ACTIVITIES		**(42,271)**	**(29,815)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	29	44,000	15,000
Proceeds from loan funded LTIP repayments	25	2,301	-
Dividends paid to company shareholders	8	(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	38	(671)	-
Principal elements of lease payments	19	(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	10	**131,861**	**204,755**

Comparatives have been restated for changes in accounting standards. For details regarding the restatement refer to note 2.

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

NOTES TO THE FINANCIAL STATEMENTS

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 Securities Exchange (ASX).

The financial statements 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 15 October 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 general purpose financial 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 consolidated financial statements of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

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).

(ii) Basis of accounting

The financial statements have been prepared on a historical cost basis except for financial assets and financial liabilities (including derivative instruments) and investment property measured at fair value.

(iii) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

(iv) Rounding of amounts

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 directors' report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

(v) Consistent application of accounting policies

Details of the Group's principle accounting policies which have been applied in the preparation of the financial statements are included in note 40: significant accounting policies. The accounting policies adopted are consistent with the previous financial year, except for the adoption of new and amended standards as set out in note 2: changes in accounting standards.

(vi) 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 CODM's) have carefully considered the Group's ability to continue as a going concern for the next 12 months and beyond from the date the financial statements are 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 CODM's to assess Helloworld Travel's ability to continue to operate are outlined below:

Liquidity considerations:

- At 30 June 2020, the Group 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 30 June 2020, short dated facilities totalling $17.9 million and $29.0 million were extended by a further 12 months, expiring April 2022 and September 2022 respectively.
- Subsequent to year-end, facility amendments were negotiated with Westpac. Net leverage and interest coverage covenants are suspended for the calculation dates between September 2020 and September 2021.
- At the end of September 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 has decided to prepay $20.0 million of borrowings in October 2020 which can be redrawn if required with Westpac's consent. This will reduce our annual interest costs by approximately $420,000 per annum at current rate.
- A monthly Liquidity requirement has been agreed to be $70.0 million at 30 September 2020 (this was met), $50.0 million during quarter 2 FY21 and from 1 January 2021 $40.0 million through to the end of September 2021. The amount of $40.0 million is subject to negotiation in good faith after 1 October 2021.
- No dividends can be paid prior to 31 December 2021 without Bank consent.
- Previously agreed quarterly normalised EBITDA thresholds for the period 1 July 2020 to 30 September 2021 have been removed.
- The pricing of the Group's 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 in both domestic and international travel.

The key cost saving initiatives below have been included in Helloworld Travel's financial modelling and sensitivity testing. These have been reviewed and assessed by the CODM's 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, non-essential software developments).
- 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 financial statements 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 mitigate 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 financial statements. These include the recoverability of assets, valuation of assets measured at fair value 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. Refer note 16: intangible 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.

All other non-financial assets are tested for impairment when indicators of impairment exist. Refer note 13: Investments accounted for using the equity method for further information.

(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. Refer to note 30: financial risk management for details regarding the techniques and inputs used in the valuation of contingent consideration and the redemption liability.

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. The key judgements used for business acquisitions undertaken are outlined in note 36: business acquisitions. In addition, the accounting policies for acquisitions undertaken are outlined in note 40: significant accounting policies.

(iv) Override commission revenue

The Group enters into revenue contracts with airlines and other suppliers which include a variable consideration element, known as override commissions. The override commission revenue accrual process is inherently judgemental and requires the use of accounting estimates.

Override commission is calculated for the contract period with a supplier, based on the value of eligible travel during the period at the expected contracted applicable override rates. Eligible travel for the financial year is calculated based on detailed booking information and is reviewed by management considering current and historical booking trends. To estimate the appropriate override rate to use in the calculation of the estimated override commission, the expected eligible travel sales for the contract period are estimated (based on actual sales, forecast bookings and historical trends) and compared to the contractual performance tiers. The Company has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on the estimates.

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.

The accounting policy for override commission revenue is outlined in note 40: significant accounting policies.

(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 2: 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 standard 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.

(f) Changes to the Preliminary Final Report

Subsequent to the release of the Preliminary Final Report on the 31 August 2020, Helloworld Travel has finalised the results for the year ended 30 June 2020. As a result, there have been reclassifications between expense categories in the consolidated statement of profit or loss and other comprehensive income and reclassifications between assets and liabilities in the consolidated statement of financial position. Profit/(loss) before income tax expense, underlying EBITDA and net assets have not changed. There have been no changes to prior year balances.

(i) Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2020

	30 June 2020 Preliminary Final Report Reported $'000	Reclassifications $'000	30 June 2020 Annual Report Reported $'000
Operating expenses	(42,738)	850	(41,888)
Impairment	(67,097)	(850)	(67,947)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	**(68,879)**	-	**(68,879)**

(ii) Consolidated statement of financial position as at 30 June 2020

	30 June 2020 Preliminary Final Report Reported $'000	Reclassifications $'000	30 June 2020 Annual Report Reported $'000
Total current assets	208,816	(1,942)	206,874
Total non-current assets	360,493	1,617	362,110
TOTAL ASSETS	**569,309**	**(325)**	**568,984**
Total current liabilities	185,409	(1,833)	183,576
Total non-current liabilities	167,221	1,508	168,729
TOTAL LIABILITIES	**352,630**	**(325)**	**352,305**
NET ASSETS	**216,679**	-	**216,679**

2. 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:

- 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 2(b): transitional financial statement impacts.

(ii) Key judgements

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 Adjustment $'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			
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of cash flow hedges	(759)	-	(759)
Income tax benefit/(expense) on cash flow hedges	214	-	214
Exchange differences on translation of foreign operations	1,888	(28)	1,860
OTHER COMPREHENSIVE INCOME 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 Jul 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 USED IN INVESTING ACTIVITIES	**(30,283)**	**468**	**(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 DECREASES 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.

3. Revenue

The disaggregation of revenue by key types 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**

4. Expense items

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE INCLUDES THE FOLLOWING SPECIFIC EXPENSE 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 (note 14)	(6,029)	(5,162)
Depreciation of right of use assets (note 15)	(8,823)	(8,011)
Amortisation of intangible assets (note 16)	(17,890)	(15,170)
TOTAL DEPRECIATION AND AMORTISATION	**(32,742)**	**(28,343)**
Impairment of investments accounted for using the equity method (note 13)	(850)	-
Impairment of right of use assets (note 15)	(90)	-
Impairment of commercial agreements (note 16)	(1,507)	-
Impairment of goodwill (note 16)	(65,500)	-
IMPAIRMENT OF NON-CURRENT ASSETS	**(67,947)**	**-**
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 (note 37)	1,075	-
Gain on disposal of Insider Journeys business (note 37)	-	1,993
Profit on disposal of investments (v)	-	20
PROFIT ON DISPOSAL OF INVESTMENTS	**1,075**	**2,013**
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	(2,639)	-
Payments relating to Tempo Holidays and Bentours collapse (iv)	(702)	-
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 contingent 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. Refer note 30: financial risk management for further details.

(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. Refer note 30: financial risk management for further details.

Other expenses and revenue items

(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 undertaken initiatives to deliver cost savings and efficiencies while preserving the key operations to support the eventual recovery of both domestic and international travel. Refer note 1(c) for further information.

5. Finance income and expense

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
RECOGNISED IN PROFIT OR LOSS		
FINANCE INCOME RECOGNISED IN REVENUE	**2,313**	**3,442**
Finance expense (i)	(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)**
NET FINANCE INCOME RECOGNISED IN PROFIT BEFORE INCOME TAX EXPENSE	**(1,786)**	**88**

(i) Finance expense includes $0.3 million of non-cash amortised borrowing costs.

6. 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**
Add back of 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**
Add back of 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 share 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 EBITDA to profit before income tax expense is provided as follows:

	CONSOLIDATED 2020 $'000	2019 Restated $'000
UNDERLYING EBITDA	**44,042**	**73,526**
Impairment of non-current assets (note 16)	(67,947)	-
Restructuring expense	(6,877)	-
Increase in loss allowance	(7,118)	-
Other provisions	(2,639)	-
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 U.S 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.

(ii) Segment assets

The internal management reports provided to the CODMs report total assets on a basis consistent with that of the consolidated financial statements. These reports do not allocate assets based on the operations of each segment or by geographical location.

Total non-current assets, other than deferred tax assets, located in Australia total $331.5 million (2019: $368.5 million). Total non-current assets located in other countries total $30.7 million (2019: $35.1million). Under the current management reporting framework, total assets are not reviewed to a specific reporting segment or geographic location.

(iii) Segment liabilities

The internal management reports provided to the CODMs report total liabilities on a basis consistent with that of the consolidated financial statements. Under the current management reporting framework, total liabilities are not reviewed to a specific reporting segment or geographic location.

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	5,361	9,912
Deferred income tax expense	(4,944)	5,701
Adjustment in respect of current tax expense of previous year	689	696
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 (note 17)	4,573	(2,072)
Increase/(decrease) in deferred tax liabilities (note 23)	(9,517)	7,773
DEFERRED INCOME TAX EXPENSE	**(4,944)**	**5,701**

(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)	16,306
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	109
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	696
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.

8. Dividends paid and proposed

(a) Dividends

The amount of dividends paid during the year are:

	CONSOLIDATED	
	2020 $'000	2019 $'000
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.

(b) Franking credits

The Group's available franking credits are summarised below:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Franking credits available at the reporting date	20,231	33,157
Franking credits that will arise from income tax (receivable)/payable as at year end	5,255	(1,014)
Franking debits that will arise from the payment of the final dividend	-	(6,678)
TOTAL AMOUNT OF FRANKING CREDITS AVAILABLE FOR THE SUBSEQUENT FINANCIAL YEARS	**25,486**	**25,465**

The ability to utilise the franking credits is dependent upon the Company meeting solvency based tests for payment of dividends set out in the Corporations Amendments (Corporate Reporting Reform) Act 2010. The Group is not permitted to pay dividends prior to 31 December 2021 without the approval of Westpac Banking Corporation. In accordance with tax consolidation legislation, the Company, as the head entity in the Australia tax consolidated group, has assumed the benefit of franking credits of all entities.

9. 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.

Refer note 38: share based payments for further details on the nature of shares issued under the franchise loyalty plan and the LTIP.

(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 25: issued capital for further details on the movement of ordinary shares during the current year.

10. 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 Limited 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.

11. Trade and other receivables

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Trade receivables	27,986	76,715
Loss allowance	(4,517)	(724)
TRADE RECEIVABLES NET OF LOSS ALLOWANCE	**23,469**	**75,991**
Prepayments	9,062	14,137
Other receivables	7,460	7,013
	16,522	**21,150**
CURRENT TRADE AND OTHER RECEIVABLES	**39,991**	**97,141**
Loans to related parties	4,397	4,501
Contingent consideration receivable (i)	170	1,233
Other receivables	125	205
NON-CURRENT TRADE AND OTHER RECEIVABLES	**4,692**	**5,939**

Trade receivables are non-interest bearing and are generally on 7 to 30 day payment terms from the date of invoice.

Fair value and credit risk

Due to the short term nature of current trade and other receivables, their carrying value generally approximates their fair value. The maximum exposure to credit risk is the fair value of the receivables. Collateral is not held as security, nor is it the Group's policy to transfer receivables to special purpose entities.

(i) The contingent consideration receivable relates to deferred amounts owed to Helloworld Travel from the sale of the Insider Journeys business on 30 June 2019, which is contingent on future trading performance. The contingent consideration receivable is a financial asset measured at fair value through profit or loss, refer note 30: financial risk management for more information.

Helloworld Travel has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on Helloworld Travel's ability to recover outstanding receivables from customers. These factors have been included in the expected credit loss provision, refer note 30: financial risk management for more information.

Credit, foreign exchange and interest rate risk

Details regarding credit, foreign exchange and interest rate risk exposure are disclosed in note 30: financial risk management.

12. Accrued Revenue

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Accrued override commission	34,773	54,685
Other accrued revenue	3,409	11,996
Loss allowance	(3,700)	-
ACCRUED REVENUE	**34,482**	**66,681**

Accrued revenue relates to amounts owed to the Group at balance sheet date that have not yet been invoiced to the customer or received as cash from the customer. The Group's accrued revenue consists of:

- Accrued override commission, which relates to the estimate of override commission earned during the respective customer contract period, but not yet invoiced at balance date; and
- Other accrued revenue, which relates to other revenue earned, but not yet invoiced.

Accrued override commission is considered a contract asset in accordance with applicable accounting standards. The Group generates override commission from its contracts with airlines and leisure partners and the revenue accrual process is inherently judgemental, refer note 1(d): use of critical accounting estimates and judgements for further details.

Once invoiced, override commissions are settled in line with the credit terms from the invoice date under normal commercial terms and conditions.

The contract periods with airline and leisure partners for override commission varies, however in most cases is twelve months. As a result, the accrued revenue recorded on the consolidated statement of financial position as at 30 June is invoiced and settled in the following financial year. The estimated accrued override commission is subsequently adjusted for any differences between Helloworld Travel's initial estimate and finalisation with the respective contractual partner. These prior year true ups mainly result from a change in the achievement of performance tiers which were estimated while the contracts were in progress. Commission revenue adjustments in the current year of $1.3 million (2019: $2.3 million) relate to prior year revenue true ups from the finalisation of commission revenue that was estimated at the end of the financial year.

As at 30 June 2020, the balance of accrued override commission has decreased by $19.9 million to $34.8 million reflecting the impact of COVID-19.

Helloworld Travel has also considered the prevailing level of uncertainty in the travel industry and the impact of COVID-19 on Helloworld Travel's ability to recover outstanding override commissions from all airlines. These factors have been included in the expected credit loss provision, refer note 30: financial risk management for more information.

13. Investments accounted for using the equity method

	CONSOLIDATED 2020 $'000	2019 $'000
Investment in associates and joint ventures	17,436	17,109
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**17,436**	**17,109**

(a) Interests in associates and joint ventures

Information relating to associates and joint ventures is set out below:

NAME	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2020 %	2019 %
Mobile Travel Holdings Pty Limited and its subsidiaries (i)	Australia	50.0	50.0
Hunter Travel Group Pty Ltd	Australia	12.0	12.0
HTG Australia Pty Ltd	Australia	25.0	25.0
Cooney Investments Pty Ltd	Australia	20.0	20.0
Inspire Travel Management Pty Ltd	Australia	40.0	40.0

(i) The majority of the balance as at 30 June 20 relates to Helloworld Travel's investment in Mobile Travel Holdings Pty Limited and its subsidiaries, refer section (c).

(b) Movement in carrying amounts

	CONSOLIDATED 2020 $'000	2019 $'000
OPENING BALANCE	**17,109**	**17,546**
Share of profit after income tax expense (i)	1,246	1,437
Dividends received	(68)	(1,876)
Impairment (i)	(850)	-
Other movements	(1)	2
CLOSING BALANCE	**17,436**	**17,109**

(i) Share of profit after income tax expense

During the current year, investments accounted for using the equity method were impacted by COVID-19. This resulted in a decrease in share of profit after income tax expense in the current year. In addition, Helloworld Travel recognised an impairment charge due to a decrease in future forecasted cash flows.

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

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

Helloworld Travel has a call option to acquire the remaining 50.0% ownership interest in MTA on 1 December 2021. The associate party has a put option to sell its remaining 50.0% ownership interest to Helloworld Travel 30 days after the expiry of the call option period. Refer note 31(c)(i) for more information.

(i) Reconciliation of the Group's investment in MTA

Reconciliation of movement of investment in MTA:

	CONSOLIDATED	
	2020 $'000	2019 $'000
OPENING CARRYING AMOUNT	**14,878**	**15,310**
Share of profit after income tax expense	1,270	1,318
Dividends received	-	(1,750)
CLOSING CARRYING AMOUNT	**16,148**	**14,878**

The closing carrying amount of investment in MTA is reconciled as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
50% share in net assets of MTA	2,252	982
Intangible assets acquired on acquisition	13,896	13,896
CLOSING CARRYING AMOUNT	**16,148**	**14,878**

(ii) Summarised MTA financial information

The tables below provide summarised financial information for the equity accounted investment in MTA, which is considered a significant equity accounted investment for the Group. The information disclosed reflects the amounts presented in the financial statements of MTA and not Helloworld Travel's share of the amounts.

Summarised statement of financial position

	MTA	
	2020 $'000	2019 $'000
Total current assets	18,132	15,883
Total non-current assets	726	1,252
TOTAL ASSETS	**18,858**	**17,135**
Total current liabilities	14,172	14,816
Total non-current liabilities	182	356
TOTAL LIABILITIES	**14,354**	**15,172**
NET ASSETS	**4,504**	**1,963**

Summarised statement of profit or loss and other comprehensive income

	MTA	
	2020 $'000	2019 Restated $'000
Revenue	9,607	10,417
Operating expenses	(5,418)	(6,112)
Depreciation and amortisation	(554)	(541)
PROFIT BEFORE INCOME TAX	**3,635**	**3,764**
Income tax expense	(1,095)	(1,129)
PROFIT AFTER INCOME TAX	**2,540**	**2,635**
Other comprehensive income	-	-
TOTAL COMPREHENSIVE INCOME	**2,540**	**2,635**

(d) Contingent liabilities

There are no contingent liabilities recognised by an associate or joint venture for which the Group has a legal obligation to settle.

14. Property, plant and equipment

CONSOLIDATED	Land and buildings $'000	Equipment including motor vehicles $'000	Leasehold improvements $'000	Total $'000
BALANCE AT 1 JULY 2018	**642**	**9,283**	**4,218**	**14,143**
Change in accounting policy (note 2)	-	-	(279)	**(279)**
BALANCE AT 1 JULY 2018 RESTATED	**642**	**9,283**	**3,939**	**13,864**
Additions (restated)	21	4,815	2,962	**7,798**
Additions through business combinations (note 36)	-	893	-	**893**
Disposals	-	(2)	(19)	**(21)**
Foreign currency differences	22	150	64	**236**
Depreciation charge (note 4) - (restated)	(10)	(3,561)	(1,591)	**(5,162)**
BALANCE AT 30 JUNE 2019	**675**	**11,578**	**5,355**	**17,608**
AT 30 JUNE 2019				
Cost	731	25,153	9,666	**35,550**
Accumulated depreciation	(56)	(13,575)	(4,311)	**(17,942)**
NET BOOK AMOUNT	**675**	**11,578**	**5,355**	**17,608**
BALANCE AT 1 JULY 2019	**675**	**11,578**	**5,355**	**17,608**
Additions	-	2,793	85	**2,878**
Additions through business combinations (note 36)	-	233	60	**293**
Disposals	-	(3)	-	**(3)**
Foreign currency differences	16	(45)	(21)	**(50)**
Depreciation charge (note 4)	(11)	(4,344)	(1,674)	**(6,029)**
BALANCE AT 30 JUNE 2020	**680**	**10,212**	**3,805**	**14,697**
AT 30 JUNE 2020				
Cost	749	26,878	9,176	**36,803**
Accumulated depreciation	(69)	(16,666)	(5,371)	**(22,106)**
NET BOOK AMOUNT	**680**	**10,212**	**3,805**	**14,697**

15. Right of use assets

CONSOLIDATED	Property $'000	Motor Vehicles $'000	Total $'000
BALANCE AT 1 JULY 2018	**21,144**	**78**	**21,222**
Additions	11,864	16	**11,880**
Additions through business combinations (note 36)	403	-	**403**
Disposals (iii)	(1,196)	-	**(1,196)**
Disposals through business sales	(212)	-	**(212)**
Modifications to lease terms	(1)	-	**(1)**
Variable lease payments	79	-	**79**
Foreign currency differences	361	4	**365**
Depreciation charge (note 4)	(7,955)	(56)	**(8,011)**
BALANCE AT 30 JUNE 2019	**24,487**	**42**	**24,529**
AT 30 JUNE 2019			
Cost	47,765	171	**47,936**
Accumulated depreciation	(23,278)	(129)	**(23,407)**
NET BOOK AMOUNT	**24,487**	**42**	**24,529**
BALANCE AT 1 JULY 2019	**24,487**	**42**	**24,529**
Additions (iii)	3,670	58	**3,728**
Additions through business combinations (note 36)	2,968	-	**2,968**
Disposals (iii)	(1,888)	-	**(1,888)**
Modifications to lease terms (iii)	4,204	(1)	**4,203**
Foreign currency differences	(87)	(2)	**(89)**
Impairment (ii) (note 4)	(90)	-	**(90)**
Depreciation charge (note 4)	(8,776)	(47)	**(8,823)**
BALANCE AT 30 JUNE 2020	**24,488**	**50**	**24,538**
AT 30 JUNE 2020			
Cost	47,169	69	**47,238**
Accumulated depreciation	(22,681)	(19)	**(22,700)**
NET BOOK AMOUNT	**24,488**	**50**	**24,538**

(i) Sublease of right of use assets

During the current year, Helloworld Travel recognised $0.3 million (2019: $0.6 million) of income relating to subleased right of use assets. The sublease ceased on 6 February 2020 and $0.9 million of right of use assets were disposed of during the current year.

