2014 ANNUAL REPORT

Helloworld Limited

(formerly Jetset Travelworld Limited)

Helloworld Limited and Controlled Entities
Annual Report for the year ended 30 June 2014

ABN 60 091 214 998 ASX CODE: HLO

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CORPORATE INFORMATION

Directors

T Dery *Chairman*
E Gaines *CEO*
S Bennett
A Cummins
A John
B Johnson
J M Millar

Company Secretary

S Belton

Registered and principal office

Level 3
77 Berry Street
North Sydney NSW 2060
Telephone: + 61 2 8229 4000
Facsimile: + 61 2 8920 0110

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

Stock exchange

ASX Limited
Level 4
20 Bridge Street
Sydney NSW 2000

ASX code

HLO

Share registry

Computershare
Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford VIC 3067
Telephone: +61 3 9415 5000
Facsimile: + 61 3 9473 2500

Internet address

www.helloworld.com.au

2014 Annual General Meeting

The Annual General Meeting of Helloworld Limited
will be held at the offices of Computershare Investor Services Pty Ltd.
Level 4, 60 Carrington Street, Sydney, NSW
at 1.00pm on Friday 21 November 2014.

GLOSSARY

The following terms have been used throughout this Annual Report:

ACCC	Australian Competition & Consumer Commission
Adjusted EBITDAI	Earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense
AGM	Annual General Meeting
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Company	The parent entity, Helloworld Limited
COO	Chief Operating Officer
CVC	Means any of CVC Capital Partners and its controlled entities
EBITDAI	Earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment
EM	Explanatory memorandum, dated 28 July 2010, released on the ASX on 29 July 2010
EPS	Earnings per share
FAR	Fixed Annual Remuneration
FY12	Financial Year ended 30 June 2012
FY13	Financial Year ended 30 June 2013
FY14	Financial Year ended 30 June 2014
FY15	Financial Year ended 30 June 2015
GM	General Manager
Group	The Helloworld Group, comprising HLO and its subsidiaries
HLO	Helloworld Limited
JTL	Jetset Travelworld Limited
KMP	Key Management Personnel
LTIP	Long term incentive plan
Merger	The merger between STS and HLO (formerly JTL at the time of merger)
Plan	Helloworld Limited Performance Rights Plan
PR	Performance Rights
Qantas	Qantas Airways Limited
QBT	QBT Pty Limited
QH	Qantas Holidays Limited
RNC	Remuneration and Nominations Committee
STIP	Short term incentive plan
STS	Stella Travel Services Holdings Pty Ltd and its subsidiaries
STSH	Stella Travel Services Holdings Pty Ltd
TTV	Total Transaction Value
UBSAHL	UBS Australia Holdings Ltd

CHAIRMAN'S REPORT

"On behalf of the Board of Directors, I am pleased to present the 2014 Annual Report for Helloworld Limited."

The financial year ended 30 June 2014 has been one of transformation for Helloworld Limited (HLO) with the achievement of a number of important milestones including:

- The launch of the *helloworld* brand to the Australian consumer
- Close to 1,000 stores signed to the *helloworld* retail models
- The launch of helloworld.com.au
- Joining the Australian Federation of Travel Agents (AFTA) Travel Accreditation Scheme (ATAS)
- The sale of Inbound business to AOT Group
- Jetset Travelworld Limited changing its name to Helloworld Limited

In July 2014, *helloworld* was awarded the highly coveted 'Best Travel Agency Group (100 outlets or more)' at the Australian Federation of Travel Agents (AFTA) National Travel Industry Awards (NTIA). In addition, seven of our members and franchisees received awards at the event and *helloworld's* Air Tickets again won the award for 'Best Agency Support Service'. To be recognised as Australia's Best Travel Agency Group after only one year, is a significant achievement and the perfect way to complete a defining 12-month period.

For the year ending 30 June 2014, the Group achieved an Adjusted EBITDAI[1] of $40.6 million which is 25% lower than the corresponding period last year. Consistent with previous guidance, the full year result reflects the impact of the transition to *helloworld* and the realignment of the commercial arrangements between HLO and its franchise networks. HLO has maintained its focus on cost containment and operating costs for the year were $27.5 million or 10% lower than the corresponding period last year.

Further details of the financial performance of the Group are included in the CEO's Report and Operating and Financial Review on pages 16 to 24.

In accordance with the Company's stated dividend payout policy of 40-60% of net profit after tax, the Board has determined that the Company will not pay a final dividend.

Looking ahead, HLO starts the new financial year with a strong, focused, retail network and an exciting new digital offering in helloworld.com.au. Our strong and experienced senior management team is now headed by our recently appointed CEO, Elizabeth Gaines. Elizabeth brings the highest level of leadership, experience and capability to her new role and I would like to take this opportunity to thank Elizabeth, her team and all of our people for their substantial contribution throughout the year. I would also like to thank my colleagues on the Board for their skills and guidance in what has been an exciting and challenging year.

Today I announced my retirement as Non-Executive Chairman of the Helloworld Limited Board, with effect from 30 September 2014. It has been a privilege to be the Chairman of Helloworld Limited and to guide the Company successfully through a period of significant change. In my time as Chairman of the Board we have completed the merger of Jetset Travelworld with Stella Travel Services in September 2010, the launch of the new *helloworld* brand in July 2013 and the completion of the strategic transformation of the Group in July 2014.

I would like to thank you, our shareholders, for your continued support throughout this period of change and transformation. I believe our Company is well placed to grow and strengthen under our new brand and your Board, under its new Chairman, Brett Johnson, is committed to maximising shareholder value in the coming years.

Tom Dery
Chairman, Helloworld Limited
Sydney, 27 August, 2014

[1] Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. Further details are disclosed in Note 6 to the Financial Statements.

CEO'S REPORT

"I am delighted to present my first report as CEO of Helloworld Limited, and the results for the year ended 30 June 2014."

Year in review

For the year ending 30 June 2014, the Group achieved an Adjusted EBITDAI[1] of $40.6 million. The Group's Loss before tax of $61.2 million was impacted by the loss recorded on the disposal of the Inbound business of $5.5 million, the implementation costs of $15.8 million associated with the Company's transformation plan, the non-cash goodwill impairment of $59.5 million and the cost of $2.7 million resulting from the Federal Court's decision in the GST court case. The Group recorded a Profit before tax of $22.4 million excluding the impact of these non-recurring items.

This outcome is in line with expectations during a period when the Group has been engaged in implementing the transformation plan. Following the launch of *helloworld* in July 2013, existing and new franchisees and members were invited to join the network under one of three retail models. The retail models are: the *helloworld* Branded model; the *helloworld* Associate model; and the *helloworld* Affiliate model.

[1] Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. Further details are disclosed in Note 6 to the Financial Statements.

Close to 1,000 locations have joined *helloworld* across the three retail models. In June 2014, HLO comprised a network in excess of 1,700 locations across Australia and New Zealand. This included 300 *helloworld* Branded locations, close to 400 *helloworld* brand-carrying Associate locations, 300 *helloworld* Affiliate locations, 440 long standing Affiliates operating under the Concorde Agency Network and 195 agents operating in New Zealand. In addition, approximately 100 locations remain operating under the Harvey World Travel, Travelscene, Jetset and Travelworld brands.

In addition, over the past year we have entered into a strategic alliance with Orbitz Worldwide Inc for *helloworld* online and have launched our digital offering, helloworld.com.au, to consumers. In August 2014, we launched the helloworld.com.au Android mobile app and the iOS mobile app is expected to be available in September 2014.

In November 2013, HLO entered into a licensing agreement with American Express Global Business Travel. This agreement enables agents who were previously branded Travelscene American Express to re-brand as *helloworld* American Express. It also provides the opportunity for other *helloworld* agents to adopt this co-branding and allows HLO to build on the success of the long-standing relationship between American Express and Travelscene.

The Group continues to invest in providing innovative technology solutions for our travel industry partners and this approach to innovation and service was recognised again this year at the National Travel Industry Awards event held in July 2014 when Air Tickets was again awarded the 'Best Agency Support Service' award.

We are very pleased with the progress the Company has made in transforming the business over the past 12 months. The most critical phase of the change process is now complete and we are focused on growing *helloworld's* brand presence in the Australian market.

Further detail on the performance of HLO is provided in the Operating and Financial Review contained on pages 16 to 24 of this Report.

Outlook

Following the successful implementation of the *helloworld* brand and digital offering, HLO expects to fully participate in the forecast growth in travel in Australia and New Zealand. Growth will be achieved through targeted consumer marketing and campaigns aimed at driving increased customer traffic to our network of franchisees and members supported by a strong digital offering.

The size of the Group's retail network, measured by the number of locations in Australia and New Zealand, compared to the number as at December 2013 has reduced by approximately 7%. Whilst it is difficult to predict the outcome of the trading conditions for the next financial year, the decrease in network numbers combined with the enhanced agent incentive structure and a commitment to growing the *helloworld* brand through an increased investment in marketing is expected to result in a reduction in Adjusted EBITDAI of between $5 million and $10 million. This reduction is expected to be partly mitigated by growth in online trading through helloworld.com.au.

The focused, consolidated *helloworld* network will provide a strong platform for future growth in a multichannel environment. In addition, with the implementation of *helloworld* largely complete and subject to trading conditions, Profit before tax is expected to improve significantly in FY15, reflecting a reduction in implementation costs, impairment charges and other non-recurring items.

In closing, I would like to thank the senior management, staff and business partners of *helloworld* for their efforts and dedication during this year. As a team, we are committed to building Helloworld, growing the *helloworld* brand and taking full advantage of the growth opportunities in the Australian and New Zealand travel industry.

Elizabeth Gaines

Chief Executive Officer, Helloworld Limited
Sydney, 27 August, 2014

FINANCIAL PERFORMANCE SUMMARY

FOR THE YEAR ENDED 30 JUNE 2014

Summary Group Results

	For the year ended 30 June 2014 $'000	For the year ended 30 June 2013 $'000 (restated)[1]	Change $'000	Change %
Total transaction value (TTV)[2]	4,861,032	5,177,423	(316,391)	-6%
Revenue	291,671	332,763	(41,092)	-12%
Adjusted EBITDAI[3]	40,561	54,141	(13,580)	-25%
(Loss)/profit before tax	(61,166)	26,654	(87,820)	-329%
(Loss)/Profit after tax attributable to members	(63,347)	16,180	(79,527)	-492%

	For the year ended 30 June 2014 Cents	For the year ended 30 June 2013 Cents (restated)[1]	Change Cents	Change %
Basic (loss)/earnings per share	(14.38)	3.68	(18.06)	-491%
Diluted (loss)/earnings per share	(14.38)	3.63	(18.01)	-496%
Interim dividend per share	–	1.0	(1.0)	-100%
Final dividend per share	–	0.5	(0.5)	-100%

RECONCILIATION OF ADJUSTED EBITDAI TO (LOSS)/PROFIT BEFORE INCOME TAX	For the year ended 30 June 2014 $'000	For the year ended 30 June 2013 $'000 (restated)[1]	Change $'000	Change %
ADJUSTED EBITDAI	**40,561**	**54,141**	**(13,580)**	**-25%**
Loss on disposal of investments	(5,473)	–	(5,473)	–
Business transformation costs	(15,847)	(10,785)	(5,062)	+47%
Share-based payments	(115)	(616)	501	-81%
Costs relating to GST matter	(2,738)	(31)	(2,707)	+8,732%
Costs relating to disposal of investments	(60)	–	(60)	–
VAT settlement	–	(606)	606	-100%
Fair value loss on Investment Property	–	(246)	246	-100%
CEO resignation/retirement costs	(608)	(797)	189	-24%
Depreciation and amortisation expense	(14,032)	(10,805)	(3,227)	+30%
Impairment of goodwill	(59,500)	–	(59,500)	–
Finance costs	(3,354)	(3,601)	247	-7%
(LOSS)/PROFIT BEFORE INCOME TAX	**(61,166)**	**26,654**	**(87,820)**	**-329%**

1 Refer to Note 3(b)(iii) of the Consolidated Financial Statements included in this Annual Report regarding the restatements for changes in accounting policies.

2 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. Total TTV does not represent Group cash inflows as some transactions are settled directly between the customer and the supplier. This information has been extracted from Note 6 of the accompanying Financial Statements.

3 Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. Adjusted EBITDAI 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. This information has been extracted from Note 6 of the accompanying Financial Statements.

Shareholder returns

In accordance with the Company's dividend policy, the Board has determined that the Company will not pay a dividend for 2014 financial year.

Explanation of results

This information should be read in conjunction with the Directors' Report, Financial Report and Auditor's Report for the year ended 30 June 2014 and any public announcements made by the Company since that time.

The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

Net tangible assets

	June 2014 Cents	June 2013 Cents (restated)[1]
Net Tangible Assets per ordinary share	3.75	5.00

[1] Refer to Note 3(b)(iii) of the Consolidated Financial Statements included in this Annual Report regarding the restatements for changes in accounting policies and Note 14(b) for details regarding the restatement as a result of an error.

Net Tangible Assets is calculated as Net Assets less total Intangible Assets.

Net Tangible Assets per ordinary share is based on HLO's issued capital as the legal parent entity and issuer of this financial information as at the balance sheet date.