(ii) Impairment of right of use assets

As a result of COVID-19, right of use assets have been assessed for impairment. The recoverable amount of individual right of use assets cannot be estimated because they do not generate individual cash flows, therefore right of use assets have been assigned to their corresponding CGU. During the current year, right of use assets relating to ROW operations in India have been impaired to nil (2019: $1.4 million). As a result, $0.1 million has been recognised as an impairment loss in the profit or loss in the current year. Refer to note 16(c) for the key assumptions used in the calculation of impairment.

(iii) Property - right of use assets

Property right of use assets relate to the benefits derived from various leased offices under non-cancellable agreements. During the current year, Helloworld Travel entered into an additional lease and renewed existing leases resulting in additions of $3.7 million. In addition, the Group exited a lease, restructured offices in India and disposed of the U.S Wholesale Division resulting in disposals of $1.9 million. Due to COVID-19, a number of leases were renegotiated which resulted in modifications of $4.2 million. The difference between the remeasurement of the right of use assets and lease liabilities of $0.4 million was recognised in the profit or loss in the current year.

16. Intangible assets

CONSOLIDATED	Goodwill $'000	Retail distribution systems $'000	Agent network $'000	Commercial agreements $'000	Customer bases $'000	Brand names and trademarks $'000	Technology assets $'000	Total $'000
BALANCE AT 1 JULY 2018	**178,055**	**104,400**	**8,310**	**1,704**	**-**	**1,408**	**33,348**	**327,225**
Additions	-	-	-	4,996	-	-	6,011	**11,007**
Additions through internally generated projects	-	-	-	-	-	-	8,327	**8,327**
Adjustments to business combinations - FY18	(18,527)	-	500	16,600	-	-	231	**(1,196)**
Additions through business combinations - FY19 (ii) (note 36) - (restated)	6,648	-	-	-	-	-	120	**6,768**
Disposals	-	-	-	-	-	-	(12)	**(12)**
Foreign currency differences	1,440	-	-	28	-	-	29	**1,497**
Transfer in/(out)	90	-	-	-	-	-	(90)	**-**
Amortisation charge (note 4)	-	-	(54)	(2,121)	-	(243)	(12,752)	**(15,170)**
BALANCE AT 30 JUNE 2019 RESTATED	**167,706**	**104,400**	**8,756**	**21,207**	**-**	**1,165**	**35,212**	**338,446**
AT 30 JUNE 2019								
Cost (restated)	491,411	104,400	8,810	24,260	-	9,143	85,883	**723,907**
Accumulated amortisation and impairment	(323,705)	-	(54)	(3,053)	-	(7,978)	(50,671)	**(385,461)**
NET BOOK AMOUNT RESTATED	**167,706**	**104,400**	**8,756**	**21,207**	**-**	**1,165**	**35,212**	**338,446**
BALANCE AT 1 JULY 2019 RESTATED	**167,706**	**104,400**	**8,756**	**21,207**	**-**	**1,165**	**35,212**	**338,446**
Additions (i)	-	-	-	2,904	-	-	7,861	**10,765**
Additions through internally generated projects (i)	-	-	-	-	-	-	6,778	**6,778**
Adjustments to business combinations - FY19 (ii) (note 36)	(1,373)	-	-	-	1,506	857	-	**990**
Additions through business combinations - FY20 (note 36)	21,145	-	-	-	7,200	500	234	**29,079**
Foreign currency differences	(524)	-	-	(145)	-	-	255	**(414)**
Impairment (note 4)	(65,500)	-	-	(1,507)	-	-	-	**(67,007)**
Amortisation charge (note 4)	-	-	(50)	(3,383)	(282)	(165)	(14,010)	**(17,890)**
BALANCE AT 30 JUNE 2020	**121,454**	**104,400**	**8,706**	**19,076**	**8,424**	**2,357**	**36,330**	**300,747**
AT 30 JUNE 2020								
Cost	510,673	104,400	8,810	26,951	8,706	10,500	98,106	**768,146**
Accumulated amortisation and impairment	(389,219)	-	(104)	(7,875)	(282)	(8,143)	(61,776)	**(467,399)**
NET BOOK AMOUNT	**121,454**	**104,400**	**8,706**	**19,076**	**8,424**	**2,357**	**36,330**	**300,747**

(i) During the current year, $1.0 million of commercial agreements additions were funded by shares which were issued as part of the purchase consideration for the commercial agreement with Travel Brokers, refer note 25: issued capital. As a result, $16.6 million of cash payments for intangibles were recognised in investing activities in the consolidated statement of cash flows.

(ii)) During the current year, the Show Group acquisition accounting was finalised resulting in an adjustment to goodwill of $(1.4) million, refer note 36 for more information. Included within this adjustment to goodwill was the finalisation of the acquisition accounting resulting $(1.5) million decrease in goodwill offset by a restatement of the goodwill recognised on acquisition in the prior year, amounting to $0.1 million. The prior year restatement relates to the adoption of AASB 16 in the current year.

(a) Nature of intangible assets

(i) Goodwill and retail distribution systems

Goodwill and retail distribution systems were acquired as part of business combinations and are not amortised for accounting purposes. Further details on the nature of these intangible assets and the results of the annual impairment testing is outlined in section (b) of this note.

In the prior year, adjustments to goodwill through FY18 business combinations of $(18.5) million relates to the finalisation of the acquisition accounting for the Magellan Travel Group; Flight Systems Group; and Asia Escape Holidays. These adjustments mainly relate to the recognition and measurement of separate identifiable intangible assets measured at fair value which were disaggregated from provisional goodwill. The additions to goodwill through FY19 business combinations of $6.5 million relates to provisional goodwill acquired from the acquisition of Show Group amounting to $5.6 million and Williment Travel Group amounting to $0.7 million. In addition, $0.3 million of provisional goodwill was recognised from the acquisition of a former Australian retail franchise store for nil consideration.

In the current financial year, adjustments to goodwill through the FY19 business combinations of $(1.4) million relates to the finalisation of the acquisition accounting for Show Group of $(1.5) million and Williment Travel Group of $0.1 million. The additions to goodwill through FY20 business combinations of $21.1 million relates to goodwill acquired from the acquisition of TravelEdge amounting to $19.2 million and the provisional goodwill acquired from the acquisition of Atlas Limited amounting to $1.9 million.

In accordance with applicable accounting standards, Helloworld Travel has 12 months from the date of acquisition to finalise the acquisition accounting. Refer note 36: business acquisitions for details on the acquisitions undertaken.

(ii) Agent networks

The agent networks represent agreements with travel agents for the provision of Wholesale and Inbound travel products such as packaged tours. The agent network intangible assets have been acquired as part of business combinations.

The agent networks acquired of $8.8 million includes $8.3 million relating to the agent network acquired from the AOT merger in FY16. This asset is considered an indefinite life asset and not amortised for accounting purposes. Further details on the nature of this intangible asset and the results of the annual impairment testing is outlined in section (b) of this note.

In the prior year, $0.5 million relating to the Asia Escape Holidays agent network was disaggregated from provisional goodwill and measured at fair value. The agent network of Asia Escape Holidays is a separately identifiable intangible asset that is being amortised over its useful life of 10 years.

(iii) Commercial agreements

Commercial agreements represent the value attributable to agreements entered into with travel agents, servicing leisure and corporate travel, that are part of the Helloworld Travel member network. In addition, this intangible asset category includes long term supplier agreements relating to revenue contracts that were acquired as part of a business combination.

In the prior year, $16.6 million of commercial agreements relating to the Magellan Travel Group acquisition was disaggregated from provisional goodwill and is being amortised over its useful life of 12 years.

In the current year, Helloworld Travel has entered into agreements for the distribution of travel products as part of the Group's continued distribution expansion. The New Zealand commercial agreements entered into, amounting to $2.9 million (2019: $5.0 million), are being amortised over the contracted term of the applicable agreement (between 3 and 5 years).

In addition, as a result of COVID-19, commercial agreements have been assessed for impairment. The recoverable amount of individual commercial agreements are determined based on their fair value less costs to sell. During the current year, New Zealand commercial agreements have been impaired. As a result, $1.5 million has been recognised as an impairment loss in the profit or loss in the current year.

(iv) Customer bases

Customer bases represents the value attributable to key customer relationships with within the corporate business. The customer bases intangible assets have been acquired as part of business combinations. During the current year, $1.5 million relating to Show Group's customer relationships and $7.2 million relating to TravelEdge's customer relationships were disaggregated from provisional goodwill and are being amortised over their useful life of 8 years and 14 years respectively.

(v) Brand names and trademarks

Brand names and trademarks are intangible assets acquired as part of past business acquisitions and include the wholesale business brands which are being amortised over their respective useful life of 20 years. In addition, $0.9 million relating to Show Group's recognisable brand name and $0.5 million relating to TravelEdge's recognisable brand name were disaggregated from provisional goodwill during the current year and are being amortised over their useful life of 20 years and 10 years respectively.

(vi) Technology assets

Technology assets consist of external software, website and other technology assets that were acquired through external suppliers or via business combinations, which provide future economic benefits to the Group. In addition, technology assets also include capitalised internal labour costs incurred by the Group in the development and enhancement of the Group's technology platforms.

During the prior year, Helloworld Travel finalised the valuation of the technology assets acquired from the acquisition of the Flight Systems Group. The technology acquired of $4.0 million, provisionally determined at $3.8 million as at 30 June 2018, relates to technology developed for the Skiddoo travel booking system and related flight distribution systems that enables customers to access travel related products via the Skiddoo website and software systems.

Technology assets are amortised over a useful life of 2.5 years to 5 years, except for the booking system and related website technology acquired from the Flight Systems Group that is being amortised over 10 years.

(b) Indefinite life intangible assets

(i) Goodwill by cash generating unit (CGU) group

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Australia retail distribution operations	34,610	34,610
Australia wholesale and inbound	43,518	95,196
Australia travel management	29,101	25,102
New Zealand	14,225	12,798
GOODWILL, NET OF IMPAIRMENT	**121,454**	**167,706**

Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is allocated to the Group's CGUs, which are expected to benefit from the business combination.

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.

The recoverable amount of the Group's CGU's 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. The key assumptions used in the calculation are outlined in section (c).

(ii) Retail distribution systems

	CONSOLIDATED	
	2020 $'000	2019 $'000
Retail distribution systems	97,400	97,400
Magellan distribution systems	7,000	7,000
TOTAL RETAIL DISTRIBUTION SYSTEMS – INDEFINITE LIFE	**104,400**	**104,400**

Retail distribution system assets are acquired as part of business acquisitions undertaken and result in separate identification and valuation of indefinite life intangible assets.

The retail distribution systems are the integrated system of methods, procedures, techniques and other systems which facilitate the day-to-day running of the retail business. This includes access to products/inventory, brands, marketing, advertising, promotional techniques, training and operational manuals of the network. Due to the inter-dependencies between these components, the Group considers these assets to be complementary and are recognised as single identifiable assets. The Group has determined that these retail distribution systems have an indefinite useful life due to the ongoing effectiveness of the systems which support the Australia retail network and are allocated to the Australian retail distribution operations CGU.

The recoverable amount of the retail distribution systems has been assessed at 30 June 2020 using an excess earnings calculation methodology. The key assumptions used in the calculation are outlined in section (c).

The impairment testing undertaken for the year ended 30 June 2020 supports the carrying value of the retail distribution systems and no impairment was recognised.

(iii) Agent network

	CONSOLIDATED	
	2020 $'000	2019 $'000
Agent network – indefinite life	8,310	8,310

The indefinite life agent network asset was separately identified and valued as part of the merger with AOT Group Limited.

The agent network represents the agreements with travel agents for the provision of wholesale and inbound domestic travel product such as packaged tours. The Group considers that the agent network has an indefinite useful life as there are no indications that these relationships will not continue to provide future benefits and is entirely allocated to the Australia wholesale and inbound CGU.

The recoverable amount of the agent network has been assessed at 30 June 2020 using an excess earnings calculation methodology. The key assumptions used in the calculation are outlined in section (c).

The impairment testing undertaken for the year ended 30 June 2020 supports the carrying value of the agent network and no impairment was recognised.

(c) Impairment losses recognised during the year

The recoverable amount of the Group's CGUs (including the carrying value of right of use assets) 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 impairment loss of $67.9 million as outlined below.

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

YEAR ENDED 30 JUNE 2020	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
IMPAIRMENT LOSS RELATING TO NON-CURRENT ASSETS	**67,097**
Investments accounted for using the equity method (note 13)	850
TOTAL IMPAIRMENT LOSS	**67,947**

(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 impacted 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 are 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. IATA updated their 2020 estimates in September which did not change significantly from their previous estimates. These changes would have an immaterial impact on Helloworld Travel's impairment calculations.
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 (excluding TravelEdge)	FY21 TTV forecast to be 49.7% lower than FY19 levels. Relative to FY19 levels, TTV is forecast to recover to FY19 levels by FY23. 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.
TravelEdge	FY21 TTV forecast to be 61.6% lower than FY19 levels. Relative to FY19 levels, TTV is forecast to recover to FY19 levels by FY25. This CGU has a higher relative proportion of domestic travel by corporate customers similar to the Australia travel management CGU.
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	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, assuming further attrition and the extension of a reduced workforce until travel returns. 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 i and ii) 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 $11.5 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 $0.4 million	Impairment of $0.3 million	Impairment of $0.5 million

(i) 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.

(ii) A reduction in forecast TTV has a corresponding impact on forecast revenues and variable operating expenditures, working capital and tax.

Significant judgements or estimates

The allocation of goodwill to the cash-generating units as well as the computation of the recoverable amount is subject to the judgement of management. This encompasses the estimation of future cash flows, the determination of the discounting rate, and the growth rates on the basis of historical data and current forecasts.

17. Deferred tax assets

(a) Deferred tax assets

	CONSOLIDATED 2020 $'000	2019 Restated $'000
Employee benefits	6,644	5,138
Payables and accruals	7,636	11,452
Property, plant and equipment	695	1,715
Lease liabilities	8,854	8,549
Tax losses	667	2,054
Other	2,606	1,486
GROSS DEFERRED TAX ASSETS	**27,102**	**30,394**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(27,102)	(29,578)
NET DEFERRED TAX ASSETS	**-**	**816**
Amount expected to be recovered within 12 months	16,793	19,322
Amount expected to be recovered after more than 12 months	10,309	11,072
GROSS DEFERRED TAX ASSETS	**27,102**	**30,394**

(b) Movement in temporary differences during the year

CONSOLIDATED	Employee benefits $'000	Payables and accruals $'000	Property plant and equipment $'000	Lease liabilities $'000	Tax losses $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2018 RESTATED	**4,515**	**11,918**	**1,399**	**7,312**	**1,837**	**4,559**	**31,540**
(Charged)/credited							
- to profit or loss (restated)	191	(1,022)	316	1,237	217	1,133	**2,072**
- to other comprehensive income	-	-	-	-	-	(4,206)	**(4,206)**
Additions through business combinations	432	556	-	-	-	-	**988**
BALANCE AT 30 JUNE 2019 RESTATED	**5,138**	**11,452**	**1,715**	**8,549**	**2,054**	**1,486**	**30,394**
BALANCE AT 1 JULY 2019 RESTATED	**5,138**	**11,452**	**1,715**	**8,549**	**2,054**	**1,486**	**30,394**
(Charged)/credited							
- to profit or loss	1,506	(5,189)	(1,020)	305	(1,387)	1,212	**(4,573)**
- to other comprehensive income	-	-	-	-	-	(92)	**(92)**
Additions through business combinations	-	1,373	-	-	-	-	**1,373**
BALANCE AT 30 JUNE 2020	**6,644**	**7,636**	**695**	**8,854**	**667**	**2,606**	**27,102**

18. Trade and other payables

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 Restated $'000
Trade payables	57,556	169,265
Accruals (i)	27,390	30,035
Other payables	9,021	11,644
TRADE AND OTHER PAYABLES	**93,967**	**210,944**

Trade creditors are non-interest bearing and are normally settled within 7 to 30 day payment terms from the date of invoice. Non trade payables and accruals are non interest bearing. The Group's contractual arrangements generally allow the Group to defer payment of travel related payables until funds have been received from the customer or agent.

Details regarding foreign exchange risk exposure are disclosed in note 30: financial risk management.

(i) The Group made retrospective adjustments as a result of adopting AASB 16, refer note 2. changes in accounting standards.

19. Lease liabilities

	CONSOLIDATED 2020 $'000	CONSOLIDATED 2019 $'000
Lease liabilities	9,145	8,509
CURRENT LEASE LIABILITIES	**9,145**	**8,509**
Lease liabilities	20,614	19,986
NON-CURRENT LEASE LIABILITIES	**20,614**	**19,986**

(a) Movements in lease liabilities

Movements in each class of lease liability (current and non-current) during the financial year, are set out below:

CONSOLIDATED	Property $'000	Motor Vehicles $'000	Total $'000
BALANCE AT 1 JULY 2018	**24,295**	**79**	**24,374**
Additions	13,507	16	**13,523**
Additions through business combinations	374	-	**374**
Disposals	(779)	-	**(779)**
Disposals through business sales	(230)	-	**(230)**
Interest expense	861	3	**864**
Lease payments	(10,044)	(60)	**(10,104)**
Variable lease payments	77	-	**77**
Foreign currency differences	392	4	**396**
BALANCE AT 30 JUNE 2019	**28,453**	**42**	**28,495**
Current	8,473	36	**8,509**
Non-current	19,980	6	**19,986**
BALANCE AT 30 JUNE 2019	**28,453**	**42**	**28,495**
BALANCE AT 1 JULY 2019	**28,453**	**42**	**28,495**
Additions	3,450	25	**3,475**
Additions through business combinations	2,888	-	**2,888**
Disposals	(1,167)	(3)	**(1,170)**
Disposals through business sales	(197)	-	**(197)**
Interest expense	1,028	2	**1,030**
Lease payments	(8,748)	(51)	**(8,799)**
Modifications to lease terms	3,771	36	**3,807**
Other adjustments to lease liabilities	360	-	**360**
Foreign currency differences	(129)	(1)	**(130)**
BALANCE AT 30 JUNE 2020	**29,709**	**50**	**29,759**
Current	9,122	23	**9,145**
Non-current	20,587	27	**20,614**
BALANCE AT 30 JUNE 2020	**29,709**	**50**	**29,759**

(i) Property – current and non-current lease liabilities

Lease liabilities payment obligations relate to various leased offices under non-cancellable agreements. During the current year, Helloworld Travel entered into an additional lease and renewed existing leases resulting in additions of $3.5 million. In addition, the Group exited a lease resulting in disposals of $1.2 million. Lease liabilities relating to India and the U.S Wholesale Division were not disposed of during the current year. Leases were renegotiated which resulted in modifications of $3.8 million. The difference between the remeasurement of lease liabilities and the right of use assets of $0.4 million was recognised in the profit or loss in the current year.