Other information

Helloworld Limited changed its name from Jetset Travelworld Limited on 2 December 2013, and the Company's ASX code changed from JET to HLO.

DIRECTORS' REPORT

The Directors of Helloworld Limited (HLO) present their Report together with the Financial Statements of the Consolidated Entity (Group), being HLO and the entities it controlled at the end of, or during, the year ended 30 June 2014 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:

Tom Dery

Independent, Non-Executive Director and Chairman

Appointment

Mr Dery was appointed to the Board on 17 September 2008 and appointed as Chairman on 27 February 2009.

Experience and expertise

Mr Dery began his working career with Qantas Airways Limited in 1967 as a Commercial Trainee in the market research department. After obtaining a degree in Commerce (Economics) from the University of New South Wales and a Master of Business Administration degree at Stanford University in 1975, he co-founded the advertising agency The Campaign Palace. In 1979, Mr Dery accepted an appointment as Visiting Fellow in Marketing at Monash University prior to joining Ansett Transport Industries.

Mr Dery rose to the role of Assistant General Manager for Ansett Airlines with responsibility for all commercial and strategic activities responding to the challenges of airline deregulation. In the early 1990s, he was named Marketing Man of the Year and further assumed responsibility for Ansett associated businesses, East West Airlines, Ansett New Zealand, Diners Club and Traveland. In 1995, Mr Dery established Whybin Dery & Partners and, following its sale to DDB Needham, he was appointed Managing Director of that firm's Melbourne operation. Mr Dery was then appointed Chairman, Asia Pacific for M&C Saatchi and was responsible for the establishment of offices throughout the region. He was appointed Chairman of M&C Saatchi Worldwide on 1 January 2009.

Mr Dery is also Chairman of the Australian Cancer Research Foundation and a Director of Queenwood School for Girls and the Dean's Advisory Council at University of NSW.

Other current directorships of listed entities

- Nil

Former directorships of listed entities in last 3 years

- Nil

Special responsibilities

- Chairman of the Board
- Chairman of the Remuneration and Nominations Committee until 27 August 2013 after which Mr Dery remained a member of the Committee.
- Member of the Audit Committee

Interests in shares

- Nil

Stephen Bennett

Non-Executive Director

Appointment

Mr Bennett was appointed to the Board on 28 April 2011.

Experience and Expertise

Mr Bennett has more than 31 years corporate and investment banking experience having held senior management positions with Commonwealth Bank and Bankers Trust and Senior Advisor, UBS, in Australia and Hong Kong. Mr Bennett has acted for public and private companies in mergers and acquisitions, acquisition financing and corporate restructuring across all industry sectors and currently holds the position as Group Treasurer for Consolidated Press Holdings Limited. He holds an Accounting Diploma and a Graduate Diploma in Management (Macquarie University).

Other current directorships of listed entities

- Nil

Former directorships of listed entities in last 3 years

- Nil

Special responsibilities

- Member of the Remuneration and Nominations Committee

Interests in shares

- 50,000 fully paid ordinary shares in Helloworld Limited held legally and non-beneficially in the name of Invia Custodian Pty Ltd – Stephen John Bennett A/C.

Andrew Cummins

Non-Executive Director

Appointment

Mr Cummins was appointed to the Board on 30 September 2010.

Experience and Expertise

Mr Cummins is Chairman, CVC Capital Partners Pan Asian Team, and a director of several CVC portfolio companies. Mr Cummins initially worked as a consultant with CVC Capital Partners in 1998 and 1999 and joined the partnership of CVC Asia Pacific Hong Kong when it was formed in 2000. Prior to working with CVC Mr Cummins was an executive director of Inchcape Plc, and of Fosters Brewing Group/Elders IXL, and a partner of McKinsey & Company.

Mr Cummins is currently Chairman of Stella Travel Services in the UK and a director of Mantra Group Limited in Australia and a director of Asia Bottles Holdings Limited in China. He was previously a director of Nine Entertainment Company Pty Ltd from 2008 to 2013, RCTI Inc from 1998 to 2013, I-Med Holdings from 2006 to 2011, Pacific Brands Ltd from 2004 to 2009, and Inchcape Plc from 1992 to 1997.

Mr Cummins has a Bachelor's degree in Engineering from Monash University, Australia, a Graduate Business Degree from the University of Newcastle, Australia, and a MBA from Stanford University in the USA.

Other current directorships of listed entities

- Mantra Group Limited

Former directorships of listed entities in last 3 years

- Nil

Special responsibilities

- Member of the Remuneration and Nominations Committee until 27 August 2013 when Mr Cummins was appointed Chairman of the committee

Interests in shares

- 952,998 fully paid ordinary shares in Helloworld Limited held legally and non-beneficially in the name of Gladstone Investments Limited.

Elizabeth Gaines

Chief Executive Officer and Executive Director

Appointment

Ms Gaines was appointed Chief Executive Officer of Helloworld Limited on 28 March 2014.

Prior to this, Ms Gaines served as Chief Financial Officer of Helloworld Limited from 1 October 2010 and, from October 2012, as Chief Operating Officer and Chief Financial Officer.

Ms Gaines was appointed to the Board on 30 June 2011.

Experience and Expertise

Prior to joining Helloworld Limited, Ms Gaines was the Chief Financial Officer of the Stella Group, Chief Finance and Operations Director of UK-based Entertainment Rights Plc. and was previously Chief Executive Officer of Heytesbury Pty Limited. Ms Gaines has held senior treasury and finance roles at Bankwest in Australia and Kleinwort Benson in the UK and qualified as a Chartered Accountant with Ernst & Young. Ms Gaines is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Ms Gaines holds a Bachelor of Commerce degree and Master of Applied Finance degree.

Ms Gaines is a Director of the Australian Federation of Travel Agents Limited.

Other Current Directorships of listed entities

- Fortescue Metals Group Limited (from February 2013)
- Mantra Group Limited (from June 2009 with Mantra listing on ASX on 20 June 2014)

Former Directorships of listed entities in last 3 years

- Nil

Special Responsibilities

- Chief Executive Officer

Interests in shares

- 1,200,373 fully paid ordinary shares in Helloworld Limited held legally and beneficially in the name of E A Gaines

Adrian John

Non-Executive Director

Appointment

Mr John was appointed to the Board on 26 May 2011.

Experience and Expertise

Mr John joined Qantas in 2010 and is currently Executive Manager, Transactions and Airport Infrastructure. In that role he is responsible for leading both Qantas' internal mergers & acquisitions team which advises Qantas' Executive Committee in relation to transactions generally, and for its Airports Infrastructure team which has responsibility for managing Qantas' commercial relationships with airports. Prior to joining Qantas, Mr John had been a partner in Ernst & Young where he advised a wide range of listed and unlisted companies and private equity across multiple industry sectors on a variety of corporate finance and strategic matters including mergers and acquisitions, transaction due diligence, valuations, capital management and strategy development.

Mr John also served a period of time as a member of the Board of Partners of Ernst & Young, Ernst & Young's peak governance body. Mr John received a BSc (Hons) in Civil Engineering from Manchester University, and is a Member of the Institute of Chartered Accountants in Australia and the Institute of Chartered Accountants in England & Wales.

Other Current Directorships of listed entities

- Nil

Former Directorships of listed entities in last 3 years

- Nil

Special Responsibilities

- Member of the Audit Committee

Interests in shares

- Nil

Brett Johnson

Non-Executive Director

Appointment

Mr Johnson was appointed to the Board on 27 February 2009.

Experience and Expertise

Mr Johnson is a professional non-executive director. He was admitted as a solicitor of the Supreme Court of New South Wales in 1982 and has more than 28 years legal experience in Australia and overseas. He has served on listed company boards for more than eight years.

Mr Johnson was General Counsel of Qantas from July 1995 to December 2012 where he was responsible for legal risk management in the Qantas Group and management of the Qantas legal department. Mr Johnson was also a member of the Qantas Executive Committee involved in the day-to-day management of the Qantas Group with particular responsibility for providing commercial legal support to the Qantas CEO and Board.

Mr Johnson was a director of Scott Corporation from March 2005 to March 2014, Air Pacific Limited from December 2011 to May 2012 and Kai Medical Inc until November 2012.

Other Current Directorships of listed entities

- Nil

Former Directorships of listed entities in last 3 years

- Scott Corporation Limited (from March 2005 to March 2014)
- IM Medical Limited (from December 2013 to 19 August 2014)

Special Responsibilities

- Member of the Remuneration and Nominations Committee
- Member of the Audit Committee

Interests in shares

- Nil

James M Millar AM

Independent Non-Executive Director

Appointment

Mr Millar was appointed to the Board on 30 September 2010.

Experience and Expertise

Mr Millar is an experienced corporate executive, advisor and director of a number of Australian companies and organisations. He has more than 35 years' experience as both a corporate insolvency executive, with expertise across a number of industries, and as Chief Executive Officer of Ernst & Young, one of Australia's leading professional service firms.

Mr Millar has a Bachelor of Commerce degree from University of NSW, is a Fellow of the Australian Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors.

Other Current Directorships of listed entities

- Director, Mirvac Limited (from November 2009)
- Director, Fairfax Media Limited (from 1 July 2012)

Former Directorships of listed entities in last 3 years

- Chairman, Fantastic Holdings Limited (from 2 May 2012 to 30 June 2014)

Special Responsibilities

- Chairman of the Audit Committee

Interests in shares

- 40,000 fully paid ordinary shares in Helloworld Limited held legally and non-beneficially in the name of Sofeta Pty Ltd – Millar Super Fund A/c.

Rob Gurney

Former Chief Executive Officer and Executive Director

Rob Gurney served as Chief Executive Officer and Executive Director during the period 27 August 2012 until his resignation on 28 March 2014.

Mr Gurney was previously Group Executive Qantas Airlines Commercial.

Mr Gurney has a Bachelor of Economics and a Bachelor of Business, Accounting and Law from Edith Cowan University and a Diploma in Marketing from the Australian Graduate School of Management.

The above Directors were in office for the entire financial year and up to the date of this Report unless otherwise stated.

Stephanie Belton

General Counsel and Group Company Secretary

Stephanie Belton was appointed General Counsel for the Group in September 2010 and Group Company Secretary on 17 July 2013. Ms Belton was previously employed by Qantas Airways, initially as Group General Manager in the Freight division and latterly as Senior Legal Counsel, acting for the former Jetset Travelworld Group. Prior to joining Qantas, Ms Belton was Senior Counsel and Director of Projects for the P&O Group in Sydney and London and a senior solicitor with Linklaters, Solicitors, in London.

Ms Belton holds a Bachelor of Law from the University of Strathclyde, Scotland and a Masters of Business Administration from the University of Oxford.

Directors' meetings

The number of meetings of Directors held during the year and the number of meetings attended by each director were as follows:

Board meetings	Eligible to attend	Attended
S Bennett	14	13
A Cummins	14	13
T Dery	14	13
E Gaines	14	14
R Gurney	10	9
A John	14	13
B Johnson	14	14
J M Millar	14	13

Committee membership

As at the date of this report, the Company has an Audit Committee and Remuneration and Nominations Committee of the Board.

Current members of the Committees are:

Audit	Remuneration and Nominations
J M Millar (Chairman)	A Cummins (Chairman) (appointed Chairman 27 August 2013)
T Dery	T Dery (Chairman for period to 27 August 2013)
A John	S Bennett
B Johnson	B Johnson

The number of meetings of the Committees held during the year and the number of meetings attended by each Director were as follows:

Audit Committee	Eligible to attend	Attended
T Dery	4	3
A John	4	4
J M Millar	4	4
B Johnson	4	4

Remuneration and Nominations Committee	Eligible to attend	Attended
S Bennett	2	2
A Cummins	2	2
T Dery	2	2
B Johnson	2	2

Retirement in office of Directors

Stephen Bennett and James M Millar are the directors retiring by rotation. Being eligible they intend to offer themselves for re-election at the 2014 AGM.

Dividends

No dividends have been paid or are recommended to be paid for the 2014 year.

(Loss)/earnings per share

	Cents per share 2014	Cents per share 2013
Basic (loss)/earnings per share	(14.38)	3.68
Diluted (loss)/earnings per share	(14.38)	3.63

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 a franchised network of travel agents.

Helloworld Group is one of the leading integrated travel companies in Australia and New Zealand, operating several wholesale travel businesses (holiday packaging), franchise-based and affiliate retail agency networks, air ticket consolidation, airline representation and travel management services.

The Group has three operating segments within its structure, those being Retail, Wholesale and Travel Management. Within each of these segments the Group also has an online presence. These operations are located in Australia, New Zealand, Asia, the United States, South Africa and the United Kingdom.

The Group's brands include *helloworld*, helloworld.com.au, Travelscene American Express, Harvey World Travel, Jetset, Travelworld, Qantas Holidays, Viva! Holidays, Harvey's Choice Holidays and QBT.