(ii) Amounts recognised in the consolidated statement of cash flows

The total cash outflow for lease liabilities during the year ended 30 June 2020 was $8.8 million (2019: $10.1 million), comprising of interest expense on lease liabilities of $1.0 million (2019: $0.9 million), recognised as operating activities, and principal elements of lease liabilities of $7.8 million (2019: $9.2 million), recognised as financing activities.

(b) Future rental payments excluded from lease liabilities:

In light of COVID-19 and the Group's continual focus on cost reduction and efficiency initiatives, the Group has determined, that uncertainty exists regarding the likelihood of the Group agreeing to extend all lease terms beyond the minimum period. As a result, the undiscounted potential future rental payments relating to periods following the exercise date of extension options are not included in the lease liabilities. The extension options held are exercisable only by the Group and not by the lessors.

20. 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 a 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 10: cash and cash equivalents); and the remainder applied to working capital requirements.

(b) Secured multi-option revolving credit facility:

During the current year, 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. Subsequent to 30 June 2020, Helloworld renegotiated its banking covenants as described in Note 1(c) which provides Helloworld Travel with additional flexibility to manage its liquidity during the COVID-19 pandemic.

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 (note 35) 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.

(f) 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 30: financial risk management.

21. Provisions

	CONSOLIDATED 2020 $'000	2019 Restated $'000
Employee benefits - annual leave	5,640	6,587
Employee benefits - long service leave	9,054	8,021
Lease make good	63	848
Restructuring	5,998	-
Other	159	166
CURRENT PROVISIONS	**20,914**	**15,622**
Employee benefits - long service leave	1,510	1,666
Lease make good	1,490	1,338
Other	2,639	-
NON-CURRENT PROVISIONS	**5,639**	**3,004**

(a) Movement in provisions

Movements in each class of provision (current and non-current) during the financial year, other than employee benefits, are set out below:

CONSOLIDATED	Lease make good $'000	Restructuring $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2018 RESTATED	**1,601**	**132**	**219**	**1,952**
Reversals through business sales	-	-	(6)	**(6)**
Provisions charged to fixed assets	1,080	-	-	**1,080**
Provision charged/(released) to income statement	(442)	78	29	**(335)**
Payments made from provision	(53)	(210)	(76)	**(339)**
BALANCE AT 30 JUNE 2019	**2,186**	**-**	**166**	**2,352**
Current	848	-	166	**1,014**
Non-current	1,338	-	-	**1,338**
BALANCE AT 30 JUNE 2019	**2,186**	**-**	**166**	**2,352**
BALANCE AT 1 JULY 2019	**2,186**	**-**	**166**	**2,352**
Additions through business combinations	80	-	-	**80**
Provisions charged to fixed assets	242	-	-	**242**
Provision charged/(released) to income statement	(548)	6,877	2,632	**8,961**
Payments made from provision	(407)	(879)	-	**(1,286)**
BALANCE AT 30 JUNE 2020	**1,553**	**5,998**	**2,798**	**10,349**
Current	63	5,998	159	**6,220**
Non-current	1,490	-	2,639	**4,129**
BALANCE AT 30 JUNE 2020	**1,553**	**5,998**	**2,798**	**10,349**

(b) Nature and timing of provisions

(i) Lease make good

A provision is recognised in respect of existing lease contracts for the estimated present value of expenditure required to complete dismantling and site restoration obligations to the extent required in the associated contracts. Future dismantling and restoration costs are reviewed annually. Any changes are reflected in the present value of the lease make good provision at the end of the reporting period. The effect of unwinding the discounting of the provision is recognised as a finance expense.

During the current year, Helloworld Travel consolidated their operations resulting in the relocation of staff from the Bourke St and Camberwell St offices. As a result, restoration payments relating to both properties were settled during the current financial year. The difference between the restoration payments and the make good provisions recognised on balance sheet was released to the profit or loss in the current financial year. Helloworld Travel assigned its lease for 80 Pacific Highway to a third party during the current financial year. As a result, the Group's make good obligations relating to this lease were settled with the third party.

The Group made retrospective adjustments as a result of adopting AASB 16, refer note 2: changes in accounting standards.

(ii) Restructuring

Restructuring provisions are recognised as an expense when the Group has made a commitment to restructure a part of the business. Balance provided for at 30 June 2020 are expected to be settled in the following financial year.

(c) Amounts not expected to be settled within the next 12 months

The Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

22. Deferred revenue

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Supplier incentives (i)	8,374	5,508
Unearned income (ii)	45,428	91,431
DEFERRED REVENUE	**53,802**	**96,939**

(i) Supplier incentives

Helloworld Travel receives incentives from suppliers upfront when entering into long term contracts. Incentives deferred at 30 June 2020 relate to contracts with terms of between 7 to 10 years. Incentives are recognised in the consolidated statement of profit or loss and other comprehensive income over the life of the contract based on specific performance criteria.

During the current year, Helloworld Travel received additional incentives in the form of cash payments from suppliers. In addition, the acquisition of TravelEdge Group resulted in a further increase in supplier incentives. Refer note 36: business acquisitions for more information.

(ii) Unearned Income

The Group also receives monies from customers prior to travel booking finalisation, which is recorded in the statement of financial position as unearned income as at 30 June.

Unearned income is considered a contract liability in accordance with applicable accounting standards. Unearned income commissions are recognised as revenue in the consolidated statement of profit or loss and other comprehensive income when the travel has occurred.

During the current year, unearned income decreased by $46.0 million to $45.4 million as a result of COVID-19 which resulted in a decline in new bookings and cancellation of travel bookings made prior to COVID-19. Unearned income includes amounts due to both agents and suppliers, and commission earned by Helloworld Travel. Only the commission element earned on these bookings will impact revenue in the consolidated statement of profit or loss and other comprehensive income.

23. Deferred tax liabilities

(a) Deferred tax liabilities

	CONSOLIDATED	
	2020	2019 Restated
	$'000	$'000
Accrued revenue	19,931	26,149
Property, plant and equipment	160	2,116
Right of use assets	7,311	7,359
Indefinite life intangibles	37,156	34,937
Other	3,056	3,681
GROSS DEFERRED TAX LIABILITIES	**67,614**	**74,242**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(27,102)	(29,578)
NET DEFERRED TAX LIABILITIES	**40,512**	**44,664**
Deferred tax liabilities expected to be settled within 12 months	9,199	17,948
Deferred tax liabilities expected to be settled after more than 12 months	58,415	56,294
GROSS DEFERRED TAX LIABILITIES	**67,614**	**74,242**

(b) Movement in temporary differences during the year

CONSOLIDATED	Accrued revenue $'000	Property plant and equipment $'000	Right of use assets $'000	Indefinite life intangibles $'000	Other $'000	Total $'000
BALANCE AT 1 JULY 2018 RESTATED	**21,363**	**1,577**	**6,366**	**33,813**	**3,082**	**66,201**
(Charged)/credited						
- to profit or loss (restated)	4,786	539	993	974	481	7,773
- to other comprehensive income	-	-	-	-	(214)	(214)
Additions through business combinations	-	-	-	150	332	482
BALANCE AT 30 JUNE 2019 RESTATED	**26,149**	**2,116**	**7,359**	**34,937**	**3,681**	**74,242**
BALANCE AT 1 JULY 2019 RESTATED	**26,149**	**2,116**	**7,359**	**34,937**	**3,681**	**74,242**
(Charged)/credited						
- to profit or loss	(6,218)	(1,956)	(48)	(91)	(1,204)	**(9,517)**
- to other comprehensive income	-	-	-	-	(109)	**(109)**
Additions through business combinations	-	-	-	2,310	688	**2,998**
BALANCE AT 30 JUNE 2020	**19,931**	**160**	**7,311**	**37,156**	**3,056**	**67,614**

24. Other liabilities

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Redemption liability (i)	1,200	4,800
Other non-current liabilities	245	351
OTHER NON-CURRENT LIABILITIES	**1,445**	**5,151**

(i) The redemption liability relates to the estimated consideration payable by Helloworld Travel for the remaining 40.0% non-controlling interest in Asia Escape Holidays in FY23. The redemption liability is a financial liability measured at fair value through profit or loss at the end of each reporting period. During the current year, the redemption liability was revalued to $1.2 million (2019: $4.8 million) and the gain of $3.6 million was recognised in the current year's profit or loss. The remeasurement gain has been excluded from Underlying EBITDA in note 6: operating segments. For further details on the assumptions used in the remeasurement, refer note 30: financial risk management.

25. Issued capital

(a) Shares on issue

	CONSOLIDATED			
	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

CONSOLIDATED	Note	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)	38	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. As a result, the outstanding loan balance recorded off balance sheet, relating to loan funded LTIP shares that have vested, amounts to $3.3 million (2019: $5.9 million) of which $2.9 million (2019: $4.7 million) relates to KMP as disclosed in note 32: related party transactions (g).

26. Reserves

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
Foreign currency translation reserve	2,159	4,477
Hedging reserve	-	1,094
Share based payments reserve	2,524	2,322
Redemption reserve	(7,200)	(7,200)
RESERVES	**(2,517)**	**693**

(a) Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

CONSOLIDATED	Foreign currency translation reserve $'000	Hedging reserve $'000	Share based payments reserve $'000	Redemption reserve $'000	Total $'000
BALANCE AT 1 JULY 2018	**2,617**	**1,639**	**4,660**	**(7,200)**	**1,716**
Revaluation - gross	-	(759)	-	-	**(759)**
Revaluation - deferred tax	-	214	-	-	**214**
Foreign currency translation (restated)	1,860	-	-	-	**1,860**
Share based payment expense	-	-	1,479	-	**1,479**
Transfer of reserve for vested shares to share capital	-	-	(3,817)	-	**(3,817)**
BALANCE AT 30 JUNE 2019 RESTATED	**4,477**	**1,094**	**2,322**	**(7,200)**	**693**
BALANCE AT 1 JULY 2019 RESTATED	**4,477**	**1,094**	**2,322**	**(7,200)**	**693**
Revaluation - gross	-	(359)	-	-	**(359)**
Revaluation - deferred tax	-	109	-	-	**109**
Foreign currency translation	(896)	-	-	-	**(896)**
Share based payment expense	-	-	202	-	**202**
Released to profit or loss on disposal	(1,422)	-	-	-	**(1,422)**
Transfer of predecessor accounting reserve to accumulated losses	-	(844)	-	-	**(844)**
BALANCE AT 30 JUNE 2020	**2,159**	**-**	**2,524**	**(7,200)**	**(2,517)**

(b) Nature of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign operations are taken to the foreign currency translation reserve, as described in note 40: significant accounting policies. The cumulative amount is reclassified to profit or loss when the net investment is disposed of. $1.4 million has been recorded in the current year's profit and loss relating to the disposal of U.S Wholesale division.

(ii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedging transactions that have not yet occurred, as described in note 40: significant accounting policies. Amounts are reclassified to the consolidated statement of profit or loss and other comprehensive income when the associated underlying hedge transaction also affects profit and loss. As a consequence of COVID-19, the Group has temporarily ceased hedging given the difficulties in reliably estimating the quantum and timing of foreign currency denominated receipts and payments.

(iii) Share based payments reserve

The share based payments reserve is used to recognise the fair value of shares issued to eligible employees with performance related conditions. In addition, the reserve records the fair value of franchise loyalty shares issued to eligible franchise network members with related conditions. Once the vesting conditions of the respective share schemes are met and the shares are exercised, the accumulated amount of the share based payment reserve relating to the vested shares is transferred to share capital.

(iv) Redemption reserve

The redemption reserve relates to Helloworld Travel's option to purchase the remaining 40.0% non-controlling interest in Asia Escape Holidays and was determined in the sale and purchase agreement for the 60.0% controlling interest in the business. Upon exercise or forfeiture, the balance of the redemption reserve will be recycled through accumulated losses. The Group has recognised a financial liability for the estimated amount payable which is subject to remeasurement. Non-cash gains or losses on remeasurement are reflected in the profit or loss at the end of each reporting period and are excluded from underlying EBITDA, refer note 6: operating segments.

27. Accumulated losses

	CONSOLIDATED	
	2020 $'000	2019 Restated $'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL YEAR	**(106,255)**	**(121,074)**
Profit after income tax expense attributable to the owners of Helloworld Travel Limited	(69,874)	38,008
Dividends	(26,815)	(23,657)
Dividends associated with LTIP	460	468
Transfer of predecessor accounting reserve to accumulated losses	844	-
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(201,640)**	**(106,255)**

28. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by PricewaterhouseCoopers (PwC) Australia, the auditor of the company, its related practices and unrelated firms:

	CONSOLIDATED	
	2020 $	2019 $
AUDIT SERVICES – PwC AUSTRALIA		
Audit or review of the financial statements	918,277	976,600
Other assurance services	20,400	33,000
OTHER SERVICES - PwC AUSTRALIA		
Taxation compliance services	78,780	104,642
Taxation consultancy services	-	41,579
Due diligence services	906,000	-
Consultancy services	152,796	292,981
TOTAL OTHER SERVICES – PwC AUSTRALIA	**1,137,576**	**439,202**
TOTAL SERVICES - PwC AUSTRALIA	**2,076,253**	**1,448,802**
NETWORK FIRMS OF PwC AUSTRALIA		
Audit services	177,725	204,873
Taxation compliance services	36,736	34,410
Taxation consultancy services	5,212	44,664
Compliance services	4,814	13,286
Consultancy services	-	21,012
TOTAL SERVICES - NETWORK FIRMS OF PwC AUSTRALIA	**224,487**	**318,245**
NON-PwC AUDIT FIRMS		
Audit services - unrelated firms	49,789	60,190
Taxation compliance	21,795	85,394
Taxation consultancy	38,800	14,330
Compliance services	-	1,423
Consultancy services	46,534	-
TOTAL SERVICES - NON-PwC AUDIT FIRMS	**156,918**	**161,337**

29. Cash flow reconciliation

(a) Reconciliation of profit/(loss) after income tax to net cash from operating activities

	CONSOLIDATED 2020 $'000	2019 Restated $'000
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE YEAR	**(69,985)**	**38,043**
Adjustments for:		
Depreciation and amortisation expense	32,742	28,343
Impairment expense	67,947	-
Share based payment expense	873	1,479
Proceeds from forfeited shares sales, net of costs	-	3,907
Profit on disposal of property, plant and equipment	(101)	(24)
Profit on disposal of investments	(1,075)	(2,013)
Loss allowance on trade receivables	8,368	461
Share of profit of associates accounted for using the equity method	(1,246)	(1,437)
Fair value adjustment on redemption liability	(3,600)	(2,400)
Fair value adjustment on contingent receivable	883	-
Amortisation of borrowing costs	275	177
Non-cash revaluation of lease liability	191	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	57,109	(5,776)
(Increase)/decrease in accrued revenue	31,619	(17,448)
Decrease in derivative financial instruments	360	346
(Increase)/decrease in inventories	(69)	68
(Decrease)/increase in trade and other payables	(142,869)	9,776
Decrease in deferred revenue	(28,975)	(5,441)
Increase in provisions	7,306	1,641
(Decrease)/increase in other liabilities	(361)	1,371
Movements in tax balances	(831)	(1,841)
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(41,439)**	**49,232**

(b) Reconciliation of assets and liabilities arising from financing activities

The movements in assets and liabilities impacting financing activities are outlined below:

		Cash flows			Non-cash		
CONSOLIDATED - 2020	Balance 1 July 2019 $'000	Proceeds of borrowings $'000	Payments relating to leases (i) $'000	Movement in related party loans $'000	Other movements (ii) $'000	Foreign exchange movement $'000	Balance at 30 June 2020 $'000
Current and non-current lease liabilities	**28,495**	-	(7,769)	-	9,163	(130)	**29,759**
Non-current borrowings - secured bank loan	**57,000**	44,000	-	-	-	-	**101,000**
Non-current receivables - loans to related parties	**(4,501)**	-	-	104	-	-	**(4,397)**
NET DEBT FROM FINANCING ACTIVITIES	**80,994**	**44,000**	**(7,769)**	**104**	**9,163**	**(130)**	**126,362**

		Cash flows			Non-cash		
CONSOLIDATED - 2019	Balance 1 July 2018 $'000	Proceeds of borrowings $'000	Payments relating to leases (i) $'000	Movement in related party loans $'000	Other movements (ii) $'000	Foreign exchange movement $'000	Balance at 30 June 2019 $'000
Current and non-current lease liabilities	**24,374**	-	(9,240)	-	12,966	395	**28,495**
Non-current borrowings - secured bank loan	**42,066**	15,000	-	-	-	(66)	**57,000**
Non-current receivables - loans to related parties	**(2,314)**	-	-	(2,187)	-	-	**(4,501)**
NET DEBT FROM FINANCING ACTIVITIES	**64,126**	**15,000**	**(9,240)**	**(2,187)**	**12,966**	**329**	**80,994**

(i) Payments relating to leases

Payments relating to leases include principal cash payments relating to lease liabilities.

(ii) Other movements

Lease liabilities other movements include interest paid on lease liabilities as the Group classifies this as cash flows from operating activities. Refer note 19: lease liabilities for further information on lease liabilities non-cash movements.

30. Financial risk management

The Group's principal financial instruments are outlined below. Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 40: significant accounting policies.

Financial risk management is carried out under policies approved by the Board of Directors. The Group identifies, evaluates and actively manages financial risks in close co-operation with the Group's operating businesses. The Board of Directors set policies covering specific areas, such as liquidity risk, foreign exchange risk, interest rate risk, credit risk and the use of derivative financial instruments and non derivative financial instruments.

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)	35,451	87,710
FINANCIAL ASSETS AT AMORTISED COST	**167,312**	**292,465**
Contingent consideration receivable	170	1,233
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**170**	**1,233**
DERIVATIVE FINANCIAL INSTRUMENTS	**-**	**368**
FINANCIAL LIABILITIES		
Trade and other payables (excluding contingent consideration payable)	93,967	210,944
Borrowings (excluding deferred borrowings costs)	101,000	57,000
FINANCIAL LIABILITIES AT AMORTISED COST	**194,967**	**267,944**
Redemption liability	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 $40.0 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 (2019: $5.9 million) less contingent consideration receivable of $0.2 million (2019: $1.2 million).

(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 20: borrowings) and cash and cash equivalents (outlined in note 10: 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 20: 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 39: 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.