OPERATING AND FINANCIAL REVIEW

Summary of Results

The results for the year ended 30 June 2014 are summarised as follows:

	30 June 2014 $ million	30 June 2013[3] $ million	% Change
Total transaction value (TTV)[2]	4,861.0	5,177.4	-6%
Revenue	291.7	332.8	-12%
Adjusted EBITDAI[1]	40.6	54.1	- 25%
(Loss)/profit before tax	(61.2)	26.7	- 329%
(Loss)/profit after tax attributable to members	(63.3)	16.2	- 492%

	Cents per share	Cents per share	% Change
Basic (loss)/earnings per share	(14.38)	3.68	- 491%
Diluted (loss)/earnings per share	(14.38)	3.63	- 496%
Interim dividend per share	–	1.0	-100%
Final dividend per share	–	0.5	- 100%

1 Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. Adjusted EBITDAI 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. A reconciliation of Adjusted EBITDAI to (Loss)/Profit before tax is contained in Note 6 of the accompanying Financial Statements.

2 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. Total TTV does not represent the Group cash inflows as some transactions are settled directly between the customer and the supplier. This information has been extracted from Note 6 of the accompanying Financial Statements.

3 Refer to Note 3(b)(iii) of the Financial Statements included in this Annual Report regarding the restatements for changes in accounting policies.

Year in Review – Key Highlights:

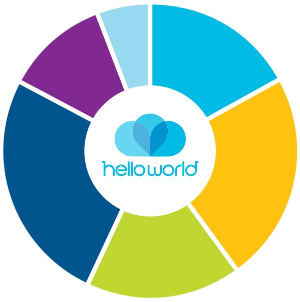
- TTV decreased 6% to $4.9 billion for the year ended 30 June 2014.
- Adjusted EBITDAI for 2014 of $40.6 million decreased by 25%.
- HLO revenue from operating activities for the year ended 30 June 2014 was $291.7 million compared with $332.8 million for 2013.
- The HLO result was a Loss before income tax of $61.2 million for the year ended 30 June 2014. The loss after tax is stated after the loss on disposal of the Inbound business of $5.5 million, non-cash goodwill impairment of $59.5 million, business transformation costs of $15.8 million and costs associated with the GST case of $2.7 million.
- The tax expense for the period was $2.1 million.
- Basic earnings per share for the year was a loss of 14.38 cents per share.
- *helloworld* was awarded Australia's Best Travel Agency Group (100 outlets or more) by AFTA.
- The Group continued the positive momentum in the business transformation strategy with the achievement of key milestones including:
  - Launch of the *helloworld* brand to the Australian consumer
  - Close to 1,000 stores signed to the *helloworld* retail models
  - Launch of helloworld.com.au
  - Joined Australian Federation of Travel Agents (AFTA) Travel Accreditation Scheme (ATAS)
  - Sale of Inbound business
  - Jetset Travelworld Limited changed its name to Helloworld Limited

For the year ending 30 June 2014, the Group achieved an Adjusted EBITDAI of $40.6 million which was 25% lower than the corresponding period last year. The full year result reflects the impact of the transition to *helloworld* and the realignment of the commercial arrangements between HLO and its franchise networks. HLO has maintained its focus on cost containment and operating costs for the year were $27.5 million or 10% lower than the corresponding period last year.

The Group's Loss before tax of $61.2 million includes the $5.5 million loss recorded on the disposal of the Inbound business, non-cash goodwill impairment of $59.5 million, implementation costs of $15.8 million associated with the Company's transformation plan and $2.7 million in costs arising from the Federal Court decision in the GST court case. The Group recorded a profit before tax of $22.4 million excluding the impact of these non-recurring items. This outcome is in line with expectations during a period when the Group has been engaged in implementing the transformation plan.

Following the launch of *helloworld* in July 2013, existing and new franchisees and members were invited to join *helloworld* under one of three retail models: the *helloworld* Branded model; the *helloworld* Associate model; and the *helloworld* Affiliate model.

The new *helloworld* retail models addressed the need to strengthen the consumer offering and optimise the individual businesses of franchisees through consolidated marketing and an enhanced incentive structure. Importantly, franchisees and members of the Branded and Associate models now benefit from *helloworld's* Customer Charter and Customer Protection Policy, plus a range of additional support services designed to enhance the competitiveness and efficiency of their businesses.



300 *helloworld* Branded
400 *helloworld* Associate/Corporate
300 *helloworld* Affiliate
440 Concorde Agency Network
195 New Zealand
100 Other Brands[1]

helloworld concept store

Close to 1,000 locations have joined *helloworld* across the three retail models. In June 2014, HLO comprises a network in excess of 1,700 locations across Australia and New Zealand, including 300 *helloworld* Branded locations, close to 400 *helloworld* brand-carrying Associate locations, 300 *helloworld* Affiliate locations, 440 long standing Affiliates operating under the Concorde Agency Network, 195 agents operating in New Zealand and approximately 100 locations that will remain operating under the Harvey World Travel, Travelscene, Jetset and Travelworld brands.

A combined 700 branded and brand-carrying associate locations means that the *helloworld* brand has a strong visual presence across Australia. To-date, over 270 Branded locations have been refreshed to the *helloworld* branding and signage. In addition, 18 locations have been refitted as Ambassador stores, featuring new branding, design, layout, interiors and furniture. The majority of brand-carrying Associate stores are already refreshed. The response to the store refresh from franchisees, members and consumers has been overwhelmingly positive and the brand's momentum is continuing to build nationwide.

The sustained investment in marketing activity has already delivered a significant presence benefiting our agents, customers and suppliers. *helloworld* integrated campaigns feature in all states across TV, metro and regional press, billboards, digital, search engine marketing and social media.

In July 2014, *helloworld* was awarded the highly coveted 'Best Travel Agency Group (100 outlets or more)' at the Australian Federation of Travel Agents (AFTA) National Travel Industry Awards (NTIA).

To be recognised as Australia's Best Travel Agency Group after only one year, is a significant achievement and a strong validation of the strength of HLO's network of expert travel agents and the HLO franchise model value proposition.

1 Other Brands include Harvey World Travel (excluding South Africa), Jetset, Travelworld, Travelscene and Travelscene American Express.

helloworld.com.au

Android app

Seven *helloworld* network members won NTIA awards and should be congratulated for their achievements:

- **Best Travel Agency Retail** – Single Location, *Bicton Travel, WA*
- **Best Travel Agency Retail** – Multi Location, *helloworld Hunter Travel Group, NSW*
- **Best Travel Agency Corporate** – Single Location, *Goldman Travel, NSW*
- **Best Travel Agency Corporate** – Multi Location, *The Travel Authority*
- **Best Travel Consultant** – Retail, *Sophie Brooks, helloworld Lane Cove, NSW*
- **Best Travel Agency Manager** – Retail, *Michelle McNamara, Phil Hoffmann Travel, SA*
- **Rookie of the Year Agent**, *Bridgit Little, Globenet Travel, QLD*

In addition, Air Tickets again won the award for 'Best Agency Support Service'.

In late 2013, the Group launched the digital offering helloworld.com.au. The new website offers the convenience of researching and booking online and also included on the website is an agent finder for customers to locate their nearest *helloworld* agent creating a multichannel environment and convenience for consumers.

In August 2014, helloworld.com.au launched the Andriod mobile app and the iOS mobile app is expected to be available in September 2014.

During the year, HLO also entered into key strategic partnerships with Ortbiz Worldwide and American Express.

In November 2013, HLO signed a 10 year Strategic Alliance Agreement with Orbitz Worldwide. This agreement is a key component in *helloworld's* multichannel strategy and allowed HLO to access Orbitz Worldwide's global technology platform. This platform is the base powering helloworld.com.au.

Also in November 2013, HLO renewed its brand licensing agreement with American Express Global Business Travel. The agreement enables agents previously branded Travelscene American Express to re-brand as *helloworld* American Express, while also extending the opportunity of co-branding to other *helloworld* agents. The revised contract recognises the long standing relationship between American Express and Travelscene.

Segmental Review

HLO operates across three segments within the travel industry: Retail, Wholesale and Travel Management.

The operations of Retail primarily comprise acting as a franchisor of retail travel agency networks including *helloworld*, Harvey World Travel, Travelscene American Express, Jetset Travel and Travelworld. The primary purpose of Wholesale is to procure air, cruise and land product for packaging and sale through retail travel agency networks. Travel Management provides travel management services to corporate and government customers including booking of flights and accommodation.

Corporate charges are only allocated to operating segments to the extent that they are considered part of the core operations of any segments.

HLO operates websites and online distribution through all segments.

The Board assess the performance of the segments based on a measure of Adjusted EBITDAI. Adjusted EBITDAI is earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue or expense. A reconciliation of Adjusted EBITDAI to (Loss)/Profit before tax is included in Note 6(c)(ii) to the Financial Statements. The segmental results for Retail, Wholesale and Travel Management have been extracted from Note 6 to the Financial Statements. Revenue margin has been calculated as Revenue as a percentage of TTV.

Retail Segment

HLO operates as the franchisor for multiple retail travel agency networks, including ***helloworld*****, Jetset Travel, Travelworld, Travelscene American Express** and **Harvey World Travel** and the **Concorde Agency Network** (CAN – an independent network affiliated to the Group) in Australia. In New Zealand the Group also operates as the franchisor for United Travel and The Travel Brokers.

HLO owns and operates a ticketing facility, **Air Tickets**, which services the *helloworld*, Jetset Travel, Travelworld, Travelscene American Express, Concorde Agency Network, Harvey World Travel networks and over 200 independent travel agents.

Air Tickets operates in all Australian mainland states with technology allowing agents to issue tickets 24 hours a day, seven days a week. Air Tickets technology also operates within New Zealand via Stella Travel Services (NZ) Ltd. In July 2014 Air Tickets was awarded 'Best Agency Support Services' at the National Travel Industry Awards for the fifth consecutive year. Year on year Air Tickets has continued to set the industry standard for ticketing technology.

In late 2013, the Group launched the digital offering helloworld.com.au. The new website offers the convenience of researching and booking online and also included on the website is an agent finder for customers to locate their nearest *helloworld* agent creating a multichannel environment and convenience for consumers.

In August 2014, helloworld.com.au launched the Andriod mobile app and the iOS mobile app is expected to be available in September 2014.

	June 2014 $'000	June 2013 $'000	Change $'000	Change %
Total transaction value (TTV)	3,586,527	3,766,103	(179,576)	-5%
Revenue	160,686	183,024	(22,338)	-12%
Operating expenses	(110,148)	(115,445)	5,297	-5%
Adjusted EBITDAI	50,538	67,579	(17,041)	-25%
Revenue Margin (%)	4.5%	4.9%		

The Retail segment earns revenue from franchise fees, commissions from airline and leisure partners derived from the arrangement of tours and travel and override commission revenue. Further details on the revenue recognition policies of the Group are contained in Note 3(e) of the Financial Statements.

The Retail segment has undergone a comprehensive change following the implementation of the transformation program which has resulted in a reduction in network size of approximately 7% when compared to December 2013.

Following a review of the carrying value of intangible assets at 30 June 2014, it was considered prudent to effect a non-cash goodwill impairment of $59.5 million.

The Retail segment generated TTV of $3.6 billion for the year ended 30 June 2014, representing a reduction of 5% compared to the prior comparative period. The Retail segment generated Adjusted EBITDAI of $50.5 million which is a 25% decrease on the prior year result of $67.6 million. Revenue decreased by 12% to $160.7 million with operating costs reducing by $5.3 million (5%) for the year reflecting a continued focus on cost management. The improvement in operating costs of $5.3 million is primarily attributable to cost reduction realised through employee cost savings which reflect lower employee full time equivalents (FTEs) over the same period.

Wholesale Segment

HLO operates several wholesale brands:

- **Qantas Holidays** is one of Australia's leading travel wholesalers and has been providing holiday packages for more than 38 years where the flight component is provided predominantly by Qantas Airways.
- **Viva! Holidays** sells packages where the flight component is provided by major airlines (excluding Qantas Airways) servicing the Australian market.
- **Harvey's Choice Holidays** offers a range of international hotel, tours, air and cruise travel options for the independent traveller.
- **Ready Rooms** provides an online solution for dynamic and traditional wholesale inventory for preferred travel agents to sell to their customer base.
- **Travel IndoChina** specialises in guided small group journeys and bespoke tailor-made independent itineraries to South East Asia in key destinations in Vietnam, Cambodia, Laos, China, Mongolia, Japan, India, Sri Lanka, Bhutan and Burma.
- **GO Holidays** is a New Zealand based wholesale brand that sells outbound packaged holiday products for destinations around the world.
- **Qantas Vacations** (a brand of Stella Travel Services USA Inc) provides customised tour and travel arrangements for visitors from North America to Australia, New Zealand, Fiji and Tahiti.

In September 2013 HLO sold its investment in the ATS Pacific Businesses in Australia, New Zealand and Fiji to the AOT Group Limited. Further information in relation to the disposal is contained in Note 31 of the Financial Statements.

In 2014 Qantas Holidays and Viva! Holidays was again nominated as a finalist for the NTIA Award for Best Wholesaler – Australian Product and Best Wholesaler – International Product.

	June 2014 $'000	June 2013 $'000 (restated[1])	Change $'000	Change %
Total transaction value (TTV)	708,229	799,255	(91,026)	-11%
Revenue	88,596	104,731	(16,135)	-15%
Operating expenses	(76,189)	(91,114)	14,925	-16%
Adjusted EBITDAI	12,407	13,617	(1,210)	-9%
Revenue Margin (%)	12.5%	13.1%		

1 Refer to Note 3(b)(iii) and Note 6(v) regarding the restatement for changes in accounting policies.

The Wholesale segment earns revenue commissions from airline and leisure partners derived from the arrangement of tours and travel and override commission revenue.

Adjusted EBITDAI for the Wholesale segment for the year ended 30 June 2014 was $12.4 million with TTV decreasing by 11% from $799 million to $708 million. Net Revenue of $88.6 million decreased by 15% compared to the prior comparative period and operating costs in the Wholesale segment have reduced by 16%.

The results for the year ended 30 June 2014 include trading for the ATS Inbound business until the disposal of the business on 30 September 2013. When the Inbound business trading is excluded, Wholesale Adjusted EBITDAI increased by $0.7 million (6%) and TTV and Net Revenue decreased by 4% and 5% respectively. The Revenue Margin decreased marginally by 0.1% from 12.4% to 12.3%, reflecting growth in lower margin cruise volumes and the mix of business between online and offline channels. The Revenue Margin improved by 2% in the second half of FY14 compared to the first half, as a result of a continued focus on pricing initiatives and reduced volatility in foreign exchange rates. Excluding the ATS Inbound business, operating costs decreased by $5.0 million (6%) due to the continued focus on productivity improvements and operational efficiencies.

Travel Management Segment

Within the Travel Management segment, HLO operates:

- **QBT**
- **Atlantic & Pacific American Express (APX)** in New Zealand.

QBT is one of the largest travel management businesses in Australia, arranging business travel for Federal and State government departments, large corporations and SMEs. QBT provides a full travel management service, including a 24 hour booking facility for air, land and cars for corporate customers, and offers online corporate travel bookings through a choice of online booking tools and state-of-the-art reporting and expense management.

QBT is a global partner of GlobalStar. GlobalStar is a worldwide Travel Management Company (TMC) owned and managed by local entrepreneurs with over 85 market leading enterprises, representing over US$13 billion in sales. This partnership enables us to combine GlobalStar's expertise, strength and commitment with our strengths in the Australian market to deliver multinational solutions to global clients.

APX is a leading New Zealand based travel management business providing a full end-to-end travel management service and has been the New Zealand Travel Partner Network representative for American Express Business Travel since 2006. Following a long and vigorous process, APX was appointed to the New Zealand All of Government TMC panel in July 2012 for a minimum of three years.

	June 2014 $'000	June 2013 $'000	Change $'000	Change %
Total transaction value (TTV)	566,276	612,065	(45,789)	-7%
Revenue	37,505	39,687	(2,182)	-5%
Operating Expenses	(36,992)	(42,220)	5,228	-12%
Adjusted EBITDAI	513	(2,533)	3,046	+120%
Revenue Margin (%)	6.6%	6.5%		

The Travel Management segment traded profitability in FY14, with an Adjusted EBITDAI of $0.5 million representing an improvement of 120% on the prior comparative period loss of $2.5 million.

TTV attributable to the Travel Management segment decreased by 7% to $566 million for the year ended 30 June 2014. The reduction in TTV primarily reflects reduced corporate customer volumes. Revenue decreased by $2.2 million (5%) compared to the prior comparative period, with a focus on pricing initiatives minimising the impact of the lower TTV.

Operating expenses in the Travel Management segment decreased by $5.2 million (12%) during the year as a result of realising the benefits of the restructuring initiatives and productivity improvements. The Travel Management segment has continued to invest in innovative technology in order to drive efficiency and automation through the business.

Outlook

Following the successful implementation of the *helloworld* brand and digital offering, HLO expects to fully participate in the forecast growth in travel in Australia and New Zealand. Growth will be achieved through targeted consumer marketing and campaigns aimed at driving increased customer traffic to our network of franchisees and members supported by a strong digital offering.

The size of the Group's retail network, measured by number of locations in Australia and New Zealand, compared to the number as at December 2013 has reduced by approximately 7%. Whilst it is difficult to predict the outcome of the trading conditions for the next financial year, the decrease in network numbers combined with the enhanced agent incentive structure and a commitment to growing the *helloworld* brand through an increased investment in marketing is expected to result in a reduction in Adjusted EBITDAI of between $5 million and $10 million. This reduction is expected to be partly mitigated by growth in online trading through helloworld.com.au.

The focused, consolidated *helloworld* network will provide a strong platform for future growth in a multichannel environment. In addition, with the implementation of *helloworld* largely complete and subject to trading conditions, Profit before tax is expected to improve significantly in FY15, reflecting a reduction in implementation costs, impairment charges and other non-recurring items.

Business Risks

There are a number of factors, both specific to HLO and of a general nature, which may impact the future operating and financial performance of HLO. The specific material risks faced by HLO, and how HLO manages these risks, are set out below:

- Consumer Discretionary Spending
  Operating in the Travel industry, HLO relies on consumer discretionary spend, consumer sentiment and corporate expenditure. As a result, adverse changes to the general economic environment can impact financial results. HLO mitigates this risk by keeping abreast of global economic and consumer data and industry trends and managing expenses in line with changes in the environment.
- Competition and Margin Risk
  The highly competitive nature of the travel industry, combined with the risk of new entrants in the online market, may impact on revenue margins and results of the Group. This is mitigated by carefully managing margins and by working with key suppliers. The Group closely monitors product availability and pricing against a range of other travel providers to ensure it maintains its position in a competitive environment.
- Foreign Exchange Exposure
  Within the Wholesale segment, a significant amount of international travel product is sold in local currency and suppliers are paid in foreign currencies. In order to mitigate the resulting exchange fluctuation risk, HLO has a hedging policy and enters into forward exchange contracts to match expected future cash flows.
- Key customers and suppliers
  Changes in key customers and suppliers could have an impact on the financial results of HLO. HLO mitigates this risk by ensuring, where possible, formal agreements are in place and by working closely with key customers and suppliers to ensure that HLO responds to any changes in their economic circumstances or business requirements.

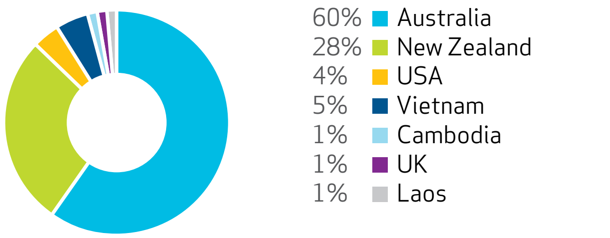
People

At 30 June 2014, HLO has 1,469 Full Time Equivalent employees (FTE). This compares to 2,038 at 30 June 2013, with the reduction including the impact of the sale of ATS Inbound business.

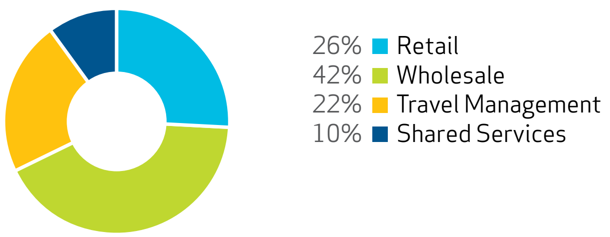
As a result of the reduced FTE, employee expenditure for the year ended 30 June 2014 decreased by 13% or $19.6 million. When the ATS Inbound business is excluded, employee expenditure reduced by 9% or $13.4 million.

While the majority of the Group's employees are based in either Australia or New Zealand, the Group has employees in USA, Vietnam, Cambodia, Laos and the United Kingdom. This is illustrated graphically below, along with an analysis of employees by segment.

FTE Breakdown by Country



FTE Breakdown by Segment



Review of financial condition

Capital structure

Helloworld Limited has 440,548,572 shares on issue of which QH Tours Limited (a subsidiary of Qantas Airways Limited) holds 29%, Europe Voyager NV holds 27%, UBS Australia Holdings Limited holds 18%, Sintack Pty Limited holds 12%, and with the remaining 14% being held by other shareholders including management.

Dividend

The Company has previously stated that its policy is to pay a dividend payout ratio in the range of 40-60% of net profit after tax. As the Company made a loss for the year ended 30 June 2014, primarily due to the goodwill impairment charge, in accordance with the dividend policy, the Board determined that the Company will not pay a final dividend in 2014.

Liquidity and funding

The Group maintains a strong balance sheet with net assets of $377.0 million and a positive working capital position at 30 June 2014.

On 17 April 2014, existing loan terms and conditions were re-negotiated with the Group's banking partner. The facility was extended to 17 April 2019. As part of the re-negotiated terms, an additional amortising facility of $15.0 million was agreed. The Group incurred $1.1 million of borrowing costs that were capitalised and will be amortised over the duration of the new facility.

At 30 June 2014 the Group has long term debt of $25.3 million (2013: $24.4 million), net of $2.0 million of deferred borrowing costs (2013: $1.4 million) and access to finance facilities of $96.4 million with $35.2 million utilised and remaining headroom available of $61.2 million.

The net cash position as at 30 June 2014 for the Group was $184.3 million (2013: $234.9 million). General cash at 30 June 2014 was $28.5 million compared to $34.5 million at 30 June 2013. This is a positive result considering that during the year the Group funded the cost of the strategic transformation.

Net cash outflow from operating activities was $30.8 million (2013: inflow $35.5 million). The operating cash outflow for 30 June 2014 was primarily as a result of an additional airline payment (IATA settlement) in June 2014 and the payment of business transformation costs.

On-market share buy-back program

On 27 August 2014, Helloworld Limited announced an on-market share buy-back program of up to 2.5% of the Company's issued share capital. The Board considers that it is appropriate to establish a buy-back program to give the Company flexibility to repurchase shares on an opportunistic basis, particularly in times of market or share price volatility. The buy-back will not limit the Company's future expansion plans and the Company remains fully committed to its growth strategy.

Significant events after the balance date

Apart from the on-market share buy-back program, the Directors are not aware of any matter or circumstance that has arisen between 30 June 2014 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

The economic outlook for FY15 continues to be uncertain due to a variety of economic circumstances and it is difficult to predict the outlook for demand. More information on the likely developments is included in the Operating and Financial Review on page 23.

Environmental regulation

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

In 2012, HLO became a member of The Green Building Council of Australia (GBCA). GBCA was established in 2002 to develop a sustainable property industry in Australia and drive the adoption of green building practices through market-based solutions. The Green Star is a rating tool designed for building owners and tenants to assess and award the environmental performance of their buildings and interior fit outs. A green fit out will include issues such as access to natural light, waste management, energy conservation, low emission paints and timber from sustainable forests.

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 (not limited to taxed 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 (not limited to taxed 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 obtaining such advice and, where appropriate, disseminate such advice to all Directors.

Insurance premiums

The Company has paid insurance premiums of $76,711 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.

REMUNERATION REPORT (AUDITED)

This 2014 Remuneration Report outlines the remuneration arrangements for the Key Management Personnel ('KMP') of the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report contains the following sections:

(a) Directors and other KMP disclosed in this report
(b) Remuneration governance
(c) Relationship between remuneration and the Group's performance
(d) Overview of non-executive director remuneration policy and framework
(e) Overview of executive remuneration policy and framework
(f) Use of remuneration consultants
(g) Voting and comments made at the Company's 2013 Annual General Meeting
(h) Details of remuneration
(i) Service agreements
(j) Details of remuneration: share based compensation and bonuses
(k) Equity investments held by KMP
(l) Loans to KMP
(m) Other transactions with KMP

(a) Directors and other KMP disclosed in this report

For the purpose of this report, KMP of the Group 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 CEO, senior executives and General Managers ('GM') of the Group.

Directors and other KMP disclosed in this report are:

Non-executive and executive directors
(see pages 10 to 14 for details about each director)

Tom Dery	Elizabeth Gaines
Stephen Bennett	Adrian John
Andrew Cummins	Brett Johnson
Robert Gurney (resigned 28 March 2014)	James M Millar

Other KMP

Name	Position
Russell Carstensen	GM Air Services
Peter Egglestone (KMP from 1 July 2013)	Head of Wholesale
Greig Leighton (KMP from 1 July 2013)	CEO New Zealand

Jenny Macdonald was appointed Chief Financial Officer on 18 August 2014 and is a KMP from this date.

Andrea Slark and Michael Thompson are no longer KMP from 1 July 2013; their employment with the Group continues.

(b) Remuneration governance

Remuneration and Nominations Committee (RNC)

The RNC of the Board is responsible for reviewing remuneration arrangements and making recommendations to the Board in respect of the Directors and executives.

The RNC assesses the nature and amount of remuneration of 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 executive team.

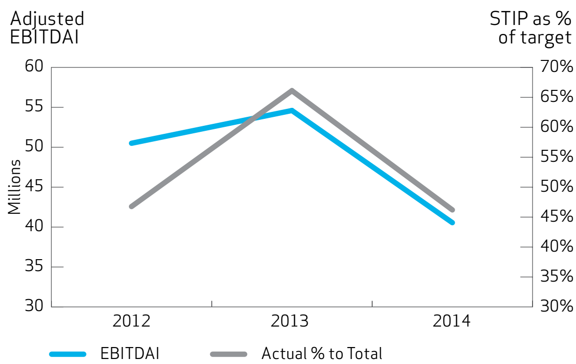
The Corporate Governance Statement provides further information on the role of this Committee.