		Contractual maturities of financial liabilities							
CONSOLIDATED - 2020	Carrying value $'000	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
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables	93,967	93,967	-	-	-	-	-	-	**93,967**
Lease liabilities	29,759	4,911	4,772	7,438	5,539	3,403	3,356	2,200	**31,619**
Restructuring provision	5,998	-	5,998	-	-	-	-	-	**5,998**
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	**231,812**	**102,708**	**14,892**	**82,843**	**36,726**	**3,858**	**3,356**	**5,266**	**249,649**

		Contractual maturities of financial liabilities							
CONSOLIDATED - 2019	Carrying value $'000	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
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables (restated)	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) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed in its wholesale operations to foreign exchange risk arising from future cash flows relating to financial instruments denominated in a currency that is different to its local currency. Due to the nature of Helloworld Travel's wholesale operations, revenue is earned in the wholesale businesses' local currency, however the associated cost of sales is settled by Helloworld Travel based on quoted prices in the local currency of the supplier.

Prior to COVID-19, foreign exchange risk was measured through a forecast of highly probable future purchases, with hedge contracts to purchase foreign currencies timed to mature when payments to suppliers are scheduled, in order to minimise the volatility of the Australian dollar cash flows.

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

The Board's risk management policy was to hedge forecasted foreign currency cash flows in the wholesale businesses using forward foreign exchange contracts and to not enter into, issue or hold derivative financial instruments for speculative trading purposes. As a consequence of COVID-19, the Group has temporary ceased hedging foreign currency payables due to the uncertainty as to whether bookings will result in foreign currency payments.

Derivatives

Helloworld Travel has entered into forward foreign exchange contracts to hedge forecasted foreign currency payables. As at 30 June, the Group has the following derivative financial instruments:

	CONSOLIDATED	
	2020 $'000	2019 $'000
CURRENT ASSETS		
Forward foreign exchange contracts – cash flow hedges	-	368
TOTAL CURRENT DERIVATIVE FINANCIAL INSTRUMENT ASSETS	**-**	**368**

Derivatives are presented as current assets as they are expected to be settled within 12 months after the end of the reporting date. The Group's accounting policy for its cash flow hedges is set out in note 40: significant accounting policies.

Exposure

As at 30 June 2020, the Group's net exposure to foreign currency risk is set out in the table below. The table includes the following:

- Foreign cash holdings as at year end;
- Receivables including accrued revenue denominated in foreign currencies as at year end;
- Current trade payables and forward payment obligations in foreign currencies as at year end; and
- Foreign currency exchange contracts outstanding as at year end.

	CONSOLIDATED	
	2020 $'000 AUD equivalent	2019 $'000 AUD equivalent
CURRENCY		
USD	(3,910)	(250)
EUR	(448)	(902)
GBP	(198)	(417)
FJD	(2,352)	(1,272)
NZD	8,512	5,834
Other currencies	(508)	(3,691)
NET TOTAL FOREIGN CURRENCY EXPOSURE ASSET/(LIABILITY)	**1,096**	**(698)**

Sensitivity

The following table summarises the impact of a 10% increase (strengthening of AUD) and decrease (weakening of AUD) in foreign exchange rates on the net profit in the statement of profit or loss and other comprehensive income. The sensitivity rate represents management's assessment of the reasonable possible change in foreign exchange rates and is used when reporting foreign currency risk to key management personnel. The sensitivity analysis assumes hedge effectiveness and that all other variables including interest rates, remain constant.

	CONSOLIDATED Impact on profit/(loss) before income tax expense	
	2020 $'000	2019 $'000
10% increase (2019: 10%)	(736)	1,009
10% decrease (2019: 10%)	973	(1,234)

(ii) Interest rate risk

The Group's interest rate risk arises from future cash flows relating to cash assets and cash borrowings with variable interest rates. Helloworld Travel does not hedge its exposure to fluctuations in future cash flows due to changes in market interest rates.

Helloworld Travel manages interest rate risk by ensuring that debt servicing costs are minimised and interest earned is maximised. This includes reviews undertaken, where required, to consider the restructuring of interest bearing debt, the possibility of repaying interest bearing debt and the level of investment of surplus cash in interest bearing accounts.

Exposure

As at 30 June 2020, the Group had term deposits amounting to $17.1 million (2019: $55.7 million) with an average interest rate of 3.0% per annum (2019: 3.2%). In addition, the Group had drawn down borrowings of $101.0 million (2019: $57.0 million) and other cash funds held in operational and foreign currency bank accounts with interest at market rates under normal commercial terms.

Sensitivity

The information below summarises the impact of a 100 basis points per annum increase and decrease in interest rates on the net profit in the statement of profit or loss and other comprehensive income.

	CONSOLIDATED Impact on net profit before tax	
	2020 $'000	2019 $'000
SHORT TERM DEPOSITS		
Increase by 100 basis points (2019: 100 basis points)	171	557
Decrease by 100 basis points (2019: 100 basis points)	(171)	(557)
BORROWINGS		
Increase by 100 basis points (2019: 100 basis points)	(1,010)	(570)
Decrease by 100 basis points (2019: 100 basis points)	1,010	570

(c) 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.

Risk management

The Group has credit risk associated with travel agents, airlines, industry settlement organisations and direct suppliers. The Group minimises credit risk through the application of stringent credit policies, regular monitoring and accreditation of travel agents through industry programs. A portion of Helloworld Travel's credit risk is also mitigated through offsetting receivable and payable balances between Helloworld Travel and key suppliers. In addition, the Group's key customers include various Australian Government agencies which have a low risk of default.

Where specific credit risk is identified with a counterparty, the Group requires pre-payment for services provided. A reservation for such a counterparty is not confirmed or ticketed prior to receiving payment in full.

Collateral is not held as security, nor is it the Group's policy to transfer receivables to special purpose entities.

Exposure

The Group's maximum exposure to credit risk is the fair value of the financial assets which is the carrying amount of the financial asset, net of any loss allowance.

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)	44,683	103,080
Accrued revenue	34,482	66,681
Derivative financial instruments	-	368
TOTAL CREDIT RISK EXPOSURE	**211,026**	**374,884**

(i) The Group made retrospective adjustments as a result of adopting AASB 16, refer note 2: changes in accounting standards.

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables
- Accrued revenue
- Investments and other financial assets at amortised cost (such as other receivables and loans to related parties)

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, refer note 40: significant accounting policies for more information regarding the calculation of impairment losses.

The Group undertakes a debtor by debtor review with a provision for each debtor calculated based on each debtors recent and longer term history of debt repayments.

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	12,145	1,214	1,371	7,898	5,358	**27,986**
Accrued revenue	38,182	-	-	-	-	**38,182**
GROSS CARRYING AMOUNTS	**50,327**	**1,214**	**1,371**	**7,898**	**5,358**	**68,168**
Expected loss rate	7.9%	1.6%	1.5%	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	**46,374**	**1,194**	**1,351**	**6,869**	**2,163**	**57,951**

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%	1.3%	11.9%	30.0%	
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**

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.
- 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.

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

	CONSOLIDATED 2020 $'000	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.

Impairment of other financial assets at amortised cost

There are no significant other receivables, or classes of receivables, that have been recognised that would otherwise, without negotiation, be past due or impaired. It is expected that all other amounts will be received when due. The Group does not hold any collateral in relation to receivables.

(d) Fair values

The 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	Fair value $'000	Carrying amount $'000	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**

(e) Fair value hierarchy

Certain judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. The different levels have been defined as follows:

- Level 1: fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets is the current bid price.
- Level 2: fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between level 1, 2 and 3 for recurring fair value measurements during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The table below analyses financial instruments carried at fair value, by valuation method.

CONSOLIDATED - 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Contingent consideration receivable (i)	-	-	170	**170**
Interest bearing assets	-	-	4,397	**4,397**
TOTAL ASSETS	**-**	**-**	**4,567**	**4,567**
Redemption liability (ii)	-	-	1,200	**1,200**
Interest bearing liabilities	-	-	101,000	**101,000**
TOTAL LIABILITIES	**-**	**-**	**102,200**	**102,200**

CONSOLIDATED - 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Net derivative financial assets	-	368	-	**368**
Contingent consideration receivable (i)	-	-	1,233	**1,233**
Interest bearing assets	-	-	4,501	**4,501**
TOTAL ASSETS	**-**	**368**	**5,734**	**6,102**
Redemption liability (ii)	-	-	4,800	**4,800**
Interest bearing liabilities	-	-	57,000	**57,000**
TOTAL LIABILITIES	**-**	**-**	**61,800**	**61,800**

(i) Valuation of contingent consideration payable

On 30 June 2019, Helloworld Travel sold its Insider Journeys business for a total consideration of $2.4 million, which included a contingent consideration receivable of $1.2 million, that was recognised and reported as a non current receivable on the consolidated statement of financial position.

The contingent consideration of $1.2 million was determined in accordance with the sale contract and was based on a fixed percentage of annual eligible total transaction value achieved by the purchaser of the Insider Journeys business during the subsequent three year period commencing 1 July 2019. The contingent consideration expected for each future year (FY20-FY22) is calculated quarterly and invoiced to the purchaser for settlement based on the eligible total transaction value achieved. Any future remeasurement of the consideration is recognised in the consolidated statement of profit or loss.

The eligible total transaction value used in the calculation of the contingent consideration was based on Helloworld Travel's knowledge of the business, the future business operating plans outlined by the new owners and the expected industry and economic conditions. This methodology resulted in a projected eligible total transaction value for the future three years which was applied to the set percentage specified in the contract, to determine the fair value of the contingent consideration receivable as at 30 June 2019.

During the current year, $0.2 million of consideration was received from the purchaser of Insider Journeys. Based on the current estimates of future sales and the updated economic conditions, the remaining contingent consideration receivable has been remeasured to its fair value of $0.2 million as at 30 June 2020. The fair value adjustment of $0.9 million has been recognised within operating expenses in the consolidated statement of profit and loss. The change in fair value reflects the high level of uncertainty regarding the future recovery of the travel industry to pre-COVID-19 levels.

(ii) Valuation of the redemption liability

Helloworld Travel has a call option to buy the remaining 40.0% ownership interest in Asia Escape Holidays on 1 July 2022. In addition, the non-controlling minority interest holder has a put option to sell their 40.0% ownership interest to Helloworld Travel at the same point in time.

The signed sale and purchase agreement for the original 60.0% controlling interest purchased on 31 May 2018 outlines the conditions and mechanism for determining the expected amount of consideration payable for the remaining 40.0% ownership interest. The consideration is determined using Asia Escape Holidays' financial performance in FY22 as a valuation multiple. The option can be exercised on 1 July 2022 and the consideration is payable in FY23 via 75.0% cash and 25.0% shares in Helloworld Travel.

The financial liability in relation to the put option of the remaining non-controlling interest in Asia Escape Holidays is recorded as a redemption liability in note 24: other liabilities and the potential future purchase of the remaining ownership interest is recorded in the redemption reserve within equity. In accordance with applicable accounting standards, the option is valued at each reporting date and any changes in the fair value measurement of the redemption liability in subsequent financial years are recorded in the profit or loss.

In the current year, Helloworld Travel has reviewed and revised its key assumptions used in determining the fair value of the redemption liability. Based on the current estimates of future sales and the updated economic conditions, the revised projected financial performance in FY22 has been lowered, resulting in the redemption liability being valued at $1.2 million as at 30 June 2020. The fair value adjustment of $3.6 million has been recognised within operating expenses in the profit or loss in the current year. The change in fair value reflects the high level of uncertainty regarding the future recovery of the travel industry to pre-COVID-19 levels.

(f) Capital management

(i) Capital Structure

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board continually monitors the return on capital, the level of dividends to ordinary shareholders, cash flow generation and the debt to equity mix in determining its appropriate capital structure.

In order to maintain or adjust the capital structure, the Board considers the following:

- Potential repayment of debt obligations;
- Future fixed asset investment;
- Funding of any future proposed acquisitions via either debt or equity instruments; and
- The appropriate level of future dividends to ordinary shareholders to support investor returns.

Due to the impacts of COVID-19, the Group has a stronger focus on its liquidity position, which includes considering future capital raisings and no final dividend being declared for the current period. Refer to note 39: events after the reporting period for more information regarding capital raisings.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(ii) Loan covenants

Under the terms of the borrowing facility, the Group is required to comply with certain loan covenants. The Group has complied with these covenants throughout the current and prior year, with no breaches of loan covenants noted. Subsequent to year-end, with respect to borrowings, additional covenant amendments were negotiated with Westpac, refer note 20: borrowings.

31. Commitments and contingencies

(a) Commitments

The Group has no commitments as at 30 June 2020.

The Group has not entered into any material new lease agreements post 30 June 2020.

(b) Guarantees

The Group has on issue bank guarantees and letters of credit as at 30 June 2020 totalling $11.5 million (2019: $12.0 million). In addition, Helloworld Travel Limited has entered into a Deed of Cross Guarantee with certain Australian wholly owned controlled entities as outlined in note 34: parent entity information.

(c) Business acquisition commitments

(i) Purchase of remaining ownership interest in MTA

In FY17, Helloworld Travel acquired 50.0% ownership in MTA for a total consideration of $14.2 million. The sale and purchase agreement for the original 50.0% interest purchased outlines the conditions and mechanism for determining the basis of the consideration for the remaining 50.0% ownership interest. Helloworld Travel has a call option to acquire the remaining 50.0% ownership interest in MTA on 1 December 2021. The associate party has a put option to sell its remaining 50.0% ownership interest to Helloworld Travel 30 days after the expiry of the call option period.

(ii) Commercial agreements entered into with BCD Travel and Gilpin Travel include options to purchase 100% of the ownership interests in these businesses

During the prior year, Helloworld Travel entered into commercial agreements for the distribution of travel products. Two agreements included conditions on the future potential purchase of these businesses in the financial year ending 2024. In addition, the owners of the businesses have a put option to sell 100% of their ownership interest to Helloworld Travel at the same point in time.

The value of the commitment for these arrangements is based on a future valuation of the financial performance of the respective business in the preceding financial year prior to the exercise of the option, at a set market based valuation multiple. As there is no current ownership control by Helloworld Travel in these businesses, no put option financial instrument valuation is included in the 2020 financial statements.

(d) Contingencies

As at 30 June 2020, there are no significant contingent assets or contingent liabilities.

32. Related party transactions

(a) Subsidiaries

Details relating to subsidiaries are included in note 33: particulars in relation to controlled entities.

(b) Ultimate and direct parent

Helloworld Travel Limited is the legal owner of the Group. Refer to note 34: parent entity information for further information.

(c) Associates and joint ventures

Helloworld Travel undertake transactions with its associates and joint ventures. The list of associates and joint ventures held by Helloworld Travel are outlined in note 13: investments accounted for using the equity method.

(d) Entities with significant influence

The following entities were considered to have significant influence over the Group during the year:

- Entities related to Andrew Burnes and Cinzia Burnes hold 31.4% as at 30 June 2020 (2019: 31.4%) of the ordinary shares of Helloworld Travel Limited following the FY16 merger with the AOT Group and its controlled entities. Andrew Burnes is the CEO and Managing Director of Helloworld Travel Limited. Cinzia Burnes is an Executive Director of the Company.
- QH Tours Limited, a wholly owned subsidiary of Qantas Airways Limited, holds 15.4% as at 30 June 2020 (2019: 15.4%) of the ordinary shares of Helloworld Travel Limited and has an executive member, Andrew Finch on the Board.

(e) Key management personnel (KMP) compensation

	CONSOLIDATED	
	2020 $	2019 $
Short term employee benefits	3,505,048	3,815,454
Long term employee benefits	53,242	31,180
Share based payment benefits	232,000	503,646
Post employment benefits	112,147	120,448
TOTAL KMP COMPENSATION	**3,902,437**	**4,470,728**

Detailed remuneration disclosures are provided in the remuneration report, contained within the Directors Report.

(f) Transactions with related parties

The following trading transactions occurred with related parties:	CONSOLIDATED 2020 $'000	2019 $'000
(i) Revenue derived from:		
Associates and joint ventures	887	558
Entities with significant influence over the Group	28,542	53,347
(ii) Expenses incurred as a result of transactions with:		
Associates and joint ventures	5,104	6,149
Entities with significant influence over the Group	6,955	7,740
(iii) Receivables as at 30 June:		
Associates and joint ventures	769	1,475
Entities with significant influence over the Group	5,555	15,029
(iv) Payables as at 30 June:		
Associates and joint ventures	824	1,339
Entities with significant influence over the Group	1,156	1,827

Terms and conditions and nature of related party trading transactions

Sales to and purchases from related parties are made at arm's length at normal market prices and on normal commercial terms. Andrew and Cinzia Burnes are both Directors of Normanby Road Holdings Pty Ltd (ATF 179 Normanby Road Trust), which owns and leases to Helloworld Travel, the head office premises for the Group's operations. Helloworld Travel derived revenue from Qantas Airways Limited and its controlled entities (Qantas), through commercial agreements and incur expenses under an agreement with Qantas for services including shared services, IT services, labour recharges, frequent flyer arrangement, intellectual property rights and website agreements. Transactions and balances with these entities are included in part (f) above.

Related party trade receivables are non-interest bearing and are generally on 30 day terms from invoice. The Group settles related party trade payables according to the payment conditions confirmed by the supplier of services and are non-interest bearing and generally on 30 day terms from invoice.

The following loan transactions occurred with related parties:	CONSOLIDATED 2020 $'000	2019 $'000
(i) Interest revenue from:		
Associates of the Group	130	165
(ii) Non-current loans as at 30 June:		
Associates of the Group	4,344	4,501

Terms and conditions of related party loan transactions

(i) Hunter Travel Group Pty Ltd (HTG):

On 31 August 2017, Helloworld Travel provided a five year loan to the owners of HTG, amounting to $1.3 million. In the prior year, Helloworld Travel provided an additional five year loan to the owners of HTG, amounting to $2.5 million. During the current year, no repayments were made by the owners. As at 30 June 2020, the outstanding loan balance amounts to $3.4 million (2019: $3.4 million).

The loan was provided to the HTG business to support its strategic business expansion. The loan was made on an arm's length basis under normal commercial terms and conditions and is secured by the assets of the borrowers. Interest accrues daily and is invoiced on a quarterly basis on 30 day terms. The interest rate is based on the Australian Bank Bill swap reference plus a commercial mark up margin. Under the terms of the loan agreement, Helloworld Travel has the right to convert some of the outstanding loan balance to HTG shares at specified conversion periods in three to five years from the loan date, to increase its possible shareholding in HTG from 12% up to a maximum of 25%.

(ii) Cooney Investments Pty Ltd:

On 29 August 2018, Helloworld Travel provided a five year loan to the owners of Cooney Investments Pty Ltd, amounting to $1.6 million. During the current year, repayments of $0.2 million (2019: $0.3 million) were received. As at 30 June 2020, the outstanding loan balance amounts to $1.0 million (2019: $1.2 million).

(g) Transactions with key management personnel (KMP)

During the current year, the LTIP shares granted on 1 July 2016 to Michael Burnett (the Group's previous Chief Financial Officer) of 500,000 shares and Simon McKearney of 150,000 shares met their vesting conditions. The Board determined the vesting conditions were met at the end of the grant performance period of 1 July 2019 based on the company's financial performance exceeding the total shareholder returns target and individual key performance targets over the three year vesting period.