(c) Relationship between remuneration and the Group's performance

The Group's results for the 2014 financial year represented a decrease in Adjusted EBITDAI compared to the previous year, and was in line with the Board approved operating budget. Performance related payments to the CEO, COO & CFO and senior executives for 2014 include STIP payments, with executives receiving an average of 46.2% of maximum STIP. In addition, the Performance conditions for Tranche 3 of the 2011 Performance Rights (PRs) in respect of the Long-term Incentive Plan were met with 50.5% of the total tranche vesting. These PRs vested after 30 June 2014 but before the date of signing this report. The performance conditions for Tranche 2 of the 2012 PRs and Tranche 1 of the 2013 PRs were not met and these PRs lapsed after 30 June 2014 but before the date of signing this report.

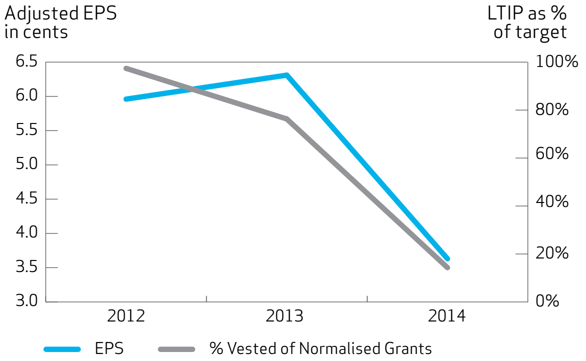
Due to the merger in September 2010, Company performance prior to the financial year ended 30 June 2012 is not comparable.

Adjusted EBITDAI is the measure used by the Board to assess the Group and segment performance. The graph below illustrates the link between the Group's Adjusted EBITDAI and payments made under the STIP. While there is a strong correlation, this correlation will be stronger in some years compared to others, since STIP awards are made based on an assessment of both financial and non-financial performance measures.



Adjusted earnings per share (Adjusted EPS) is the key performance criteria used to assess the long term incentive plan (LTIP). Adjusted EPS is based on the Group's EPS adjusted for certain significant unusual and/or non-recurring amounts which are approved by the RNC.

The table below shows how Adjusted EPS compares to the percentage of LTIP PRs vested in that financial year.



(d) Overview of non-executive director remuneration policy and framework

Objective

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 and is further detailed below.

Structure

The Company Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at the 2010 Annual General Meeting held on 29 November 2010 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.

Each Non-Executive Director, with the exception of the Chairman, receives a fee of $100,000 per annum for being a director of the Company. An additional fee of $10,000 per annum is paid for each Board Committee on which a Director is a member with the Chairman of the Audit Committee receiving an additional fee of $25,000. The payment of additional fees for serving on or chairing a committee recognises the additional time commitment required by Directors who serve on one or more Committees. Fees paid in respect of Directors appointed by major shareholders are generally paid to those major shareholders rather than to the individual Director unless specified otherwise.

The Chairman receives a fee of $225,000 which includes all Board Committee fees. The payment of the higher fee to the Chairman recognises the additional time commitment required by him.

There is no intention to increase the individual director fees for the year ended 30 June 2015. The 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 year ended 30 June 2014 and 30 June 2013 is detailed in this report.

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

(e) Overview of executive remuneration policy and framework

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group. The remuneration framework of the Group embodies the following principles:

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

Structure

In determining the level and make-up of executive remuneration, the RNC considers advice from external consultants from time to time and reviews market levels of remuneration for comparable executive roles. No advice was sought from external consultants for the financial year 2014. All executives are employed under a standard contract, details of which are set out below.

The Group's remuneration structure for executives is based on a Total Reward methodology consisting of:

(i)	Fixed Annual Remuneration ('FAR') Individual performance, skills, expertise and experience are used to determine the employee's fixed remuneration within the market range. The Company may also undertake external benchmarking to ensure that FAR is comparable and competitive within the markets in which the Group operates.
(ii)	Short Term Incentive Plan ('STIP') STIP rewards individuals on the basis of Group financial performance, Business Unit financial performance and specific, non-financial individual targets for the current year. The Group operates a range of STIP arrangements that are designed to meet the particular requirements of specific roles. STIP is settled in cash. The potential quantum for 2014 was 100% of FAR for the CEO and COO/CFO and 10% to 100% of FAR for senior executives.
(iii)	Long term incentive Plan ('LTIP') LTIP rewards senior executives of the Group for driving long-term prosperity through the use of challenging performance hurdles. LTIP is settled in Performance Rights over shares in the Company.

The process for the review of executives' performance is explained in the Corporate Governance Statement.

(i) Fixed annual remuneration (FAR)

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.

The FAR component of executives' remuneration is detailed on page 38 in this report. Cash remuneration, 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.

(ii) Short term incentive plan (STIP) arrangements

Each executive has a target STIP opportunity on the basis of the accountabilities of the role and impact on the organisation and Operating Segment or Business Unit performance. The maximum target bonus opportunity is 100% of FAR. In general, the STIP has three categories of performance targets which are set for each individual executive participating in the plan (other than the CEO and COO & CFO) although there are some exceptions to this structure for specific roles .

For the year ended 30 June 2014, the general categories were as follows:

- the first category accounts for at least 30% of an individual's STIP potential incentive and requires the Business Unit or specific Operating Segment to achieve its overall profit target (Adjusted EBITDAI) for the financial year as set by the Board;
- the second category accounts for approximately20% of an individual's STIP potential incentive and requires certain non-financial KPIs or targets to be achieved for the financial year. Such non-financial KPIs or targets may include assessment of on-time performance in relation to internal projects and successful delivery of business unit initiatives designed to add value to the core operations of the Group; and
- the third category accounts for the remaining 50% of an individual's STIP potential incentive and is an overdrive payment based on 50% of the excess over budget of actual Group profit before tax up to a limit of the maximum target bonus opportunity.

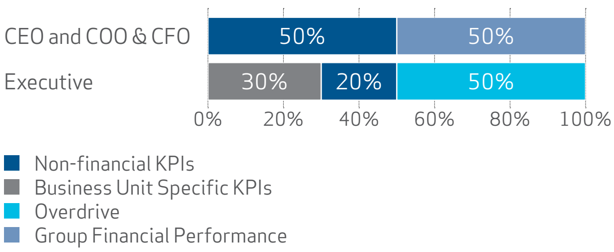
The CEO and previously, the COO & CFO, have two categories of performance targets:

- the first category accounts for 50% of the potential incentive and requires the achievement of certain non-financial KPIs or targets. Such non-financial KPIs or targets for 2014 included transforming the existing business model and brand, strategy and other operational and organisational objectives; and
- the second category accounts for the remaining 50% of the STIP potential incentive and is based on actual Adjusted EBITDAI, Adjusted Group profit before tax and Revenue.

As a result of the transformation program undertaken in 2013 and 2014, certain executives' bonuses were subject to specific, non-standard performance targets for 2014 only. Such targets were based on the final structure of the *helloworld* retail networks.

The balanced scorecard approach aims to align remuneration with the key value drivers for HLO and complement short-term financial targets. The following chart depicts the executives' target short term incentive mix.

Short Term Incentive Mix – 2014



The use of a combination of Group profit before tax, Operating Segment/Business Unit Adjusted EBITDAI and non-financial targets aims to ensure that variable reward is only available when value has been created for shareholders and when profit is consistent with the Group's business plans. The RNC has discretion to adjust short-term incentives in light of unexpected or unintended circumstances. The STIP is a cash-settled plan with incentives (if any) paid before 30 September each year and the STIP is reviewed annually by the RNC.

(iii) Long term incentive plan (LTIP) arrangements

Background

The Board adopted the Helloworld Limited Performance Rights Plan ('Plan') and the Plan was approved by Shareholders at the 2011 AGM. Under the Plan conditional rights to acquire shares in the Company ('Performance Rights') are awarded to eligible senior executives of the Company as the LTIP component of their remuneration for each relevant financial year.

Each Performance Right gives the holder a conditional right to acquire one fully paid share in the Company if applicable performance or other vesting conditions are satisfied (or waived).

Administration and Awards made under the Plan

The Plan is administered by the Plan Committee, which is currently the RNC. The Plan Committee determines the number of Performance Rights to be awarded and the amount payable by the holder of a Performance Right on exercise. Currently, participants are not required to pay any amount in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting or conversion of Performance Rights.

Performance Criteria and Vesting

The Plan Committee, in its absolute discretion, specifies performance or other vesting conditions that must be satisfied for Performance Rights to vest and determines the performance period over which any such condition must be satisfied. Further information in respect of the performance criteria for the Performance Rights is contained on pages 31 to 33.

Performance Rights will not vest unless specified performance conditions have been satisfied during the applicable performance period (unless otherwise determined by the Plan Committee). The Plan Committee retains the discretion under the Plan to vary the terms of Performance Rights by changing or waiving any applicable performance conditions, reducing any applicable performance period, determining a new share acquisition date or period end and, where applicable, determining a new first or last exercise date (at any time and in any particular case).

Change of Control Provisions

Unless otherwise determined by the Plan Committee, if a change of control event occurs, all of a participant's Performance Rights will vest even though any applicable performance conditions may not have been satisfied at that time. A change of control event means:

- a person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company as a result of a takeover bid or through a scheme of arrangement; or
- any other event (including a merger of the Company with another company) which the Board determines in its absolute discretion, to be a change of control event.

Lapse of Performance Rights

Unless otherwise determined by the Plan Committee, all unvested Performance Rights held by a participant will lapse in certain circumstances, including if:

- the participant voluntarily resigns from their employment or is dismissed from their employment for a reason which entitles the employer to terminate the employment without notice; or
- any applicable performance conditions are not satisfied, met or reached by the end of the applicable performance period (or any extended performance period).

If a participant ceases employment in various other circumstances before the end of the performance period applicable to their unvested Performance Rights, then (unless the Plan Committee determines otherwise) only a proportion of those Performance Rights will lapse. This proportion will be determined by reference to the fraction of the performance period during which the employee will not be an employee.

Share trading policy

The trading of shares issued to participants under the LTIP arrangements is subject to, and conditional upon, compliance with the Company's employee share trading policy. The Company would consider a breach of this policy as gross misconduct which may lead to disciplinary action and, potentially, dismissal.

Performance Rights grants

The terms and conditions of each grant of Performance Rights (PRs) under the LTIP affecting the amount of remuneration disclosed in current or future reporting periods is shown in the table below:

GRANT NAME	Grant Date	Performance period	Exercise Price	Fair Value per PR at grant date	% Vested
2011-Tranche 1	1 October 2010	1 July 2010 to 30 June 2012	$nil	$0.80	97.5%
2011-Tranche 2	1 October 2010	1 July 2010 to 30 June 2013	$nil	$0.80	86.3%
2011-Tranche 3	1 October 2010	1 July 2010 to 30 June 2014	$nil	$0.80	0%[2]
2012-Tranche 1	26 June 2012	1 July 2011 to 30 June 2013	$nil	$0.36	70.1%
2012-Tranche 2	26 June 2012	1 July 2011 to 30 June 2014	$nil	$0.36	0%[3]
2012-Tranche 3	26 June 2012	1 July 2011 to 30 June 2015	$nil	$0.36	0%
2013-Tranche 1	26 June 2012	1 July 2012 to 30 June 2014	$nil	$0.36	0%[3]
2013-Tranche 1[1]	26 June 2012	1 July 2012 to 30 June 2014	$nil	$0.47	0%[3]
2013-Tranche 2	26 June 2012	1 July 2012 to 30 June 2015	$nil	$0.36	0%
2013-Tranche 2[1]	26 June 2012	1 July 2012 to 30 June 2015	$nil	$0.47	0%[3]
2013-Tranche 3	26 June 2012	1 July 2012 to 30 June 2016	$nil	$0.36	0%
2013-Tranche 3[1]	26 June 2012	1 July 2012 to 30 June 2016	$nil	$0.47	0%[3]
2013-CEO Sign-on bonus	27 August 2012	27 August 2012 to 27 August 2014	$nil	$0.46	0%[4]
2014-Tranche 1	22 November 2013	1 July 2013 to 30 June 2015	$nil	$0.34	0%
2014-Tranche 1	22 November 2013	1 July 2013 to 30 June 2016	$nil	$0.34	0%
2014-Tranche 1	22 November 2013	1 July 2013 to 30 June 2017	$nil	$0.34	0%
2014-Special Performance Incentive[5]	22 November 2013	1 July 2013 to 30 June 2015	$nil	$0.40	0%

1 PRs granted to R Gurney which were approved at the 2012 AGM.
2 50.5% of 2011-Tranche 3 vested after 30 June 2014 but before the date of signing this report.
3 The Performance conditions for the 2012-Tranche 2 and 2013-Tranche 1 were not met and 100% of these PRs lapsed. These PRs lapsed after 30 June 2014 but before the date of signing this report. 100% of the PRs relating to R Gurney for 2013-Tranche 2 and 2013-Tranche 3 have now lapsed.
4 100% of the 2013-CEO Sign-on bonus is expected to vest on 27 August 2014.
5 PRs granted to R Gurney which were approved at the 2013 AGM. 100% of the 2014 special performance incentive bonus have now lapsed.