In in prior year, Nick Sutherland was appointed as a KMP, resulting in the disclosure of 200,000 previously allocated shares.

As at 30 June 2020, there are 700,000 (2019: 1,350,000) shares allocated under the LTIP program to KMP. A loan is provided to each participant equal to the number of shares issued at market value. As at 30 June 2020, the loan to the KMP amounts to $2.9 million (2019: $4.7 million). The movement in the loan value is a result of repayments made by KMP and due to dividends earned which are offset against the future loan payable.

The loans are interest free and non-recourse and are accordingly not recorded as receivables on the Group's balance sheet. The loans are to be repaid to Helloworld Travel after vesting conditions are met and must be repaid on the earlier of, the sale of the shares or 10 years after grant date. If the shares fail to vest, the shares will be forfeited and the loan extinguished. During the vesting period, the shares receive dividends as per ordinary paid up shares. The dividends earned on the shares are offset against any future loan payable under the scheme until the loan is repaid.

Set out below is the summary of the shares and loan value with the KMP:

Year ended 30 June 2020		Number of Shares					Loan Value ($)		
Name	Role	Opening Balance	Addition as KMP	Granted	Vested	Closing Balance	Opening Balance	Movement	Closing Balance
M Burnett	Chief Financial Officer	500,000	-	-	(500,000)	-	1,349,427	(1,349,427)	-
S McKearney	Group GM - New Zealand	150,000	-	-	(150,000)	-	404,828	(404,828)	-
J Constable	Group GM - Retail & Commercial	500,000	-	-	-	500,000	2,265,421	(81,393)	2,184,028
N Sutherland	Group GM - Corporate	200,000	-	-	-	200,000	711,254	(32,557)	678,697
		1,350,000	**-**	**-**	**(650,000)**	**700,000**	**4,730,930**	**(1,868,205)**	**2,862,725**

Year ended 30 June 2019		Number of Shares					Loan Value ($)		
Name	Role	Opening Balance	Addition as KMP	Granted	Vested	Closing Balance	Opening Balance	Movement	Closing Balance
M Burnett	Chief Financial Officer	500,000	-	-	-	500,000	1,421,356	(71,929)	1,349,427
S McKearney	Group GM - New Zealand	150,000	-	-	-	150,000	426,407	(21,579)	404,828
J Constable	Group GM - Retail & Commercial	500,000	-	-	-	500,000	2,337,350	(71,929)	2,265,421
N Sutherland	Group GM - Corporate	-	200,000	-	-	200,000	-	711,254	711,254
		1,150,000	**200,000**	**-**		**-1,350,000**	**4,185,113**	**545,817**	**4,730,930**

The detailed KMP remuneration disclosures are provided in the Remuneration Report, contained within the Directors Report.

33. Particulars in relation to controlled entities as at 30 June 2020

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 40. The proportion of ownership interest shown in this table is equal to the proportion of voting power held.

NAME	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %
Helloworld Travel Limited [1,2]	Australia	N/A	N/A
ACN 003 683 967 Pty Limited [2]	Australia	100.0	100.0
AOT Group Limited [2]	Australia	100.0	100.0
AOT Inbound Pty Limited [2]	Australia	100.0	100.0
AOT Retail Pty Limited [2]	Australia	100.0	100.0
ATS Pacific Pty Limited [2]	Australia	100.0	100.0
Aus STS Holdco II Pty Limited [2]	Australia	100.0	100.0
Australian Online Travel Pty Limited [2]	Australia	100.0	100.0
Best Flights Pty Limited [2]	Australia	100.0	100.0
Communico Services Pty Limited [2,3]	Australia	100.0	-
Flight Systems Pty Limited [2]	Australia	100.0	100.0
Granted Worldwide Pty Limited [2,3]	Australia	100.0	-
GSS Travel NZ Pty Limited [2,3]	Australia	100.0	-
Harvey Holidays Pty Limited [2]	Australia	100.0	100.0
Harvey World Travel Franchises Pty Limited [2]	Australia	100.0	100.0
Harvey World Travel Group Pty Limited [2]	Australia	100.0	100.0
Helloworld Franchising Pty Limited [2]	Australia	100.0	100.0
Helloworld Group Pty Limited [2]	Australia	100.0	100.0
Helloworld IP Pty Limited [2]	Australia	100.0	100.0
Helloworld Services Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Services (Australia) Pty Limited	Australia	100.0	100.0
Helloworld Travel Services Group Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Services Holdings Pty Limited [2]	Australia	100.0	100.0
Helloworld Travel Southland Pty Limited [2]	Australia	100.0	100.0
Jetset Pty Limited [2]	Australia	100.0	100.0
Jetset Travelworld Network Pty Limited [2]	Australia	100.0	100.0
JTG Corporate Pty Limited [2]	Australia	100.0	100.0
Keygate Holdings Pty Limited	Australia	60.0	60.0
Luxury Getaways Pty Limited [2]	Australia	100.0	100.0
Magellan Travel Pty Limited [2]	Australia	100.0	100.0
Nexus Point Travel Pty Limited [2,3]	Australia	100.0	-
Pillowpoints Pty Limited [2]	Australia	100.0	100.0
Qantas Holidays Limited [2]	Australia	100.0	100.0
QBT Pty Limited [2]	Australia	100.0	100.0
Quay Services Pty Limited [2,3]	Australia	100.0	-
Retail Travel Investments Pty Limited [2]	Australia	100.0	100.0
Show Group Pty Limited [2]	Australia	100.0	100.0
Skiddoo IT Pty Limited [2]	Australia	100.0	100.0
Skiddoo Pty Limited [2]	Australia	100.0	100.0
Sunlover Holidays Pty Limited [2]	Australia	100.0	100.0
Transonic Travel Pty Limited [2]	Australia	100.0	100.0
Traveledge Pty Limited [3]	Australia	100.0	-
Travelpoint Pty Limited [2]	Australia	100.0	100.0
Travelscene Pty Limited [2]	Australia	100.0	100.0
Travelworld Pty Limited [2]	Australia	100.0	100.0

NAME	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2020 %	2019 %
Viva Holidays Pty Limited [2,3]	Australia	100.0	-
AOT Business Consulting (Shanghai) Limited	China	100.0	100.0
Allied Tour Service (Pacific) Pte Limited	Fiji	100.0	100.0
Coral Sun (Fiji) Pte Limited	Fiji	60.0	60.0
Great Sights (Fiji) Pte Limited	Fiji	60.0	60.0
Tourist Transport (Fiji) Pte Limited	Fiji	60.0	60.0
Helloworld Travel Services Greece M.I.K.E [3]	Greece	100.0	-
AOT India PVT LTD	India	100.0	100.0
AOT New Zealand Limited	New Zealand	100.0	100.0
Atlantic and Pacific Business Travel Limited	New Zealand	100.0	100.0
Australian Travel Service (Pacific) Limited	New Zealand	100.0	100.0
Atlas Limited [3]	New Zealand	100.0	-
Biztrav Limited	New Zealand	76.6	76.6
GP Holiday Shoppe Limited	New Zealand	100.0	100.0
Gullivers Pacific Limited	New Zealand	100.0	100.0
Harvey World Travel (2008) Limited	New Zealand	100.0	100.0
Helloworld NZ Franchising Limited	New Zealand	100.0	100.0
Helloworld NZ Limited	New Zealand	100.0	100.0
Helloworld Travel Services (NZ) Limited	New Zealand	100.0	100.0
Just Tickets Limited	New Zealand	100.0	100.0
Pacific Leisure Group Limited	New Zealand	100.0	100.0
Show Group (NZ) Limited	New Zealand	100.0	100.0
Sunlover Holidays Limited	New Zealand	100.0	100.0
Travel Brokers Limited	New Zealand	100.0	100.0
United Travel Limited	New Zealand	100.0	100.0
Williment Travel Group Limited	New Zealand	100.0	100.0
Skiddoo Management Inc.	Philippines	100.0	100.0
Skiddoo Philippines Inc.	Philippines	100.0	100.0
Helloworld Travel Singapore Pte. Ltd	Singapore	100.0	100.0
Skiddoo Pte. Ltd	Singapore	100.0	100.0
Concorde International Travel Inc.	United States of America	-	100.0
Helloworld Travel Services USA Inc.	United States of America	-	100.0

1. Helloworld Travel Limited

Helloworld Travel Limited is the legal owner of the Group. Refer note 34: parent entity information for further details.

2. Deed of cross guarantee

These entities are included in the Deed of Cross Guarantee, refer note 35: deed of cross guarantee for further details. Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, these controlled entities are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of standalone financial statements.

3. Changes to controlled entities during the current year

During the current year, the following entities were established or acquired following a business acquisition:

- On 4 July 2019, Helloworld Travel registered a new wholly owned entity, Viva Holidays Pty Limited.

- On 1 October 2019, Helloworld Travel acquired 100% of the TravelEdge Group, consisting of the following legal entities providing corporate travel management services:
    - TravelEdge Pty Limited
    - Communico Services Pty Limited
    - GSS Travel NZ Pty Limited
    - Granted Worldwide Pty Limited
    - Nexus Point Travel Pty Limited
    - Quay Services Pty Limited

- On 17 February 2020, Helloworld Travel registered a new wholly owned entity, Helloworld Travel Services Greece M.I.K.E. Following incorporation, this legal entity in Greece provides back office technology system development for the wholesale and inbound businesses of the Group.
- On 1 March 2020, Helloworld Travel completed the acquisition of 100% of the issued capital of Atlas Limited, a travel agent member in New Zealand providing corporate and leisure travel solutions.

On 30 June 2020, Helloworld Travel divested its U.S Wholesale Division. This sale included the disposal of two legal entities registered in the USA:

- Concorde International Travel Inc.
- Helloworld Travel Services USA Inc.

34. Parent entity information

The legal parent company of the Group is Helloworld Travel Limited. Set out below is the supplementary information about the parent entity.

(a) Results of parent entity

Summarised statement of profit or loss and other comprehensive income

	PARENT	
	2020 $'000	2019 $'000
Profit/(loss) after income tax	(82,122)	25,490
TOTAL COMPREHENSIVE INCOME/(LOSS)	**(82,122)**	**25,490**

Summarised statement of financial position

	PARENT	
	2020 $'000	2019 $'000
Total current assets	71,656	75,857
Total non-current assets	159,662	255,017
TOTAL ASSETS	**231,318**	**330,874**
Total current liabilities	5,469	-
TOTAL LIABILITIES	**5,469**	**-**
NET ASSETS	**225,849**	**330,874**
EQUITY		
Issued capital	576,300	573,052
Share based payments reserve	2,525	2,321
Accumulated losses	(352,976)	(244,499)
TOTAL EQUITY	**225,849**	**330,874**

(b) Parent entity guarantees in respect of debts of its subsidiaries

The legal parent Helloworld Travel Limited has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of its subsidiaries. Details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 35: deed of cross guarantee.

(c) Parent entity tax liabilities in respect of its subsidiaries

The parent entity has entered into a tax funding agreement with the effect that the Company guarantees tax liabilities of other entities in the tax consolidated group. As at 30 June 2020 the tax consolidated group had a tax payable of $5.4 million (2019: $1.0 million receivable).

(d) Parent entity contingencies

As at 30 June 2020, there are no significant contingent assets or contingent liabilities.

(e) Parent entity issued capital

The issued capital of the parent entity does not equal the issued capital of the consolidated Group due to reverse acquisition business combinations previously undertaken by the Group.

35. Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, the entities identified in note 31: particulars in relation to controlled entities are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial statements and Directors' reports.

Helloworld Travel has had a Deed of Cross Guarantee in place since 25 May 2007, which has been amended from time to time to add or remove entities. On 20 June 2018, a replacement Deed of Cross Guarantee was entered into which included the addition of certain wholly owned Australia controlled entities in the prior year. The effect of the Deed is that Helloworld Travel Limited has guaranteed to pay any deficiency in the event of the winding up of the controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee. The controlled entities which are party to the Deed have also given a similar guarantee in the event Helloworld Travel Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to guarantee.

During the current year, the following entities were added into the Deed of Cross Guarantee:

- Communico Services Pty Ltd
- Granted Worldwide Pty Ltd
- GSS Travel NZ Pty Ltd
- Harvey Holidays Pty Ltd
- Nexus Point Travel Pty Ltd
- Qantas Holidays Limited
- Quay Services Pty Ltd
- Viva Holidays Pty Ltd

The consolidated income statement and statement of financial position have been prepared in accordance with the accounting policy note 40: significant accounting policies comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee and is set out below.

(a) Closed Group statement of profit or loss and other comprehensive income

	CLOSED GROUP	
	2020 $'000	2019 Restated $'000
REVENUE (i)	**150,148**	**155,543**
Employee benefits expenses	(76,822)	(73,636)
Advertising, selling and marketing expenses	(27,212)	(33,613)
Communication and technology expenses	(10,860)	(8,350)
Occupancy expenses	(2,000)	(118)
Operating expenses	(29,605)	(15,260)
Depreciation and amortisation expense	(12,982)	(11,110)
Impairment charges	(66,350)	-
Finance expense	(3,372)	(2,761)
Profit on disposal of investments	1,075	-
Share of profit in associates accounted for using the equity method	(25)	119
PROFIT/(LOSS) BEFORE INCOME TAX BENEFIT	**(78,005)**	**10,814**
Income tax benefit	6,918	3,589
PROFIT/(LOSS) AFTER INCOME TAX BENEFIT	**(71,087)**	**14,403**
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations	570	(255)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(70,517)**	**14,148**

(i) Revenue includes $10.0 million (2019: $22.5 million) in dividends received from Australian entities outside the Closed Group. These dividends are not assessable income for tax purposes.

(b) Closed Group movement in accumulated losses

	CLOSED GROUP	
	2020 $'000	2019 Restated $'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL YEAR	**(185,866)**	**(177,635)**
Change in accounting policy (i)	-	(192)
Profit after income tax benefit	(71,087)	15,150
Dividends	(26,815)	(23,657)
Dividends associated with LTIP	460	468
Retained earnings transferred in due to change in closed group	35,818	-
Transfer of predecessor accounting reserve to accumulated losses	170	-
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(247,320)**	**(185,866)**

(i) On 1 July 2019, Helloworld Travel adopted AASB 16: Leases, with the effective date of transition being 1 July 2018. A change in accounting policy has arisen in the Australian Share Services businesses within the Closed Group that hold the majority of property leases. For further details on the nature of the Group's accounting policy change, refer note 2: changes in accounting standards.

(c) Closed Group statement of financial position as at 30 June

	CLOSED GROUP	
	2020 $'000	2019 Restated $'000
CURRENT ASSETS		
Cash and cash equivalents	87,933	29,834
Trade and other receivables	26,168	42,471
Accrued revenue	6,607	11,171
Inventories	185	146
Income tax receivable	-	1,011
TOTAL CURRENT ASSETS	**120,893**	**84,633**
NON-CURRENT ASSETS		
Trade and other receivables	4,474	4,656
Property, plant and equipment	1,091	1,463
Right of use assets	16,399	17,974
Intangible assets	180,461	160,136
Deferred tax assets	23,605	14,625
Investments	88,243	164,146
TOTAL NON-CURRENT ASSETS	**314,273**	**363,000**
TOTAL ASSETS	**435,166**	**447,633**
CURRENT LIABILITIES		
Trade and other payables	132,355	173,121
Lease liabilities	6,220	5,822
Provisions	21,461	9,990
Income tax payable	5,239	246
Deferred revenue	42,086	17,310
TOTAL CURRENT LIABILITIES	**207,361**	**206,489**
NON-CURRENT LIABILITIES		
Borrowings	100,519	56,428
Lease liabilities	13,922	15,486
Deferred tax liabilities	25,820	19,106
Provisions	997	2,438
Other non-current liabilities	1,419	5,125
TOTAL NON-CURRENT LIABILITIES	**142,677**	**98,583**
TOTAL LIABILITIES	**350,038**	**305,072**
NET ASSETS	**85,128**	**142,561**
EQUITY		
Issued capital	337,327	334,079
Reserves	(4,879)	(5,652)
Accumulated losses	(247,320)	(185,866)
TOTAL EQUITY	**85,128**	**142,561**

36. Business acquisitions

Summary of current year business acquisitions

During the current year, Helloworld has undertaken two acquisitions. The net cash flow and total purchase consideration for each acquisition is summarised below:

2020	Net outflow of cash – investing activities $'000	Total purchase consideration $'000
ACQUISITION OF CONTROLLED ENTITIES		
TravelEdge Group (a)	20,325	22,587
Atlas Limited (b)	1,426	2,056
TOTAL BUSINESS ACQUISITIONS	**21,751**	**24,643**

The details of the acquisitions undertaken during the current year are outlined below:

(a) Acquisition of the TravelEdge Group

(i) Summary of acquisition

On 1 October 2019, Helloworld Travel acquired 100% of the TravelEdge Group, 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 acquisition expands the Group's corporate and travel business.

Details of the purchase consideration, net assets acquired and goodwill of TravelEdge are as follows:

	$'000
Purchase price	24,000
Completion adjustments	(1,413)
PURCHASE CONSIDERATION	**22,587**

The final assets and liabilities recognised from the TravelEdge acquisition are as follows:

	$'000
Cash and cash equivalents	2,262
Trade and other receivables	5,082
Accrued revenue	4,943
Property, plant and equipment	195
Right of use asset	2,968
Intangible assets - software	232
Intangible assets - brand	500
Intangible assets – customer relationships	7,200
Deferred tax assets	387
Trade and other payables	(12,061)
Provisions	(1,349)
Lease liability	(2,888)
Deferred revenue	(1,680)
Deferred tax liability	(2,310)
Income tax payable	(149)
NET ASSETS ACQUIRED (EXCLUDING GOODWILL)	**3,332**
Goodwill resulting from the acquisition	19,255
FAIR VALUE OF NET ASSETS ACQUIRED	**22,587**

During the current year, Helloworld Travel updated the acquisition accounting to reflect the identification and measurement of separate intangible assets of brand names and customer bases, which were disaggregated from provisional goodwill. Brand names of $0.5 million represents the value attributable on acquisition to the benefits associated with having a recognisable brand name and is amortised over a useful life of 10 years. Customer relationships of $7.2 million represents the value attributable on acquisitions to key corporate customers and is amortised over a useful life of 14 years.

The assets and liabilities of TravelEdge acquired by Helloworld Travel are recorded at fair value for accounting purposes, resulting in goodwill of $19.2 million. The acquisition accounting was determined at 30 June 2020 and subsequent adjustments may arise within 12 months of the acquisition date, including finalisation of the fair value of the net assets acquired, the allocation of the purchase price to the separate identifiable intangible assets and the impact of tax finalisation.

The goodwill acquired primarily represents processes and technical knowledge acquired, the enlarged product and service offering that Helloworld Travel can now provide to its customers, future synergy opportunities, the experience of TravelEdge's management and the future profitability of the business and the acquired customers. The goodwill has been allocated to the Australia travel management cash generating unit and is not deductible for tax purposes.

AASB 136 Impairment of Assets requires TravelEdge Group to be tested for impairment immediately before being absorbed into the Australia travel management CGU. An impairment loss of $13.7 million has been recognised in the current financial year. Refer to note 16: intangible assets (c) for more information.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	(22,587)
Cash and cash equivalents acquired	2,262
NET OUTFLOW OF CASH – INVESTING ACTIVITIES	**(20,325)**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition, 1 October 2019 to 30 June 2020, and excluding acquisition costs of $1.2 million, TravelEdge contributed revenue of $7.9 million and net profit before income tax expense of $0.1 million to the Group's results.