PRs awarded under the LTIP carry no dividend or voting rights. When exercisable, each PR is convertible into one ordinary share. The Company does not have an option plan and no KMP or executives receive options.

Awards made for the year ended 30 June 2011

Awards were made under the Plan for the year ended 30 June 2011 (beginning from the date of the Merger, being 1 October 2010) and no amount was paid or is payable by participants in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of Performance Rights. The share price used in calculating the number of shares awarded to participants was $0.80, which was the 5 day volume weighted average price (VWAP) of HLO on the grant date of 1 October 2010.

The award made under the Plan for the year ended 30 June 2011 comprises 3 tranches, each with a separate Performance Period of 2, 3 or 4 years respectively as follows:

TRANCHE	Proportion of award	Performance period length	Performance period dates for Performance Rights for FY2011
1	50%	2 years	1 July 2010 – 30 June 2012
2	25%	3 years	1 July 2010 – 30 June 2013
3	25%	4 years	1 July 2010 – 30 June 2014

Performance Rights that do not meet the performance conditions will not vest except in limited circumstances such as change of control.

Performance Conditions for Awards made for the year ending 30 June 2011

The Performance Rights granted for the year ended 30 June 2011 are subject to performance conditions linked to growth in the Company's Adjusted EPS[1]. The Adjusted EPS performance conditions are determined by reference to cumulative basic Adjusted EPS, aggregated over the applicable performance period, measured against a specified Adjusted EPS target. External advice was sought when establishing the LTIP and the advisors recommended that EPS was the most appropriate performance condition to be used.

To achieve vesting, the aggregate Adjusted EPS performance for each performance period must meet or exceed the applicable targets determined by the Plan Committee.

Minimum Adjusted EPS performance is 90% of the Adjusted EPS target pool while maximum Adjusted EPS performance is 110% of the Adjusted EPS target pool. For the Performance Rights to vest, the aggregate Adjusted EPS performance condition for each performance period must meet or exceed the respective targets. As set out in the following table, 50% of the award vests at minimum Adjusted EPS performance, while 100% vests at maximum Adjusted EPS performance with straight line vesting in between.

Target pool determined by cumulative compound Adjusted EPS growth over the performance period	Portion of grant vesting
< 90% of target	0%
90% of target	50%
> 90% but < 110% of target	Pro-rata on a straight line basis from 50% to 100%
> 110% of target	100%

Performance conditions for 2011 – Tranche 1 were met with 97.5% of the Performance Rights vesting in 2012.

Performance conditions for 2011 – Tranche 2 were met with 86.25% of the Performance Rights vesting in 2013.

Performance conditions for 2011 – Tranche 3 were met with 50.52% of the Performance Rights vesting after 30 June 2014 but before the date of this report.

1 Adjusted EPS is EPS adjusted for significant, non-recurring and/or unusual items as approved by the RNC. Adjusted EPS is a financial measure which is not prescribed by Australian Accounting Standards but is a measure used by the RNC to assess the vesting of performance rights.

Awards made for the years ending 30 June 2012, 30 June 2013 and 30 June 2014

Awards were made under the Plan for the years ending 30 June 2012, 30 June 2013 and 30 June 2014 and no amount is to be paid or payable by participants in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of Performance Rights.

Each award made under the Plan for the years ending 30 June 2012, 30 June 2013 and 30 June 2014 comprises 3 tranches, each with a separate Performance Period of 2, 3 or 4 years respectively as follows:

TRANCHE	Proportion of award	Performance period length	Performance period dates for Performance Rights granted for FY2012	Performance period dates for Performance Rights granted for FY2013	Performance period dates for Performance Rights granted for FY2014
1	33%	2 years	1 July 2011 – 30 June 2013	1 July 2012 – 30 June 2014	1 July 2013 – 30 June 2015
2	33%	3 years	1 July 2011 – 30 June 2014	1 July 2012 – 30 June 2015	1 July 2013 – 30 June 2016
3	34%	4 years	1 July 2011 – 30 June 2015	1 July 2012 – 30 June 2016	1 July 2013 – 30 June 2017

Performance Rights that do not meet the performance conditions will not vest except in limited circumstances such as change of control.

Performance Conditions for Awards made for the years ended 30 June 2012, 30 June 2013 and 30 June 2014

The Performance Rights awarded for the years ended 30 June 2012, 30 June 2013 and 30 June 2014 are subject to the same performance conditions as the award for the year ended 30 June 2011 i.e. growth in the Company's Adjusted EPS. The Adjusted EPS performance conditions are determined by reference to cumulative basic Adjusted EPS, aggregated over the applicable performance period, measured against a specified Adjusted EPS target.

To achieve vesting, the aggregate Adjusted EPS performance for each performance period must meet or exceed the applicable targets determined by the Plan Committee.

As set out in the table on page 31 minimum Adjusted EPS performance is 90% of the EPS target while maximum EPS performance is 110% of the Adjusted EPS target. For the Performance Rights to vest, the aggregate Adjusted EPS performance condition for each performance period must meet or exceed the respective targets.

Performance conditions for 2012 – Tranche 1 were met with 70.09% of the Performance Rights vesting in 2013.

Performance conditions for 2012 Tranche 2 and 2013 Tranche 1- were not met with all Performance Rights lapsing after 30 June 2014 but before the date of this report.

Awards made in relation to the former CEO sign-on bonus

Awards were made under the Plan to R Gurney as a 'sign-on bonus' following his appointment as Managing Director and Chief Executive Officer effective 27 August 2012. No amount is to be paid or is payable by R Gurney in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of Performance Rights. The vesting date of the Performance Rights is the second anniversary of R Gurney's commencement date, that is, 27 August 2014.

Performance Conditions for Awards made in relation to the former CEO sign-on bonus

The Performance Rights awarded to the CEO as his sign-on bonus are subject to a time-based vesting condition with the vesting date being the second anniversary of his commencement date with the Company, that is, on 27 August 2014. The Performance Rights will lapse if, prior to the vesting date, the CEO voluntarily resigns from his employment and completes the contractual notice period or his employment contract is terminated (unless the Plan Committee determines otherwise). No performance conditions apply to these Performance Rights as they were granted as an incentive for the CEO to join the company. Mr Gurney resigned as CEO and director on 28 March 2014 and continues to be employed by the company due to the notice period in his contract. His continued employment means that he is expected to meet the vesting conditions for the sign-on-bonus on 27 August 2014.

Awards made to the former CEO – Special Performance Incentive

An award was made under the plan for the year ended 30 June 2014 for the CEO Special Performance Bonus. No amount was paid or is payable in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of these Performance Rights. The share price used in calculating the number of shares awarded was $0.40, which is the allocation price determined by the Plan Committee. The award covers the period 1 July 2013 to 30 June 2015.

Performance Rights that do not meet the performance conditions will not vest unless those performance conditions are met, except in limited circumstances such as change in control.

Performance Conditions for Awards made in relation to the CEO Special Performance Incentive

Performance Rights awarded for the CEO Special Incentive Bonus for the year ended 30 June 2014 are subject to performance conditions linked to Company's consolidated profit after income tax for FY15 as reported in the Company's audited consolidated income statement for FY15, subject to any adjustment in relation to exceptional items as determined by the Plan Committee in its discretion ("**PAT**"). For the purposes of this performance condition, the Plan Committee has set threshold and maximum targets, having regard to the business plan and strategy approved by the Board.

To achieve vesting, the FY15 PAT must meet or exceed the threshold target determined by the Plan Committee.

1,000,000 PRs (being 40% of the grant) will vest if the threshold target PAT is satisfied, while 2,500,000 PRs (being 100% of the grant) will vest if the maximum target is achieved or exceeded, with straight line vesting in between.

PAT	Portion of PRs vesting
Below threshold target	0%
At threshold target	40%
Between threshold and maximum targets	Pro-rata on a straight line basis from 40% to 100%

Mr Gurney resigned as CEO and director on 28 March 2014 and as a result all Performance Rights under this award have lapsed.

Awards made in relation to the appointment of the new CEO on 28 March 2014

Subject to shareholder approval, at the 2014 AGM the CEO will be awarded Performance Rights to the value of 40% of FAR deliverable through the Helloworld Limited Long Term Incentive Plan on the following terms:

- number of PRs to be calculated as 40% of FAR divided by the HLO share price on a date determined by the Board;
- vesting in three equal, annual instalments at no cost to the CEO; and
- performance hurdle of Adjusted EPS growth of 10% per annum for each of the years ending 30 June 2015, 30 June 2016 and 30 June 2017.

(f) Use of remuneration consultants

No remuneration consultants were appointed in relation to the year ended 30 June 2014.

(g) Voting and comments made at the Company's 2013 Annual General Meeting

More than 98% of the votes cast at the 2013 AGM were in favour of the resolution for adoption of the Remuneration Report. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

(h) Details of remuneration

Details of the remuneration of the Directors and other KMP of the Group (as defined in AASB *124 Related Party Disclosures*) are set out in the following tables.

Non-monetary benefits

Non-monetary benefits, as disclosed in the remuneration tables, include salary sacrifice components such as motor vehicles, memberships of appropriate professional associations and reportable fringe benefits under Fringe Benefits Tax legislation.

Directors' and officers' liability insurance has not been included in the remuneration since it is not possible to determine an appropriate allocation basis.

Remuneration of Directors and KMP of the Group

Table 1: Remuneration for the year ended 30 June 2014

	Short term benefits			Long term benefits		Post-employment benefits			
	Salary and fees $	STIP cash bonus[1] $	Other benefits $	Long service leave[2] $	LTIP share based payment[3] $	Pension and Super-annuation benefits[4] $	Termination benefits $	Total $	Proportion of remuneration performance related[5] $
NON-EXECUTIVE DIRECTORS									
S Bennett	100,686	–	–	–	–	9,314	–	110,000	–
A Cummins	100,686	–	–	–	–	9,314	–	110,000	–
T Dery (Chairman)	207,225	–	–	–	–	17,775	–	225,000	–
A John[6]	110,000	–	–	–	–	–	–	110,000	–
B Johnson	109,840	–	–	–	–	10,160	–	120,000	–
J M Millar	114,417	–	–	–	–	10,583	–	125,000	–
Sub-total Non-executive Directors	**742,854**	**–**	**–**	**–**	**–**	**57,146**	**–**	**800,000**	**–**
OTHER KMP									
E Gaines[7,8] CEO & Executive Director	646,404	400,000	–	4,669	36,768	17,775	–	1,105,616	39%
R Carstensen[10] GM Air Services	516,740	326,600	–	2,981	(6,116)	17,775	–	857,980	37%
P Egglestone[9] Head of Wholesale	287,474	60,000	–	11,595	(3,452)	17,775	–	373,392	15%
G Leighton[9] CEO New Zealand	322,989	100,500	4,466	–	(3,268)	–	–	424,687	23%
R Gurney[7] Former CEO & Executive Director	821,283	284,750	–	–	79,500	17,775	–	1,203,308	30%
Sub-total Other KMP	**2,594,890**	**1,171,850**	**4,466**	**19,245**	**103,432**	**71,100**	**–**	**3,964,983**	
TOTAL	**3,337,744**	**1,171,850**	**4,466**	**19,245**	**103,432**	**128,246**	**–**	**4,764,983**	

Notes to Table 1

1. Short Term Incentive Plan (STIP) cash bonus amounts are those earned during the current financial year and provided for in the current year's financial statements. These amounts were settled in cash after 30 June 2014.
2. Represents the movement in the provision for long service leave entitlements for the period in relation to that individual KMP as recorded in the financial statements of the Group according to AASB *119 Employee Benefits*. Accordingly, amounts in this component of remuneration can be negative, particularly where long service leave is taken during the year.
3. Represents the share-based payments expense for the period in relation to that individual KMP as recorded in the financial statements of the Group according to AASB *2 Share-based Payment*. Share-based payments arise as a result of the grant of Performance Share Rights to KMPs under the Group's Long Term Incentive Plan (LTIP).
4. Amounts disclosed as Pension and Superannuation Benefits represent the proportion of remuneration paid to complying Superannuation funds in accordance with legislative requirements, individual contract terms or structuring elections made by directors or executives. Where amounts in other component columns in the Remuneration Report are shown on an accruals basis and these will attract corresponding future Pension or Superannuation contributions, these accrued Pension or Superannuation elements are added to the gross accrual amounts shown under the other respective components of the Remuneration Report.
5. The proportion of remuneration that is performance based is calculated as the sum of the STIP cash bonus, LTIP share-based payment and other bonus amounts included in other benefits as a proportion of total remuneration.
6. Amounts disclosed in the table as Salary and fees in relation to A John were paid to Qantas Airways Limited rather than to A John and therefore did not attract a superannuation contribution.
7. R Gurney resigned as CEO and as a director of the Group on 28 March 2014 and E Gaines was appointed as CEO on that date. R Gurney continues to be employed by the group until September 2014 as he is serving his contracted notice period.
8. An entity within the consolidated Group has an amount of $96,028 receivable from E Gaines in relation to a previous share option plan. This bears interest at 5.95% being the benchmark interest rate for Fringe Benefits Tax purposes as published by the Australian Taxation Office (ATO). The amount is only repayable on sale of certain shares associated with the plan which are currently subject to escrow and transfer restrictions
9. G Leighton and P Egglestone became KMP on 1 July 2013; both were employed by the Group at this time.
10. The STIP bonus shown for R Carstensen includes an amount of $183,000 which relates to the June 2013 STIP bonus.