If the date of acquisition had been 1 July 2019, the Group revenue and net profit before income tax expense for the year ended 30 June 2020 would have been $294.7 million and $(67.8) million respectively. These results were based on the aggregation of TravelEdge's pre-acquisition and Helloworld Travel's post acquisition results, excluding one-off vendor related sale costs and Group acquisition costs.

(iv) Acquisition related costs

Acquisition related costs of $1.2 million were incurred in the acquisition and are included in operating expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(b) Atlas Limited (Atlas)

(i) Summary of acquisition

On 1 March 2020, Helloworld Travel completed the acquisition for 100% of Atlas Limited, a boutique travel management company providing tailored solutions for corporate, groups, conference and leisure travel. Atlas focuses on using the latest technology and on-line travel solutions to enhance their product offerings and overall customer experience. The acquisition will allow Helloworld Travel to expand in the New Zealand corporate travel sector, while complementing existing corporate operations in New Zealand with additional expertise, knowledge and technology.

Details of the purchase consideration, net assets acquired and goodwill of Atlas are as follows:

	$'000
Purchase price	2,056
PURCHASE CONSIDERATION	**2,056**

The provisional assets and liabilities recognised from the Atlas acquisition are as follows:

	$'000
Cash and cash equivalents	630
Trade and other receivables	282
Accrued revenue	58
Property, plant and equipment	85
Intangible assets - software	5
Trade and other payables	(785)
Deferred revenue	(105)
Income tax payable	(4)
NET ASSETS ACQUIRED (EXCLUDING GOODWILL)	**166**
Goodwill resulting from the acquisition	1,890
FAIR VALUE OF NET ASSETS ACQUIRED	**2,056**

The assets and liabilities of Atlas acquired by Helloworld Travel are recorded at fair value for accounting purposes, resulting in goodwill of $1.9 million. The acquisition accounting was provisionally determined at 30 June 2020 and subsequent adjustments may arise within 12 months of the acquisition date, including finalisation of the fair value of the net assets acquired, the allocation of the purchase price to the separate identifiable intangible assets and the impact of tax finalisation.

The provisional goodwill acquired primarily represents processes and technical knowledge acquired, the enlarged product and service offering that Helloworld Travel can now provide to its customers, future synergy opportunities, the experience of Atlas's management and the future profitability of the business and the acquired customers. The provisional goodwill has been allocated to the New Zealand cash generating unit and is not deductible for tax purposes.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	(2,056)
Cash and cash equivalents acquired from controlled entities	630
NET INFLOW OF CASH – INVESTING ACTIVITIES	**(1,426)**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition, 1 March 2020 to 30 June 2020, Atlas contributed revenue of $1.0 million and net profit before income tax expense of $0.2 million to the Group's results.

If the date of acquisition had been 1 July 2019, the Group revenue and net profit before income tax expense for the year ended 30 June 2020 would have been $283.7 million and $(68.7) million respectively. These results were based on the aggregation of Atlas's pre-acquisition and Helloworld Travel's post acquisition results.

(iv) Acquisition related costs

Acquisition related costs of $0.1 million were incurred and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

Summary of prior year business acquisitions

During the current year, Helloworld has finalised the acquisition accounting for prior year acquisitions. The net cash flow and total purchase consideration for each acquisition is summarised below:

2018	Net outflow/(inflow) of cash – investing activities $'000	Total purchase consideration $'000
ACQUISITION OF BUSINESSES		
Show Group business (c)	6,063	7,000
ACQUISITION OF CONTROLLED ENTITIES		
Williment Travel Group Limited (d)	(614)	760
ADJUSTMENTS TO FY18 ACQUISITIONS OF CONTROLLED ENTITIES		
Asia Escape Holidays settlement adjustment (e)	(210)	-
TOTAL BUSINESS ACQUISITIONS	**5,239**	**7,760**

The details of the acquisition accounting related to prior year acquisitions, including any updates made in the current year in accordance with applicable accounting standards are outlined below:

(c) Acquisition of the Show Group business (Show Group)

(i) Summary of acquisition

On 20 December 2018, Helloworld Travel acquired 100% of the Show Group business, a leading travel management specialist and freight logistics organisation servicing the entertainment, film, arts, fashion, corporate and sporting industries. The acquisition enables Helloworld Travel to grow in the specialised travel and logistics segment, while complementing our existing travel management business portfolio.

Details of the purchase consideration, net assets acquired and goodwill of Show Group are as follows:

	$'000
Cash paid	7,000
PURCHASE CONSIDERATION	**7,000**

The final assets and liabilities recognised from the Show Group acquisition are as follows:

	Provisional at 30 June 2019 $'000	Adjustments $'000	Final at 30 June 2020 $'000
Cash and cash equivalents	937	-	**937**
Trade and other receivables	5,714	(70)	**5,644**
Accrued revenue	650	-	**650**
Property, plant and equipment	893	-	**893**
Right of use asset	-	403	**403**
Intangible assets – software	120	-	**120**
Intangible assets – brand	-	857	**857**
Intangible assets – customer bases	-	1,506	**1,506**
Deferred tax assets	417	65	**482**
Trade and other payables	(5,197)	-	**(5,197)**
Provisions	(1,365)	(176)	**(1,541)**
Lease liability	-	(374)	**(374)**
Deferred revenue	(740)	(74)	**(814)**
Deferred tax liability	-	(709)	**(709)**
NET ASSETS ACQUIRED (EXCLUDING GOODWILL)	**1,429**	**1,428**	**2,857**
Goodwill resulting from the acquisition	5,571	(1,428)	**4,143**
FAIR VALUE OF NET ASSETS ACQUIRED	**7,000**	**-**	**7,000**

During the current year, Helloworld Travel finalised the acquisition accounting primarily to reflect the identification and measurement of separate intangible assets of brand names and customer bases, which were disaggregated from provisional goodwill. Brand names of $0.9 million represents the value attributable on acquisition to the benefits associated with having a recognisable brand name and is amortised over a useful life of 20 years. Customer bases of $1.5 million represents the value attributable on acquisition to Show Group's customer relationships and is amortised over a useful life of 8 years.

The assets and liabilities of Show Group acquired by Helloworld Travel are recorded at fair value, resulting in goodwill of $4.1 million. The goodwill acquired primarily represents systems, processes and technical knowledge acquired, the enlarged product and service offering that Helloworld Travel now offers to its customers, future synergy opportunities, the experience of the Show Group's management and the future opportunities arising from exposure to a new market. It will not be deductible for tax purposes. The goodwill has been allocated to the Australia travel management cash generating unit.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	(7,000)
Cash and cash equivalents acquired	937
NET OUTFLOW OF CASH – INVESTING ACTIVITIES	**(6,063)**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition, 20 December 2018 to 30 June 2019, Show Group contributed revenue of $10.7 million and net profit before income tax expense of $0.1 million to Helloworld Travel's results.

If the date of the Show Group acquisition was 1 July 2018, the enlarged Group revenue and net profit before income tax expense for the year ended 30 June 2019 would have been $376.6 million and $57.5 million respectively. These results are based on the aggregation of Helloworld Travel's and Show Group's results

(iv) Acquisition related costs

Acquisition related costs of $0.2 million were incurred in the acquisition and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(d) Acquisition of Williment Travel Group Limited (Williment Travel)

(i) Summary of acquisition

On 5 June 2019, Helloworld Travel acquired 100% of the issued capital of Williment Travel Group Limited, a New Zealand sports travel specialist. The acquisition of Williment Travel provides Helloworld Travel with the ability to offer a broader range of unique travel offerings to its network members.

Details of the purchase consideration, net assets acquired and goodwill of Williment Travel are as follows:

	$'000
Cash paid	760
PURCHASE CONSIDERATION	**760**

The final assets and liabilities recognised from the Williment Travel acquisition are as follows:

	$'000
Cash and cash equivalents	1,374
Trade and other receivables	4,697
Deferred tax assets	15
Trade and other payables	(239)
Provisions	(52)
Deferred revenue	(5,913)
Income tax payable	(24)
NET ASSETS ACQUIRED (EXCLUDING GOODWILL)	**(142)**
Goodwill resulting from the acquisition	**902**
FAIR VALUE OF NET ASSETS ACQUIRED	**760**

The assets and liabilities of Williment Travel acquired by Helloworld Travel are recorded at fair value, resulting in goodwill of $0.9 million. The goodwill acquired primarily represents processes and technical industry acquired, the enlarged product and service offering that Helloworld Travel can now provide to its customers, future synergy opportunities and the future profitability of the business. It will not be deductible for tax purposes. The goodwill has been allocated to the New Zealand cash generating unit.

(ii) Purchase consideration – cash outflow

	$'000
Cash paid	(760)
Cash and cash equivalents acquired from controlled entities	1,374
NET OUTFLOW OF CASH – INVESTING ACTIVITIES	**614**

(iii) Revenue and profit before income tax expense contribution

From the date of the acquisition, 5 June 2019 to 30 June 2019, Williment Travel contributed revenue of $0.3 million and net profit before income tax expense of $0.2 million to Helloworld Travel's results.

If the date of the Williment Travel acquisition was 1 July 2018, the Group revenue and net profit before income tax expense for the year ended 30 June 2019 would have been $361.2 million and $55.7 million respectively. These results are based on the aggregation of Helloworld Travel's and Williment Travel's results.

(iv) Acquisition related costs

Acquisition related costs of less than $0.1 million were incurred in the acquisition and are included in other expenses in the consolidated statement of profit or loss and other comprehensive income and in operating cash flows in the consolidated statement of cash flows.

(e) Acquisition of Keygate Holdings Pty Ltd (trading as Asia Escape Holidays)

During the prior year, Helloworld Travel received $0.2 million in cash as a result of a settlement adjustment.

37. Business disposals

(a) Current year disposal of U.S Wholesale Division

On 30 June 2020, Helloworld Travel divested its U.S Wholesale Division.

The U.S Wholesale Division formed part of the Group's Rest of World segment.

The consideration and resulting profit on disposal is outlined below:

	$'000
Settlement adjustment payable	(1,860)
Carrying amount of net liabilities sold	1,663
LOSS ON DISPOSAL OF NET LIABILITIES SOLD	**(197)**
Foreign currency translation reserve released to profit or loss on disposal	1,422
Transaction costs	(150)
PROFIT ON DISPOSAL OF U.S WHOLESALE DIVISION	**1,075**

The financial summary of the current year cash flow impact resulting from the disposal is outlined below:

	$'000
Cash and cash equivalents disposed within business	(1,215)
NET OUTFLOW OF CASH – INVESTING ACTIVITIES	**(1,215)**

The financial summary of the profit or loss excluded from underlying operating segment results:

	U.S WHOLESALE DIVISION	
	2020 $'000	2019 $'000
Revenue	3,765	6,704
Operating expenses	(6,587)	(7,515)
LOSS BEFORE INCOME TAX EXPENSE	**(2,822)**	**(811)**
Depreciation and amortisation	519	218
Interest expense	19	-
TRADING LOSSES RELATING TO U.S WHOLESALE DIVISION	**(2,284)**	**(593)**

(b) Prior year disposal of Insider Journeys businesses

On 30 June 2019, Helloworld Travel sold its Insider Journeys business to Eight at Work Holding Pty Ltd, a member of an international tour operation group with multiple destination management company (DMC) operations in South East Asia. As part of the sale, Helloworld Travel:

- Disposed of its legal entities in Vietnam, Laos and the United Kingdom;
- Disposed of its assets and liabilities in the Cambodia branch operations; and
- Disposed of its Australia based Insider Journeys business that sells travel products into Asia.

Insider Journeys formed part of the Rest of World segment and there is no goodwill allocated to this segment or the Insider Journeys business. The Insider Journeys business was not considered core to Helloworld Travel's operations, nor its future business direction. The revenue in the prior year from the Insider Journeys business was $4.5 million and the loss before income tax expense was $(0.7) million.

The financial summary of the consideration and resulting profit on disposal is outlined below:

	$'000
Cash consideration	980
Settlement adjustment receivable	140
Contingent consideration receivable	1,233
TOTAL CONSIDERATION	**2,353**
Carrying amount of net assets sold	(180)
Disposal costs	(180)
PROFIT ON DISPOSAL OF INSIDER JOURNEYS BUSINESS	**1,993**

The financial summary of the prior year cash flow impact resulting from the disposal is outlined below:

	$'000
Cash consideration on sale	980
Cash and cash equivalents disposed within business	(523)
NET INFLOW OF CASH – INVESTING ACTIVITIES	**457**

The settlement adjustment receivable of $0.1 million, reported within current trade and other receivables in the consolidated statement of financial position, relates to the excess working capital on 30 June 2019 compared with the target working capital outlined in the sale and purchase contract. The working capital adjustment was received during the current financial year.

The contingent consideration receivable of $1.2 million was deferred and reported as a non current receivable on the consolidated statement of financial position, refer note 11: trade and other receivables. The contingent consideration was calculated based on a fixed percentage of eligible total transaction value expected by the new owners of the Insider Journeys business during the subsequent three year period commencing 1 July 2019.

The contingent consideration expected for each future year (FY20-FY22) will be calculated based on the eligible total transaction value achieved and invoiced quarterly, with settlement from the new owners on normal commercial terms. The contingent consideration is a financial asset measured through profit or loss and therefore any future remeasurement of the consideration is taken to the consolidated statement of profit or loss. Refer note 30: financial risk management for further details.

38. Share based payments

(a) Omnibus incentive plan

Background

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.

Key attributes and valuation of the FY20 grants

During the current year, 146,932 shares were granted under the omnibus incentive plan. The shares were issued for nil consideration and have no future performance criteria. The 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. All shares rank equally in all respects with existing shares from the date of their issue. Dividends on these shares are payable to the respective employee from date of issue.

The fair value of the shares issued under the Plan is based on the number of shares issued at grant date and the 5 day volume weighted average price prior to the 11 December 2019 which equates to $4.57 per share. As a result, the total share based payment expense recognised in the current year in the statement of profit or loss and other comprehensive income amounts to $0.7 million.

(b) Loan funded long term incentive plan (LTIP)

Key attributes and valuation

The key attributes of the plan and grants provided since inception are:

	FY19 grants	FY18 grants		FY17 grant
Grant date	26 March 2019	1 April 2018	1 July 2017	1 July 2016
Vesting date	31 December 2020	31 December 2020	1 July 2020	1 July 2019
Number of shares issued	150,000	700,000	850,000	2,600,000
Issue and exercise price	$4.67 per share	$4.67 per share	$3.81 per share	$3.00 per share
50% vesting	$5.50 share price	$5.50 share price	$5.50 share price	$4.50 share price
100% vesting	$6.50 share price	$6.50 share price	$6.50 share price	$5.50 share price
Performance criteria	TSR and KPIs	TSR and KPIs	TSR and KPIs	TSR and KPIs

A total of 4,300,000 loan funded LTIP shares have been issued over the three year period since the inception of the program. During the current year, nil (2019: 150,000) shares were granted under the LTIP.

A loan is provided to the participant at grant date equal to the share value at the scheme commencement multiplied by the number of shares issued. The loan is repaid to the company after vesting conditions are met. The loan is non-recourse and interest free. A holding restriction is placed on the shares until the vesting date has been reached and the performance criteria have been assessed. Should the shares vest, they will be removed from the holding restriction. If the shares fail to vest, then the shares will be forfeited and the loan extinguished.

The shares attract dividends as per ordinary paid up shares. The dividends earned are offset against any future loan payable by the eligible employees under the scheme.

The fair value of the shares granted includes the loan instruments attached to the shares. The fair value was calculated in accordance with AASB 2: Share based payments. The fair value was determined using a version of the Black Scholes model incorporating a Monte Carlo simulation analysis to value the market-based performance conditions.

The fair value of the respective grants with key assumptions used in determining its value is outlined as follows:

	FY19 grants	FY18 grants		FY17 grant
Grant date	26 March 2019	1 April 2018	1 July 2017	1 July 2016
Vesting date	31 December 2020	31 December 2020	1 July 2020	1 July 2019
Fair value of instrument	$0.99	$0.99	$0.78	$0.77
The fair value incorporates:				
Expected price volatility (i)	30% to 40%	30% to 40%	35% to 45%	35% to 45%
Expected dividend yield	3.40%	3.40%	3.75%	2.00%
Risk free interest rate	2.50%	2.50%	2.41%	1.78%

(i) The expected price volatility was based on the historic volatility, adjusted for any expected changes to future volatility due to publicly available information.

Financial summary

The movement in the number of shares held under the loan funded LTIP is summarised as follows:

Year ended 30 June 2020

Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance (iv)	Vested and exercisable at the end of the year (v)
				Number of shares under holding restriction					
01-Jul-16	1-Jul-16	1-Jul-19	3.00	**2,200,000**	-	-	(2,200,000)	-	-
01-Jul-17	01-Jul-17	1-Jul-20	3.81	**200,000**	-	-	-	**200,000**	-
01-Apr-18	01-Apr-18	1-Jan-21	4.67	**700,000**	-	(200,000)	-	**500,000**	-
26-Mar-19	01-Apr-18	1-Jan-21	4.67	**150,000**	-	-	-	**150,000**	-
TOTAL				**3,250,000**	**-**	**(200,000)**	**(2,200,000)**	**850,000**	**-**

Year ended 30 June 2019

Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance (iv)	Vested and exercisable at the end of the year (v)
				Number of shares under holding restriction					
01-Jul-16	1-Jul-16	1-Jul-19	3.00	**2,450,000**	-	(250,000)	-	**2,200,000**	-
01-Jul-17	01-Jul-17	1-Jul-20	3.81	**850,000**	-	(650,000)	-	**200,000**	-
01-Apr-18	01-Apr-18	1-Jan-21	4.67	**700,000**	-	-	-	**700,000**	-
26-Mar-19	01-Apr-18	1-Jan-21	4.67	**-**	150,000	-	-	**150,000**	-
TOTAL				**4,000,000**	**150,000**	**(900,000)**	**-**	**3,250,000**	**-**

(i) During the current year, nil (2019: 150,000) shares were granted under the loan funded LTIP;

(ii) During the current year, 200,000 (2019: 900,000) shares lapsed due to the resignation of certain employees;

(iii) On 1 July 2019, 2,200,000 loan funded LTIP shares met their vesting conditions as determined by the Board, based on meeting TSR and individual KPI targets over the three year vesting period. As at 30 June 2020, 850,000 (2019: 3,250,000) LTIP shares remain with future vesting conditions to be met.

(iv) On 1 July 2020, 200,000 loan funded LTIP shares under the grant date of 1 July 2017 did not met their vesting conditions as determined by the Board, based on meeting TSR and individual KPI targets over the three year vesting period.

(v) As at 30 June 2020, nil shares (2019: nil) had met vesting conditions, which had not yet been exercised.

(c) Franchise loyalty shares

Background

Helloworld Travel issued shares to franchisees, who had elected to participate in the franchise loyalty plan. The shares were issued for nil consideration and have the non-market condition of remaining with the Helloworld Travel network during the vesting period. If the franchisee left the Helloworld Travel network prior to the vesting date, the shares allocated to the respective franchisee are forfeited.

At the vesting date, franchisees that satisfied the required conditions of the scheme were able to deal with their allocated shares without restriction. All franchise loyalty shares rank equally in all respects with existing shares from the date of their issue. Dividends on these shares are payable to the respective franchisee during the vesting period as declared by the Group.

The franchise loyalty plan ceased on 1 August 2019 after the final FY18 grant vested.

Key attributes and valuation

The key attributes of the plan and grants provided since inception are:

	FY18 grants		FY17 grant
Grant date	1 February 2018	24 November 2017	20 December 2016
Vesting date	1 November 2018	1 August 2019	1 November 2018
Number of shares issued	32,750	30,000	666,000
Market price at issue	$4.79 per share	$4.94 per share	$3.75 per share
Vesting conditions	Non-market condition	Non-market condition	Non-market condition

During the current year, no shares were issued under the franchise loyalty plan. As a result, a total of 728,750 franchise loyalty shares have been issued over the three year period since the inception of the program.

The fair value of the shares issued under the franchise loyalty plan was based on the number of shares issued at grant date and the market price at issue date. The issue price is the closing market price on the ASX at the date of issue. The fair value of the shares is amortised over the vesting period as a share based payment expense.

Financial summary

The movement in the number of shares held under the franchise loyalty plan is summarised as follows:

Year ended 30 June 2020				Number of shares under holding restriction					
Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance	Vested and exercisable at the end of the year (iv)
20-Dec-16	20-Dec-16	31-Oct-18	0.00	-	-	-	-	-	-
24-Nov-17	24-Nov-17	31-Jul-19	0.00	**30,000**	-	-	(30,000)	-	-
1-Feb-18	1-Feb-18	31-Oct-18	0.00	-	-	-	-	-	-
TOTAL				**30,000**	**-**	**-**	**(30,000)**	**-**	**-**

Year ended 30 June 2019				Number of shares under holding restriction					
Grant Date	Start of performance period	End of performance period	Exercise price ($)	Opening balance	Granted (i)	Lapsed (ii)	Vested (iii)	Closing balance	Vested and exercisable at the end of the year (iv)
20-Dec-16	20-Dec-16	31-Oct-18	0.00	**647,750**	-	(5,000)	(642,750)	-	-
24-Nov-17	24-Nov-17	31-Jul-19	0.00	**30,000**	-	-	-	**30,000**	-
1-Feb-18	1-Feb-18	31-Oct-18	0.00	**32,750**	-	-	(32,750)	-	-
TOTAL				**710,500**	**-**	**(5,000)**	**(675,500)**	**30,000**	**-**

(i) During the current year, nil (2019: nil) shares were granted under the franchise loyalty plan;

(ii) During the current year, nil (2019: 5,000) shares lapsed and were subsequently sold on market, reflecting certain franchisees leaving the Helloworld Travel network;

(iii) During the current year, 30,000 (2019: 675,500) shares issued under the franchise loyalty plan with a grant date of 24 November 2017 met their vesting conditions. As a result, the holding restrictions were removed. As at 30 June 2020, nil (2019: 30,000) franchise loyalty shares remain with future vesting conditions to be met.

(iv) As at 30 June 2020, there were nil shares (2019: nil) that met vesting conditions, but were not yet exercised.

(d) Expenses arising from share based payment transactions

Total expenses arising from share based payment transactions recognised during the period are as follows:

	CONSOLIDATED	
	2020 $'000	2019 $'000
Share based payment expense under loan funded LTIP	195	897
Share based payment expense under franchise loyalty plan	7	582
Share based payment expense under omnibus incentive plan	671	-
TOTAL SHARE BASED PAYMENTS EXPENSE	**873**	**1,479**

The share based payment expenses relating to the loan funded LTIP and franchise loyalty plan were recognised in the share based payments reserve, which forms part of the reserves in the consolidated statement of financial position. The share based payment expense relating to the omnibus incentive plan was recognised as an increase in share capital.

39. 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 1(c): Going concern.

(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. These actions adversely impact domestic travel and tourism.

40. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of Helloworld Travel Limited and its subsidiaries (referred to in this financial report as the Group) as at 30 June 2020 and for the year then ended.

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost including acquisition related costs, that are adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee (in Group profit or loss) and the Group's share of movements in other comprehensive income (OCI) of the investee (in Group OCI). Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceed its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Group.

The carrying amount of associates is tested for impairment in accordance with the policy described at note 40(l).

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Helloworld Travel Limited.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

(b) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interest issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition by acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred, except if related to the issue of debt or equity securities, in which case are recognised directly in equity.

Goodwill is recognised when there is an excess of, consideration transferred, any amount of any non-controlling interest in the acquired entity; and the acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified as a financial liability and subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Unless the adjustment relates to additional information obtained within twelve months from the date of acquisition, about circumstances that existed at the acquisition date.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquired entity is remeasured to fair value on the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

(c) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains or losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss in profit or loss and OCI.

(ii) Investments in foreign operations

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

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at the average exchange rates or the exchange rate at the date of the transaction if considered more appropriate; and
- all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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

(d) Revenue recognition

The principal activities of the Group are those of acting as an agent for tour, travel and accommodation suppliers for which the Group earns revenue, predominantly in the form of commissions.

Revenue is recognised when the performance obligations under the relevant revenue contracts have been met. The specific accounting policies for the Group's key revenue streams are outlined below:

(i) Commissions

Commissions consist of at source commissions and override commissions which are based on achievement of volume based sales targets with specific airline and leisure partners. The Group acts in the capacity of an agent rather than principal with the facilitation of tour, travel and accommodation services as the Group's customer is a travel agent or supplier. As a result, commission revenue is recognised as the net amount of commission received or receivable by the Group. The revenue policy for the various types of commissions across the Group is outlined below:

At source commissions - retail and travel management businesses

The Group's retail and travel management businesses receive at source commission from suppliers for the arrangement of travel, tours and travel related products. Revenue is recognised at the point of time when tickets, itineraries or travel documents are issued (ticketed date) as this is when the performance obligation is met to the travel agent or supplier.

At source commissions - Wholesale and Inbound

The Group's wholesale business work with hotels, transportation providers (air, rail and cruise) and attractions to purchase individual travel components from them at agreed rates. Those components are packaged into marketable holiday travel packages and tours for the travel leisure market to local and overseas destinations. The commission revenue recognised is the margin received between the arranged purchase price of travel products and the retail price of the holiday package, net of commissions paid to travel agents. Revenue is recognised at the point of time when all aspects of holiday packaged travel, including booking, ticketing and management amendments have been arranged (departure date), as this is when the performance obligation has been met to the travel agent or supplier.

The Group's Inbound business in Australia, New Zealand and Fiji receive at source commission for the arrangement of airline tickets, tours and travel. Revenue is recognised at the point of time when the traveller's tour or travel has commenced (departure date) as this is when the performance obligation has been met to the travel agent or supplier.

Other types of at source commissions

The Group also receives commissions from sales of travel related products such as insurance, foreign currency purchasing services and incentives from suppliers. These commissions are recognised as revenue at a point of time when the performance obligation is met.

Override commission revenue

The Group also receives variable consideration in relation to the above performance obligations in the form of volume based override commissions from airline and leisure partners across the air, land and cruise travel products sold. Generally, override commissions are only received on departed travel sales (for air and cruise) or on commencement of hotel stays (for land). On this basis, revenue is recognised on departure date or commencement date as this reflects the point in time when this variable consideration is highly probable of not being subject to significant reversal.

Each supplier has separate contractual agreements with the Group and the contractual rates, performance tiers and contract periods vary accordingly. Override commission revenue is calculated and recognised using the applicable tiered earning rates per the agreements.

(ii) Transaction and service fees

The Group's travel management businesses charge customers a transaction fee when travel arrangements are booked through either the Group's online system or using a travel management consultant. Transaction fees are levied in accordance with their contractually agreed rates for the type of product booked. Transaction and service fees are recognised as revenue at the point of time when tickets are issued (ticketed date) as this is when the performance obligation is met to the consumer for the booking of travel arrangements and the transaction price is fixed. Where amendments occur after the initial transaction, these are treated separately and additional transaction fees will apply.

(iii) Marketing related activities

The Group receives contributions from suppliers to compensate for the costs incurred in relation to the production of brochures, in relation to marketing campaigns and activities, and for travel conferences organised by the Group. Revenue is recognised at a point of time when the marketing related activity is undertaken as the performance obligation to the supplier has been met.

(iv) Other revenue from contracts with customers

Other revenue from contracts with customers consists of franchise fees generated across the rental distribution network, transport and logistics revenue generated in the corporate business in Australia, the tourist transport business in Fiji and revenue generated from the operation of call centres to support various COVID-19 contact tracing programmes. Franchise fees mainly consist of network fees and information technology service fees relating to services provided to the Group's retail network members. Network membership fees are recognised over a period of time on a straight line basis over the life of the contract and information technology service fees are recognised over time when the services are undertaken. Revenue for transport and logistics services is recognised at a point of time on a gross basis as the Group is acting as the principal in the delivery of the service and performance obligation to the customer.

(v) Other revenue

Other revenue consists primarily of rental income from the sub lease of surplus office space and the lease of one investment property, finance income earned from cash and term deposits and sundry income relating to all other ancillary income. Rental income is recognised over a period of time based on the term of the lease. Finance income and sundry income are recognised on an accrual basis at a point of time.

(e) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and short term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Interest income is earned on cash and term deposits and is recognised on an accrual basis in the statement of profit or loss.

Restricted cash includes cash held within legal entities of the Group that have International Air Transport Association (IATA) requirements as part of providing ticketing travel arrangements.

(f) Trade receivables

Trade receivables relate to contracts with customers and are recognised initially at the fair value of the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less any loss allowance. Trade receivables are generally collected within 7 to 30 days from the date of invoice. They are presented as current assets unless collection is not expected within 12 months from the reporting date. Bad debts are written off as incurred. Non-current receivables are carried at the present value of future net cash inflows expected to be received.

Collectability of receivables (including accrued revenue) is reviewed on an ongoing basis at an operating business unit level. Individual debts that are known to be uncollectable are written off when identified. The Group applies the simplified approach to measuring expected credit losses which, uses a lifetime expected loss allowance for receivables. To measure the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. The expected loss rates applied to receivables at 30 June are based on historical loss rates adjusted to reflect current and forward looking market factors.

The loss allowance is recognised in profit or loss within operating expenses. Subsequent recoveries of amounts previously written off are recognised within operating expenses in profit or loss.

(g) Accrued revenue

Accrued revenue relates to amounts owed to the Group at balance sheet date that have not yet been invoiced to the customer or received as cash from the customer. The Group's accrued revenue mainly relates to the estimate of conditional override commission revenue earned during the respective customer contract period but not yet invoiced at balance date. In addition, accrued revenue includes other unconditional commission revenue earned, but not yet invoiced from the passage of time.

(h) Prepayments

Prepayments consist of travel products purchased prior to revenue recognition of the associated travel booking and prepaid operating expenditure.

(i) Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to allocate the cost of items of property, plant and equipment (less their estimated residual values) using the straight-line method over their estimated useful lives and is recognised in profit or loss. Leasehold improvements are depreciated over the shorter of the lease term or their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term or extend the initial lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

• Land and buildings	40 years
• Equipment including motor vehicles	2.5 to 10 years
• Leasehold improvements	5 to 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Intangible assets

(i) Goodwill

Goodwill on acquisition of subsidiaries is included in intangible assets and the goodwill measurement policy is outlined in note 40(b). Goodwill is not amortised but tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units (CGUs) for impairment testing purposes. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose.

(ii) Other intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (where applicable). The useful lives of intangible assets are assessed to be either finite or indefinite.

The following intangible assets are considered finite life intangible assets. They are amortised using the straight-line method over the following periods:

• Agent network relating to Asia Escape Holidays	10 years
• Commercial agreements	5 to 12 years
• Brand names and trademarks	7 to 20 years
• Technology assets	2.5 to 10 years
• Customer bases	8 years

Amounts paid for the development of software and website intangible assets are capitalised only when it is probable the future economic benefits of the project will flow to the Group. Costs capitalised include external direct costs of materials and service, and direct payroll and payroll related costs of employees' time spent on the project.

Intangible assets with finite lives are tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Retail distribution systems and the AOT agent network asset are considered indefinite life intangible assets. Intangible assets with indefinite useful lives are not amortised but are tested for impairment annually on an individual basis. The indefinite life assumption of an intangible asset is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is applied prospectively.

(k) Investments and other financial assets

Financial assets measured at amortised cost and fair value through OCI are initially measured at fair value plus directly attributable transaction costs. Financial assets measured at fair value through profit or loss are initially measured at fair value.

Investments and other financial assets are classified, at initial recognition, and subsequently into the following measurement categories, financial assets at amortised cost, fair value through profit or loss or fair value through OCI. The initial and subsequent classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

- Amortised cost – relates to assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Assets are subsequently measured using the effective interest rate method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- Fair value through profit or loss – relates to assets that are not held for collection of contractual cash flows nor held to sell at a future date. As a result, the assets that do not meet the criteria for amortised cost or fair value through OCI are subsequently measured at fair value. Gains and losses are recognised net in the profit or loss in the period in which they arise.
- Fair value through OCI – relates to assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and held to sell at a future date. Assets are subsequently measured at fair value with movements in the carrying amount recognised in other comprehensive income, except for impairment, interest income and foreign exchange gains or losses which are recognised in the profit or loss. When a financial asset is derecognised, the gain or loss is reclassified from equity to the profit or loss.

Purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(l) Impairment of non financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non financial assets including property, plant and equipment, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss relating to non financial assets is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or CGUs. Non financial assets, other than goodwill, that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

(m) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They include amounts owing to participating retail travel agents under the Group's incentive program, reported within selling expenses in the statement of profit or loss and OCI, which is assessed based on the volume of completed sales made with designated preferred suppliers of the Group.

Trade and other payables are unsecured and are normally settled within 7 to 30 day payment terms from the date of invoice. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at their amortised cost.

(n) Leases

(i) Nature of leasing activities

The Group has 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.

(ii) Measurement and recognition

The Group 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. Upon determining the contract is a lease, the Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. 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.

Right of use asset

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, refer note 40(l) impairment of non financial assets for more information.

Subsequent to initial measurement, when the lease liability is remeasured, a 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.

Lease liability

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:

- 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.

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.

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. In addition, the liability is adjusted when an index or rate change takes effect resulting in an increase in variable lease payments.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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.

(iii) Incremental borrowing rate

The Group cannot determine the interest rate implicit in the lease, therefore, the Group's estimated incremental borrowing rate has been used to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The Group has estimated the incremental borrowing rate using market based interest rates adjusted for entity specific conditions.

(iv) Variable lease payments

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event of condition that triggers the payment occurs.

(v) Short term leases and leases of low value assets

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.

(vi) Extension and termination options

Extension and termination options are included in a number of the Group's property leases. These extension options are at the discretion of Helloworld and provide management with the flexibility to manage the leased-asset portfolio in line with the Group's needs. 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).

(o) Employee benefits

(i) Short term employee benefits

Liabilities for wages and salaries, short term bonuses and annual leave (that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service) are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The annual leave liability is presented as current employee benefit obligations in the balance sheet. All other short term employee benefit obligations are presented as payables.

(ii) Long term employee benefits

The liability for long service leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. The fair value of long term employee benefits is determined using the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high quality corporate bonds that match, as closely as possible, the estimated future cash outflows. Remeasurement from experience adjustments and changes in assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Share based payments

Share based compensation benefits are provided in the form of the omnibus Incentive plan, loan funded share instruments (long term incentive plan) to employees and a deferred share scheme (franchise loyalty plan) to franchisees. Information relating to these schemes is set out in note 38: share based payments.

Long term incentive plan and franchise loyalty plan

The fair value of the share based payments for the loan funded LTIP and the franchise loyalty plan are recognised as an employee benefits expense or operating cost respectively with a corresponding increase in equity in the share based payment reserve. The total amount to be expensed is determined by reference to the fair value of the instrument granted as follows:

- including any market performance conditions such as share price;
- excluding the impact of any service and non-market performance vesting conditions such as employees achieving certain KPIs; and
- including the impact of any non-vesting conditions.

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

When the instrument vests, the Company releases the holding restrictions on the appropriate amount of shares for the employee or franchisee. The proceeds received (if any) net of any directly attributable transactions costs are recognised directly to equity.

Omnibus incentive plan

The fair value of the share based payments for omnibus incentive plan is recognised as an employee benefits expense with a corresponding increase in equity in issued capital. The total amount expensed is determined by reference to the fair value of the instrument granted, which is based on the 5 day volume weighted average price prior to issue. The instruments issued under the omnibus incentive plan have no conditions that impact the fair value of the shares.

(iv) Defined contribution plans

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

(v) Termination benefits

Termination benefits are expensed at the earlier of when the Group is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits from an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation arising from past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as finance expense.

Dividends are only recognised in the financial year in which the dividend is paid as the decision to pay a dividend may be revoked by the Board at any time before payment.

(q) Deferred revenue

The Group receives monies from customers prior to the travel booking finalisation, which are recorded in the statement of financial position as deferred revenue.

At the end of each financial year, the amount recorded on the balance sheet consists of monies that Helloworld Travel will pay its suppliers for the purchase of travel products in the next financial year and the revenue commission that will be earned in the future. The revenue commission from these transactions will be released to the profit or loss in the next financial year in accordance with the revenue recognition policy outlined in note 40(d).

(r) Financial liabilities (redemption liability)

As part of the acquisition of Asia Escape Holidays, the Group has entered a call and put option (redemption liability) to purchase the remaining 40.0% ownership interest in the future. The Group has classified the liability as a financial liability designated at fair value through profit and loss. The financial liability is initially recognised at fair value with a corresponding entry made to the redemption reserve within equity.

All subsequent changes in the carrying value of the financial liability that result from the re-measurement of its fair value are recognised in the profit or loss. The Group will derecognise the financial liability when the obligation is either exercised, cancelled or expired.

(s) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Establishment fees of the loan facilities are recognised as borrowing costs of the loan as the facility has been drawn down. The establishment fees are netted against the borrowings and amortised on a straight line basis over the term of the facility. As a result, finance expense in the consolidated statement of profit or loss includes interest expense recorded on an accrual basis and the unwinding of the deferred borrowing costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of profit or loss.

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

(t) Derivatives and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency exposures.

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

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives, that are designated and qualify as cash flow hedges are recognised in OCI and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss. When the hedged item is a non-financial asset, the amount recognised in OCI is transferred to the carrying amount of the asset when the asset is recognised. When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

(u) Income tax

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

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

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

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

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

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

(i) Tax consolidation legislation

Helloworld Travel Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Helloworld Travel Limited, and its 100% wholly-owned subsidiaries in the Australian income tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the Australian income tax consolidated group continues to be a standalone taxpayer.

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

(ii) Nature of tax funding arrangements and tax sharing agreements

Helloworld Travel Limited, in conjunction with the other 100% wholly owned subsidiary members of the Australian income tax consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the Australian income tax consolidated group in respect of the Group's tax liability. The tax funding arrangements require payments to/from the head entity equal to the current tax liability/(asset) assumed by the head entity and any deferred tax asset relating to tax loss be assumed by the head entity, resulting in the head entity recognising an intercompany receivable/(payable) equal in amount to the tax liability/(asset) assumed. The intercompany receivable/(payable) is at call.