Table 2: Remuneration for the year ended 30 June 2013

	Short term benefits			Long term benefits		Post-employment benefits			
	Salary and fees $	STIP cash bonus[1] $	Non-monetary benefits $	Long service leave[2] $	LTIP share based payment[3] $	Pension and Superannuation benefits[4] $	Termination benefits $	Total $	Proportion of remuneration performance related[5] $
NON-EXECUTIVE DIRECTORS									
S Bennett	100,917	–	–	–	–	9,083	–	110,000	–
A Cummins	100,917	–	–	–	–	9,083	–	110,000	–
T Dery (Chairman)	209,225	–	–	–	–	16,470	–	225,695	–
A John[6]	110,000	–	–	–	–	-	–	110,000	–
B Johnson[7]	105,459	–	–	–	–	4,541	–	110,000	–
A MacKenzie[8]	55,000	–	–	–	–	-	–	55,000	–
J M Millar	114,679	–	–	–	–	10,321	–	125,000	–
P Spathis[9]	38,226	–	–	–	–	3,440	–	41,666	–
Sub-total Non-executive Directors	**834,423**	**–**	**–**	**–**	**–**	**52,938**	**–**	**887,361**	**–**
OTHER KMP									
R Gurney CEO & Executive Director	654,431	623,125	–	–	264,250	14,042	–	1,555,848	57.0%
E Gaines[10] COO & CFO & Executive Director	574,329	599,467	22,311	1,455	76,366	16,470	–	1,290,398	52.4%
M Londregan[11] Group GM Wholesale	341,409	–	–	30,750	(15,739)	16,470	–	372,890	0.0%
R Carstensen GM Air Services	529,170	226,400	–	1,465	55,492	34,497	–	847,024	33.3%
G Elliott[12] Group GM Online	210,076	–	17,660	51,696	(23,061)	8,235	–	264,606	0.0%
D Hughes[13] GM QBT	205,359	–	15,742	2,878	460	12,353	108,253	345,045	0.1%
A Slark[15] GM Corporate Affairs	287,325	100,000	–	11,397	38,183	16,470	–	453,375	30.5%
M Thompson[15] CEO Travelscene American Express	321,049	45,190	–	9,206	44,431	27,749	–	447,625	20.0%
P Lacaze[14] Former CEO & Executive Director	205,188	–	28,309	(688)	(86,477)	4,118	751,271	901,721	0.0%
Sub-total Other KMP	**3,328,336**	**1,594,182**	**84,022**	**108,159**	**353,905**	**150,404**	**859,524**	**6,478,532**	
TOTAL	**4,162,759**	**1,594,182**	**84,022**	**108,159**	**353,905**	**203,342**	**859,524**	**7,365,893**	

Notes to Table 2

1. Short Term Incentive Plan (STIP) cash bonus amounts are those earned during the current financial year and provided for in the current year's financial statements. These amounts were settled in cash after 30 June 2013.
2. Represents the movement in the provision for long service leave entitlements for the period in relation to that individual KMP as recorded in the financial statements of the Group according to AASB 119 *Employee Benefits.* Accordingly, amounts in this component of remuneration can be negative, particularly where long service leave is taken during the year.
3. Represents the share-based payments expense for the period in relation to that individual KMP as recorded in the financial statements of the Group according to AASB 2 *Share-based Payment*. Share-based payments arise as a result of the grant of Performance Share Rights to KMPs under the Group's Long Term Incentive Plan (LTIP).
4. Amounts disclosed as Pension and Superannuation Benefits represent the proportion of remuneration paid to complying Superannuation funds in accordance with legislative requirements, individual contract terms or structuring elections made by directors or executives. Where amounts in other component columns in the Remuneration Report are shown on an accruals basis and these will attract corresponding future Pension or Superannuation contributions, these accrued Pension or Superannuation elements are added to the gross accrual amounts shown under the other respective components of the Remuneration Report.
5. The proportion of remuneration that is performance based is calculated as the sum of the STIP cash bonus and LTIP share-based payment amounts as a proportion of total remuneration.
6. Amounts disclosed in the table as Salary and fees in relation to A John were paid to Qantas Airways Limited rather than to A John and therefore did not attract a superannuation contribution.
7. Amounts disclosed in the table as Salary and fees in relation to B Johnson were paid for a period from 1 July 2012 to 31 December 2012 to Qantas Airways Limited rather than to B Johnson and therefore did not attract a superannuation contribution. From 1 January 2013, director's fees were paid directly to B Johnson and superannuation contributions were paid as per legislative requirements.
8. A MacKenzie resigned as a Director on 31 December 2012. Amounts disclosed in the table as Salary and fees in relation to A MacKenzie were paid to Europe Voyager N.V. rather than to A MacKenzie and therefore did not attract a superannuation contribution.
9. Director's fees for P Spathis covered the period from 1 July 2012 until 28 November 2012 due to resignation.
10. An entity within the consolidated Group has an amount of $89,775 receivable from E Gaines in relation to a previous share option plan. This bears interest at 6.45% being the benchmark interest rate for Fringe Benefits Tax purposes as published by the Australian Taxation Office (ATO). The amount is only repayable on sale of certain shares associated with the plan which are currently subject to escrow and transfer restrictions.
11. M Londregan resigned and left the Group on 24 June 2013.
12. G Elliott resigned and left the Group on 30 October 2012.
13. D Hughes resigned and left the Group on 31 March 2013.
14. P Lacaze resigned as a director of Helloworld Limited on 27 August 2012 and continued with the Group as an employee until 30 September 2012.
15. A Slark and M Thompson are no longer KMP from 1 July 2013, their employment with the Group continues.

(i) Service agreements

Remuneration and other terms of employment for KMP are formalised in continuing-term 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 table 3 below:

Table 3: Service agreements with KMPs

KMP	Base salary including superannuation[1]	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[2]
E Gaines[3] CEO & Executive Director	$750,000	6 months	6 months	In accordance with normal statutory entitlement
R Carstensen GM Air Services	$546,305	3 months	3 months	In accordance with normal statutory entitlement
P Egglestone Head of Wholesale	$300,000	3 months	3 months	In accordance with normal statutory entitlement
G Leighton CEO New Zealand	$312,180	3 months	3 months	In accordance with normal statutory entitlement
R Gurney[3] Former CEO & Executive Director	$850,000	6 months	6 months	In accordance with normal statutory entitlement

Notes to Table 3:

1 Base salaries quoted are for the year ended 30 June 2014.
2 Certain termination payments or benefits may not be payable in the case of summary dismissal or circumstances similar to that which would allow the Company to terminate employment without notice. There are no set end dates or termination dates under any of the contracts of employment in the table.
3 R Gurney resigned on 28 March 2014 with E Gaines being appointed as CEO on that date.

(j) Details of remuneration: share-based compensation and bonuses

The terms and conditions of each grant of Performance Rights (PRs) affecting remuneration in the current or a future period are detailed in the overview of executive remuneration policy and framework.

Details of PRs over ordinary shares in the Company provided as remuneration to each Director and KMP, details of amounts expensed and shown as remuneration in the remuneration tables and details of the percentage of potential bonuses earned during the year are set out on pages 39 to 42.

Table 4: Details of PRs for the year ended 30 June 2014

DIRECTOR OR KMP	Number of PRs at 30 June 2013	Number of PRs granted during this year	Value of PRs at grant date[1]	Value of PRs expensed & shown as remuneration during the year[2]	Maximum total value of grant yet to vest[3]	Number of PRs actually vested during the year[4]	Number of PRs lapsed during the year	Value of PRs that lapsed at lapse date	Number of PRs at 1 July 2014
NON-EXECUTIVE DIRECTORS									
E Gaines[5] CEO & Executive Director									
2011 Grant	75,000	–	–	($6,845)	–	32,344	5,156	$5,196	37,500
2012 Grant	201,499	–	–	($3,748)	$8,221	46,606	19,891	$18,619	135,002
2013 Grant	201,499	–	–	$2,176	$20,311	–	–	–	201,499
2014 Grant	–	369,162	$125,515	$45,185	$80,330	–	–	–	369,162
R Carstensen GM Air Services									
2011 Grant	54,500	–	–	($4,974)	–	23,503	3,747	$3,776	27,250
2012 Grant	146,423	–	–	($2,723)	$5,974	33,867	14,453	$13,529	98,103
2013 Grant	146,423	–	–	$1,581	$14,759	–	–	–	146,423
P Egglestone Head of Wholesale									
2011 Grant	60,000	–	–	($2,738)	–	12,938	2,062	$2,078	45,000
2012 Grant	91,514	–	–	($1,702)	$3,734	21,167	9,033	$8,456	61,314
2013 Grant	91,514	–	–	$988	$9,225	–	–	–	91,514
G Leighton CEO New Zealand									
2011 Grant	57,692	–	–	($2,633)	–	12,440	1,983	$1,998	43,269
2012 Grant	81,334	–	–	($1,513)	$3,318	18,812	8,028	$7,515	54,494
2013 Grant	81,334	–	–	$878	$8,198	–	–	–	81,334
R Gurney[5] Former CEO & Executive Director									
2013 Grant[6]	638,298	–	–	($108,000)	–	–	638,298	$178,723	–
Sign-on Grant	815,217	–	–	$187,500	$15,625	–	–	–	815,217
Special Performance Incentive[6]	–	2,500,000	$1,000,000	–	–	–	2,500,000	$700,000	–

Notes to Table 4

1. Calculated in accordance with AASB 2 *Share-based Payment*. The assessed value at grant date of PRs granted to the individual is allocated by tranche evenly over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are calculated taking into account the share price on grant date and the exercise price.
2. Calculated in accordance with AASB 2 *Share-based Payment*. Shown as a component of current year remuneration (see table 1).
3. The maximum value of PRs yet to vest has been determined as the amount of the grant date fair value of the PRs that is yet to be expensed (or shown as remuneration) in accordance with AASB 2 *Share-based Payment*.
4. The Performance conditions for the 2011 – Tranche 3 was met with 50.5% vesting. These PRs vested after 30 June 2014 but before the date of signing this report. The Performance conditions for the 2012 – Tranche 2 and 2013 – Tranche 1 were not met and these PRs lapsed after 30 June 2014 but before the date of signing this report.
5. R Gurney resigned on 28 March 2014 with E Gaines being appointed as CEO on that date.
6. The performance conditions for the 2013 Grant and the Special Performance Incentive were not met due to the resignation of the CEO with 100% of the grant lapsing.

Table 5: Details of PRs for the year ended 30 June 2013

DIRECTOR OR KMP	Number of PRs at 30 June 2012	Number of PRs granted during this year	Value of PRs at grant date[1]	Value of PRs expensed & shown as remuneration during the year[2]	Maximum total value of grant yet to vest[3]	Number of PRs actually vested during the year	Number of PRs lapsed during the year	Value of PRs that lapsed at lapse date	Number of PRs at 1 July 2013
NON-EXECUTIVE DIRECTORS									
P Lacaze[5] Former CEO & Executive Director									
2011 Grant	375,000	–	–	($86,477)	–	182,813	192,187	$72,984	–
R Gurney CEO & Executive Director									
2012 Grant	–	–	–	–	–	–	–	–	–
2013 Grant	–	638,298	$300,000	$108,000	$192,000	–	–	–	638,298
Sign-on Grant	–	815,217	$375,000	$156,250	$218,750	–	–	–	815,217
E Gaines CFO/COO & Executive Director									
2011 Grant	150,000	–	–	$13,284	$8,000	73,125	1,875	$656	75,000
2012 Grant	201,499	–	–	$36,968	$28,411	–	–	–	201,499
2013 Grant	201,499	–	–	$26,114	$46,425	–	–	–	201,499
M Londregan[6] Group GM Wholesale									
2011 Grant	68,250	–	–	($15,739)	-	33,272	34,978	$12,259	–
2012 Grant	117,541	–	–	–	–	–	117,541	$41,139	–
2013 Grant	117,541	–	–	–	–	–	117,541	$41,139	–
R Carstensen GM Air Services									
2011 Grant	109,000	–	–	$9,653	$5,813	53,138	1,362	$477	54,500
2012 Grant	146,423	–	–	$26,863	$20,646	–	–	–	146,423
2013 Grant	146,423	–	–	$18,976	$33,736	–	–	–	146,423
G Elliott[7] Group GM Online									
2011 Grant	100,000	–	–	($23,061)	–	48,750	51,250	$21,963	–
2012 Grant	146,347	–	–	–	–	–	146,347	$62,929	–
2013 Grant	146,347	–	–	–	–	–	146,347	$62,929	–
D Hughes[8] GM QBT									
2011 Grant	73,750	–	–	$460	$2,622	35,953	8,741	$3,685	29,056
A Slark GM Corporate Affairs									
2011 Grant	75,000	–	–	$6,642	$4,000	36,563	937	$328	37,500
2012 Grant	100,750	–	–	$18,484	$14,206	–	–	–	100,750
2013 Grant	100,750	–	–	$13,057	$23,213	–	–	–	100,750
M Thompson CEO Travelscene AmericanExpress									
2011 Grant	85,471	–	–	$7,569	$4,245	41,668	1,068	$374	42,735
2012 Grant	117,745	–	–	$21,602	$16,602	–	–	–	117,745
2013 Grant	117,745	–	–	$15,260	$27,128	–	–	–	117,745

Notes to Table 5

1 Calculated in accordance with AASB 2 Share-based Payment. The assessed value at grant date of PRs granted to the individual is allocated evenly over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are calculated taking into account the share price on grant date and the exercise price.
2 Calculated in accordance with AASB 2 Share-based Payment. Shown as a component of current year remuneration (see table 2).
3 The maximum value of PRs yet to vest has been determined as the amount of the grant date fair value of the PRs that is yet to be expensed (or shown as remuneration) in accordance with AASB 2 Share-based Payment.
4 The performance conditions for the 2011 – Tranche 2 and the 2012 Tranche 1 PRs were met with 86.3% and 70.9% vesting respectively. These PRs vested after 30 June 2013.
5 P Lacaze left the Group on 30 September 2012 and was replaced by R Gurney.
6 M Londregan left the Group on 24 June 2013.
7 G Elliott left the Group on 30 October 2012.
8 D Hughes left the Group on 31 March 2013.