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

Assets or liabilities arising from the tax funding agreement with Helloworld Travel are recognised as a current amount receivable or payable to Helloworld Travel. Any difference in the amounts assumed and the amount receivable or payable to Helloworld Travel, are shown as a contribution to, (or distribution from) the head tax entity Helloworld Travel in the results of the individual legal entities.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangements and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity, in conjunction with the other members of the Australian income tax consolidated group, has also entered into a tax sharing arrangement which provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement, as payment of any amounts by subsidiary members under the tax sharing agreement is considered remote.

(iii) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

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

(v) Issued capital

Ordinary shares are classified as issued capital within equity. Incremental costs directly attributable to the issue of new shares or options are shown in issued capital as a deduction, net of tax (unrecoverable GST), from the proceeds.

(w) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing net profit/loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS adjusts the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(x) Parent entity financial information

The financial information for the legal parent entity, Helloworld Travel Limited is disclosed in note 34: parent entity information and has been prepared on the same basis as described in the Group policies, except as set out below.

- investment in subsidiaries and associates are accounted for at cost; and
- where Helloworld Travel Limited has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of investment.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial statements and notes that are set out on pages 60 to 152 and the Remuneration report in the Directors' Report set out on pages 10 to 59, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), other mandatory professional reporting requirements and the Corporations Regulations 2001; and

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

(c) At the date of this declaration there are reasonable grounds to believe that the Company and the Group entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the deed of cross guarantee described in note 35 between the Company and those Group entities pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

Garry Hounsell

Chairman, Helloworld Travel Limited
Melbourne, 15 October 2020

Independent auditor's report

To the members of Helloworld Travel Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Helloworld Travel Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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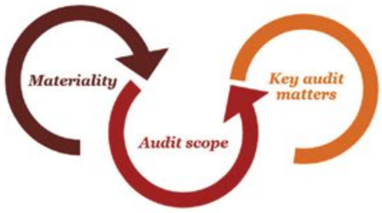
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $2.2m, which represents approximately 0.8% of the Group's total revenue from contracts with customers.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group revenue from contracts with customers because it is reflective of the Group's operating activities during the year and provides a level of materiality which, in our view, is appropriate for the audit having regard to the expected users of the Group financial report.
- We utilised a 0.8% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Group predominantly operates across Australia and New Zealand, with operations in Fiji and other locations.
- Under review and supervision, a component audit team in New Zealand assisted the Group audit engagement.
- In relation to the component auditor, we decided on the level of judgement required from us to be able to conclude whether sufficient appropriate audit evidence has been obtained. Our involvement included written instructions to and reporting from the component auditor, discussions with the component auditor to understand their audit approach and clarifying findings and further discussions with component management, where required.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	*How our audit addressed the key audit matter*
Liquidity risk and going concern basis of preparation of the financial statements *(Refer to note 1 and note 20)* As described in Note 1 to the financial report, the financial statements have been prepared by the Group on a going concern basis, which contemplates that the Group will continue to meet its commitments, realise its assets and settle its liabilities in the normal course of business. COVID-19 has had a significant impact on the Group during the reporting period and there remains uncertainty around the impact that this event will have on the Group and the broader travel industry in the future. In Note 1 (c) to the financial report, the Group has outlined their consideration of the liquidity risk to the Group arising from the impact of COVID-19, as well as mitigating factors in relation to this risk. As described, the directors considered existing cash and working capital balances, borrowing terms including covenants, financing facilities available, and forecast of future cash flows for a period of at least 12 months from the financial report date. In Note 20 to the financial report, the Group has outlined the available debt facilities as at 30 June 2020, including the key terms amended as part of the agreed covenant waivers for the testing periods between September 2020 and September 2021.	Our procedures in relation to assessing the appropriateness of the going concern basis of preparation of the financial report included, amongst others: • Evaluated the appropriateness of the Group's assessment of their ability to continue as a going concern, including whether the level of analysis is appropriate given the nature of the Group, the period covered is at least 12 months from the date of our auditor's report and relevant information of which we are aware as a result of the audit has been included. • Reading the terms associated with the Group's various borrowing arrangements, including covenant waivers obtained by the Group in relation to its financing facility. • Enquiring of management and the board of directors as to their knowledge of events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. • Assessing the forecast cash flow assumptions based on historical results, cash flow expenditure initiatives undertaken, the growth rates and relevant external forecast information resulting from the ongoing uncertainty associated with COVID-19.

Assessing the appropriateness of the Group's basis of preparation for the financial report was a key audit matter due to its importance to the financial report and the level of judgement required by the Group in assessing the Group's forecast cash flows (for a period of at least 12 months from the financial report date) and its ongoing ability to comply with its debt covenants.	• Requesting written representations from management regarding their plans for future action and the feasibility of these plans. • Evaluating whether, in view of the requirements of Australian Accounting Standards, the financial report provides adequate disclosures about these events or conditions.
Carrying value of goodwill *(Refer to note 16)* The Group held a goodwill balance of \$121.5m (net of impairment) at 30 June 2020 which represented approximately 21% of the total assets of the Group. The Group's goodwill is recognised in five Cash Generating Units (CGUs) – Australia Retail Distribution Operations (\$34.6m), Australia Wholesale & Inbound (\$43.5m), New Zealand (\$14.2m), Australian Travel Management (\$23.6m) and TravelEdge (\$5.5m). As required by Australian Accounting Standards, at 30 June 2020 the Group performed an impairment assessment over the goodwill balances by calculating the recoverable amount for each CGU, using discounted cash flow models prepared on a 'value in use' basis. As a result of the significant impact of COVID-19 on the Group and the broader travel industry, and the uncertainty with regards to the future impact of COVID-19 on the Group's operations, there is considerable judgement involved in estimating the expected recovery of the business in the short-term and long-term and the key assumptions used in the Group's impairment valuation models, including discount rates and long-term growth rates. Given the degree of judgement involved in the Group's impairment models as a result of COVID-19, and the financial significance of the goodwill recognised on the Group's consolidated statement of financial position, we determined that this was a key audit matter. As disclosed in Note 16, an impairment charge of \$51.8m was recognised in respect of Australian	Our procedures in relation to the impairment assessment of goodwill included, amongst others: • Assessing the appropriateness of the Group's determination of its CGUs. • Developing an understanding of the process undertaken by the Group in the preparation of the discounted cash flow models used to assess the recoverable amount of the Group's CGUs (the "impairment models"). • Assessing whether the allocation of assets, liabilities and cash flows to each CGU was consistent with our knowledge of the Group's operations and internal Group reporting. • Evaluating the Group's cash flow forecasts by comparison to external economic and industry forecasts. • Considering the historical accuracy of the Group's cash flow forecasting by comparing the forecasts used in the prior years to the actual performance of each CGU. • Assessing that the discount rates applied in the impairment models reflect the risks of the CGU, with the assistance of PwC valuation experts. • Assessing the long-term growth rates, by comparing to economic forecasts, with the assistance of PwC valuation experts. • Assessing the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be

Wholesale & Inbound CGU and $13.7m in respect of the TravelEdge CGU.	required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. • Evaluating the adequacy of the disclosures made in Note 16, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards. For the impaired CGUs, we assessed whether the impairment to goodwill identified in the Group's impairment models was consistent with the Group's financial records at balance date. We also compared the Group's net assets as at 30 June 2020 to the Group's market capitalisation at 30 June 2020.
Carrying value of Retail Distribution systems and Agent Network *(Refer to note 16)* The Retail Distribution System ($97.4m) and Agent Network ($8.3m) are identified by the Group as indefinite life intangible assets. As required by Australian Accounting Standards, at 30 June 2020 the Group performed an impairment assessment over these indefinite lived assets by calculating the recoverable amount for each CGU, using discounted cash flow models prepared using excess earnings methodology. As a result of the significant impact of COVID-19 on the Group and the broader travel industry, and the uncertainty with regards to the future impact of COVID-19 on the Group's operations, there is considerable judgement involved in estimating the expected recovery of the business in the short-term and long-term and the key assumptions used in the Group's impairment valuation models, including discount rates and long-term growth rates. Given the degree of judgement involved in the Retail Distribution system and Agent Network models as a result of COVID-19, and the financial significance of	Our procedures in relation to the impairment assessment of the indefinite lived assets included, amongst others: • Assessing the appropriateness of the Group's determination of the assets as indefinite lived. • Assessing with the assistance of PwC Valuation experts the appropriateness of the excess earnings methodology. • Assessing the allocation of business unit cash flows and the allocation of charges to each impairment model. • Obtaining an understanding of the process undertaken by the Group in the preparation of the excess earnings models used to assess the recoverable amount. • Evaluating the Group's cash flow forecasts by comparison to external economic and industry forecasts. • Considering the historical accuracy of the Group's cash flow forecasts by comparing the

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the assets on the Group's consolidated statement of financial position, we determined that this was a key audit matter.	forecasts used in the prior years to the actual performance. • Assessing whether the discount rates applied in the impairment models reflects the appropriate level of risk, with the assistance of PwC valuation experts. • Assessing the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for assets to be impaired and considered the likelihood of such a movement in those key assumptions arising. • Evaluating the adequacy of the disclosures made in Note 16, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.
Estimation of accrued override commission and recoverability *(Refer to note 1(d)(iv), note 12 and note 40 (d)(i))* The Group generates revenue through various streams, including override commission revenue. At 30 June 2020, the Group had accrued for override commissions worth $34.8m. The Group estimates override commission revenue generated by airlines and leisure partners. The commission revenue accrual process is inherently judgemental and is impacted significantly by factors which are not completely under the control of the Group. A significant portion of commission contract periods do not correspond to the Group's financial year end. Judgement is required to determine anticipated future travel revenues over the remaining contract year and associated commission rates. Override commission revenue is calculated for the contract period based on the value of 'Eligible Travel' during the period and the corresponding commission rate in each of the supplier contracts.	We evaluated the Group's estimates and judgements in determining revenue recognised in relation to override commission revenue from supplier contracts during the year, with particular focus on judgements made at year end with regard to accrued revenue and its recoverability. For override commission revenue that is cash settled during the period our testing included the following, performed on a sample basis: • Tracing override commission revenue to cash receipts. • Obtaining a copy of the supplier contracts and reconciling the eligible revenue and commission rates to override commission revenue calculations. Override commission revenue outstanding at year end within accrued revenue is the key area subject to estimation. The testing procedures performed over this balance included the following performed on a sampling basis:

In order to estimate the appropriate override commission rate, the expected Eligible Travel sales for the contract period are estimated and compared to the performance tiers. These forecasts are based on actual sales, forecast bookings and historical trends. In light of the impacts of COVID-19, the ability to forecast future travel volumes and growth tiers in FY21 is significantly challenged. We considered this to be a key audit matter due to the significance of the override revenue and the corresponding receivable to the Group's financial statements and the level of judgement involved in the calculation along with the disclosure considerations per the requirements of Australian Accounting Standards.	• Obtaining a copy of the supplier contracts outlining the eligible revenue and commission rates and compared this to the rates used in the calculations. • Obtaining the most recent supplier statement confirming eligible travel and reconciled this to the calculations. • Agreeing the underlying revenue data used in the override commission revenue calculations to independent third-party booking information. • Assessing the accuracy of future estimates through evaluating the forecast Group sales of the third party's products compared to historical actuals. • Comparing the actual override commission received in the current financial year relating to the prior period accrual estimation to test the accuracy of past estimates. • Assessing the aging of the accrued override commission balance and obtaining subsequent cash receipts, agreed payment plans and confirmations to assess the recoverability and adequacy of the provision.
Carrying value of equity accounted investment in Mobile Travel Holdings Limited and its subsidiaries *(Refer to note 13 and note 16)* The Group owns 50% of Mobile Travel Holdings Pty Limited (MTA) which is held as an equity-accounted investment with a carrying value of $16.1m. The investment was tested for impairment given there was an impairment indicator, being the COVID-19 pandemic and its impact on the travel industry. In order to assess recoverability of the investment in MTA, the Group prepared a value in use impairment model and compared the recoverable amount to the carrying value of the investment.	Our procedures in relation to the impairment assessment of MTA included, amongst others: • Evaluating management's assessment of the indicators of impairment. • Evaluating the Group's cash flow forecast by comparison to external economic and industry forecasts. • Considering the historical budgeting accuracy for MTA by comparing the forecasts used in the prior years to the actual performance. • Assessing that the discount rate applied in the impairment model reflects the risks, with the assistance of PwC valuation experts.

As a result of the significant impact of COVID-19 on the MTA business and the broader travel industry, and the uncertainty with regards to the future impact of COVID-19, there is considerable judgement involved in estimating the expected recovery in the short-term and long-term and the key assumptions used in the MTA impairment model, including discount rates and long-term growth rates. Given the degree of judgement involved in the impairment model as a result of COVID-19, and the financial significance of the equity accounted investment recognised in the Group's consolidated statement of financial position, we determined that this was a key audit matter.	• Assessing the long-term growth rate, by comparing to economic forecasts, with the assistance of PwC valuation experts. • Assessing the Group's consideration of the sensitivity to a change in key assumptions that either individually or collectively would be required for the investment to be impaired and considered the likelihood of such a movement in those key assumptions arising. • Evaluating the adequacy of the disclosures made in Note 13 and 16, including those regarding the key assumptions and sensitivities to changes in such assumptions, in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 38 to 48 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Helloworld Travel Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
15 October 2020

ASX ADDITIONAL INFORMATION

Additional information required by ASX and not shown elsewhere in this report is as follows. The information is current as at 18 September 2020.

(a) Distribution of equity securities

SHARE RANGE	Number of holders	Number of shares	%
1 - 1,000	4,118	1,935,091	1.25
1,001 - 5,000	2,731	6,681,260	4.31
5,001 - 10,000	604	4,609,310	2.97
10,001 - 100,000	489	12,313,569	7.94
100,001 and over	63	129,488,615	83.53
TOTAL	**8,005**	**155,027,845**	**100.00**

All issued ordinary shares carry one vote per share and carry the right to dividends. The number of holders holding a less than marketable parcel of ordinary shares based on the market price as at 18 September 2020 was 1,543 holders holding 281,037 shares.

(b) Twenty largest holders of quoted equity securities

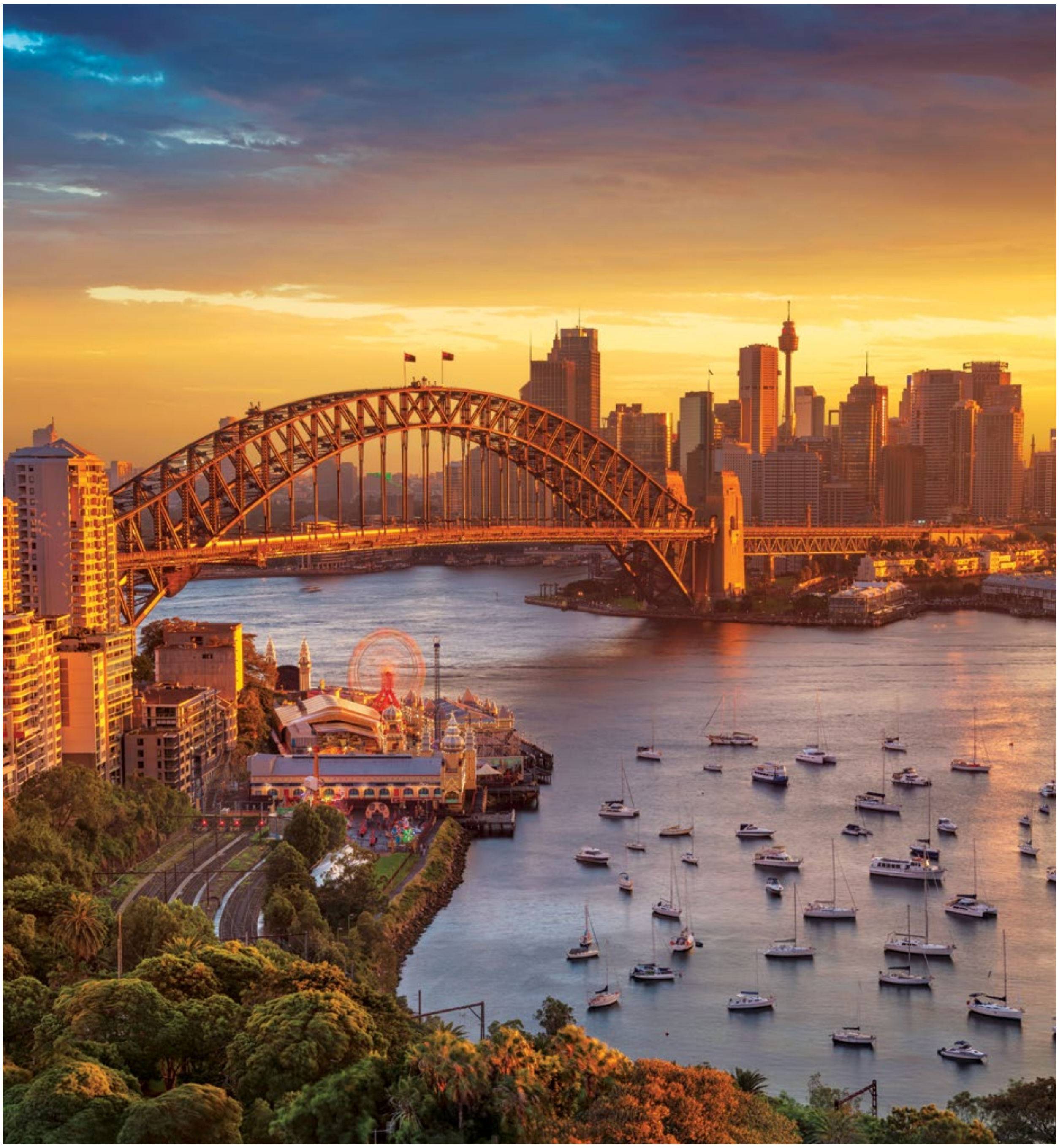
The names of the 20 largest registered holders of quoted shares are:

ORDINARY SHAREHOLDERS	Number of shares	%
SINTACK PTY LTD	20,630,306	13.31
THE BURNES GROUP PTY LTD	20,348,287	13.13
Q H TOURS LTD	19,223,454	12.40
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	13,894,596	8.96
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,878,991	8.31
ANDREW JAMES BURNES	10,495,531	6.77
CINZIA BURNES	10,138,014	6.54
NATIONAL NOMINEES LIMITED	7,095,737	4.58
CITICORP NOMINEES PTY LIMITED	2,505,384	1.62
LONGBUSH NOMINEES PTY LTD	1,222,121	0.79
JOHN ARMOUR	717,272	0.46
CS FOURTH NOMINEES PTY LIMITED	533,079	0.34
ANDREW S JONES & KAREN L JONES	500,000	0.32
NATIONAL EXCHANGE PTY LTD	500,000	0.32
PRUDENTIAL NOMINEES PTY LTD	500,000	0.32
JOHN CONSTABLE	500,000	0.32
BNP PARIBAS NOMINEES PTY LTD	475,000	0.31
TREVOR E JONES & SONIA L JONES	437,879	0.28
CROWNACE PTY LTD	390,000	0.25
BELDISHA PTY LTD	272,973	0.18
	123,258,624	**79.51**

(c) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

SUBSTANTIAL SHAREHOLDER	Number of shares	%
SINTACK PTY LTD	20,630,306	13.31
THE BURNES GROUP PTY LTD AND ASSOCIATES	21,570,408	13.91
Q H TOURS LTD	19,223,454	12.40
ANDREW JAMES BURNES	10,495,531	6.77
CINZIA BURNES	10,138,014	6.54



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