Shares provided on vesting of Performance Rights

Details of ordinary shares in the Company provided as a result of the exercise of Performance Rights to each eligible director of Helloworld Limited and other KMP of the Group are set out below. For each Performance Right that vested one Helloworld Limited ordinary share was issued.

Table 6: Shares issued during the year on vesting of Performance Rights

NAME		Date of vesting of Performance Rights[1]	Number of ordinary shares issued on vesting of the Performance Rights	Value at share issue date[2]
DIRECTORS				
E Gaines	CEO & Executive Director	27 August 2013	78,950	$33,949
OTHER KMP				
R Carstensen	GM Air Services	27 August 2013	57,370	$24,669
P Egglestone	Head of Wholesale	27 August 2013	34,105	$14,665
G Leighton	CEO New Zealand	27 August 2013	31,252	$13,438

Notes to Table 6

1 The Performance Rights vested on 27 August 2013 with the ordinary shares issued on 18 September 2013 in accordance with the Plan Rules.
2 Based on the share price at issue date of 18 September 2013.

No amounts were paid by the directors or other KMP on the vesting of Performance Rights and the issue of ordinary shares in Helloworld Limited.

No amounts are unpaid on the shares issued.

Bonuses

For each cash bonus (STIP) included in the remuneration tables, the percentages of the available bonus that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

Table 7: Details of Bonuses

KMP			% of potential bonus earned during the year	% of potential bonus forfeited during the year[1]
E Gaines	CEO & Executive Director	2013	100%	0%
		2014	59%	41%
R Carstensen	GM Air Services	2013	42%	58%
		2014	60%	40%
P Egglestone[2]	Head of Wholesale	2014	50%	50%
G Leighton[2]	CEO New Zealand	2014	100%	0%
R Gurney	Former CEO & Executive Director	2013	100%	0%
		2014	45%	55%

Notes to Table 7

1 The percentage of the potential bonus that was forfeited as a result of Group profit, Business Unit performance or personal targets not being achieved.
2 G Leighton and P Egglestone became KMP on 1 July 2013; both were employed by the Group at this time.

The relative proportion of remuneration that is linked to performance and that which is fixed are as follows:

Table 8: Analysis of remuneration

KMP			Fixed remuneration	At risk STIP[2]	At risk LTIP[1]
E Gaines	CEO & Executive Director	2013	48%	46%	6%
		2014	61%	36%	3%
R Carstensen	GM Air Services	2013	67%	27%	6%
		2014	63%	38%	-1%
P Egglestone[3]	Head of Wholesale	2014	85%	16%	-1%
G Leighton[3]	CEO New Zealand	2014	77 %	24%	-1%
R Gurney	Former CEO & Executive Director	2013	43%	40%	17%
		2014	70%	24%	6%

Notes to Table 8

1 Since long term incentives are provided exclusively by way of Performance Rights, the percentages disclosed also reflect the value of the remuneration consisting of Performance Rights, based on the value of Performance Rights expensed during the year. Where applicable, the expense includes negative amounts for expenses reversed during the year due to a failure to satisfy the vesting conditions.
2 Includes STIP cash bonus and other short term bonuses.
3 G Leighton and P Egglestone became KMP on 1 July 2013; both were employed by the Group at this time.

(k) Equity investments held by KMP

The number of shares in the Company held during the financial year by each Director and other KMP of the Group, including their personally related parties, are set out below:

Table 9: Details of Shareholdings 2014

DIRECTOR OR KMP		Number of Shares at 30 June 2013	Received on the vesting of PRs	Other changes during the year	Number of Shares at 1 July 2014
S Bennett	Director	50,000	–	–	50,000
A Cummins	Director	952,998	–	–	952,998
T Dery	Chairman	–	–	–	–
A John	Director	–	–	–	–
B Johnson	Director	–	–	–	–
J M Miller	Director	40,000	–	–	40,000
E Gaines	CEO & Executive Director	1,121,423	78,950	–	1,200,373
R Carstensen	GM Air Services	434,337	57,370	–	491,707
P Egglestone[1]	Head of Wholesale	–	34,105	449,765	483,870
G Leighton[1]	CEO New Zealand	–	31,252	409,324	440,576
M Thompson[2]	Head of Strategic Partnerships	618,167	–	(618,167)	–
A Slark[2]	GM Corporate Affairs	36,563	–	(36,563)	–
R Gurney	Former CEO & Executive Director	–	–	–	–
TOTAL		**3,253,488**	**201,677**	**204,359**	**3,659,524**

1 Designated KMPs during the year. The net change does not represent an acquisition of shares.
2 A Slark and M Thompson are no longer KMP from 1 July 2013. The net change does not represent a disposal of shares.

(l) Loans to KMP

The Group has not made any loans to directors of HLO or other KMP including their close family members and entities related to them during the period.

(i) Aggregates for KMP

	Balance at the start of the year	Interest paid and payable for the year	Interest not charged	Repayments made during the year	Balance at the end of the year	Number in group at the end of the year
2014	89,755	6,273	–	–	96,028	1

In 2014 and 2013, there were no loans to individuals that exceeded $100,000 at any time.

(m) Other transactions with KMP

There were no other transactions with KMP.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received the declaration of independence on page 45 from PricewaterhouseCoopers, the auditor of HLO. 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 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 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 45 and forms part of the Directors' Report for the financial year ended 30 June 2014. Details of the amounts paid to PricewaterhouseCoopers, for audit and non-audit services are set out in note 21 of the Financial Statements on page 99 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 and Investments Commission (ASIC) Class Order 98/100. The Company is an entity to which the Class Order applies.

Made in accordance with a resolution of the Directors.

TOM DERY

Chairman, Helloworld Limited
Sydney, 27 August, 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Helloworld Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

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

K. Stubbins

Kristin Stubbins
Partner
PricewaterhouseCoopers

Sydney
27 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

CORPORATE GOVERNANCE STATEMENT

Overview

The Board of Helloworld Limited (**HLO** or **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, and ensures that, the executive management runs the Group in accordance with the highest level of ethics and integrity. It continually reviews the governance framework and practices to ensure it fulfils its corporate governance obligations.

This statement outlines the main corporate governance practices employed by the Board of HLO. HLO endorses the ASX *Corporate Governance Principles and Recommendations with 2010 Amendments (2nd Edition)* released in June 2010 by the ASX Corporate Governance Council (**ASX CGP**) and where it has not adopted a particular recommendation, a detailed explanation is provided in the body of this document.

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 enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

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 Chief Executive Officer (**CEO**) and senior executives.

The responsibilities of the Board as a whole, the Chairman and individual Directors are set out in the Company's Board Charter and are consistent with those set out in ASX CGP 1. A copy of the Board Charter is available from the Corporate Governance section of the Company's website at www.helloworldlimited.com.au.

To ensure that Non-Executive Directors clearly understand the requirements of their role, formal letters of appointment are provided to them. The content of the appointment letter is consistent with that set out in ASX CGP 1. The majority of the Non-Executive Directors have extensive knowledge of the whole or part of the Company's operations. New Non-Executive Directors are provided with a pack of information and documents relating to the Company including the Constitution, group structure, financial statements and the various Board policies and charters.

To ensure that Executive Directors clearly understand the requirements of the role, service contracts and formal job descriptions are provided to them, the content of which is consistent with ASX CGP 1.

Senior Executive Performance

The CEO undertakes an annual review of the performance of her direct reports against key performance indicators and provides a report to the Remuneration and Nominations Committee for further consideration. The Senior Executive review for the year ended 30 June 2014 was undertaken in August/September 2014 in accordance with this process.

The Chairman undertakes an annual review of the performance of the CEO against key performance indicators and provides a report to the Remuneration and Nominations Committee for further consideration. The CEO review for the year ended 30 June 2014 was undertaken in August 2014 in accordance with this process.

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 seven Directors appointed to the Board. The skills, experience and expertise of each Director and their period of office at the date of the 2014 Annual Report are set out in the Directors' Report on pages 10 to 14.

Director Independence

As at 30 June 2014, based on the definition of independence published in the ASX CGP, only two Directors, Chairman Tom Dery and James Millar, are deemed Independent Directors. The remainder of the Board is not technically independent for the following reasons:

- Adrian John is an executive of Qantas, the ultimate holding company of QH Tours Ltd, a substantial shareholder of HLO;
- Brett Johnson was until 31 December 2012 an executive of Qantas and, from 1 January 2013 has been paid a retainer by Qantas and does, when requested undertake certain work unrelated to HLO. Qantas is the ultimate holding company of QH Tours Ltd, a substantial shareholder of HLO and has a material business relationship with HLO as a supplier of product and a customer for distribution services;
- Andrew Cummins is Chairman of CVC Australia. CVC has an indirect majority interest in Europe Voyager NV, a substantial shareholder of HLO;
- Stephen Bennett has held senior management positions with UBS Australia Holdings Limited (UBS AHL) and previously acted as a consultant to UBS AHL. UBS AHL is a substantial shareholder of HLO; and
- Elizabeth Gaines is CEO of the Company.

As Mr Bennett no longer has any relationship or association with UBS AHL he now satisfies the definition of independence published in the ASX CGP and is deemed independent from 1 July 2014.

Independent Decision Making

A majority of the Board is not independent and the Company recognises that this is a departure from Recommendation 2.1 of the ASX CGP. QH Tours Ltd and Europe Voyager NV have each nominated members to the current Board. Those nominees bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities as non-executive 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 respective fields of expertise.

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

- a standard 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
- Directors meet independently of executive management on a regular basis.

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

Remuneration and Nominations Committee

The Remuneration and Nominations Committee's specific responsibilities are set out in the Committee's charter, which is available in the Corporate Governance section of the Company's website.

The Committee is chaired by Mr Andrew Cummins, a non-executive director of HLO.

The terms of reference, role and responsibility of the Remuneration and Nominations Committee are consistent with ASX CGP 2 except that, due to the small number of Independent Directors, the Committee does not have a majority of Independent Directors and the Chairman is not an independent director. The Chairman and members are however, considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

More information regarding the Committee is set out on page 51 in this Corporate Governance Statement under the heading 'Remunerating fairly and responsibly'.

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.

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 Chairman undertakes an annual assessment of the performance of individual directors and meets privately with each director to discuss this assessment. A director is nominated to review the individual performance of the Chairman and meets privately with him to discuss this assessment. The 2013 Board review was undertaken in November and December 2013, in accordance with the process set out above, and a further review will be undertaken in October 2014.

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 Standards of Conduct Policy is in place to promote ethical and responsible practices and standards for directors, employees and consultants of the Company to discharge their responsibilities. This Policy reflects the directors' and key officers' intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of this Standards of Conduct Policy is available to all employees and is also available in the Corporate Governance section of the Company's website. The terms of the Standards of Conduct Policy are consistent with ASX CGP3.

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 Corporate Governance Principles the Board has established the following measurable objectives in relation to gender diversity:

- The Board will actively seek suitable female 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 female candidate;
- 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 female candidates; and
- HLO has developed and implemented a 'keep in touch' program for employees on maternity leave including a support program for transition back into the workplace. This entails a formal program of the relevant staff members meeting with their supervisor every 3 months, invitations to staff functions, morning teas to keep in touch and refresher courses offered where required.

At 30 June 2014 the following was recorded:

	Number	%
Number of females on the Board	1	14.3
Proportion of females reporting to the CEO	7	47

The proportion of females on the Board and reporting to the CEO did not fall below the level as at 30 June 2013.

Proportion of women in the organisation

There are 651 female employees (representing 69%) in the Group and 33 female employees (representing 47%) who report to the CEO's direct reports.

Share trading

A Share Trading Policy is in place for directors, senior executives and employees. The objective of the policy is 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 and the terms are consistent with ASX CGP3.

Protected disclosures

The Group's Whistleblower 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 Whistleblower Policy is available to all HLO 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 Committee to assist the Board in the discharge of its responsibilities.

The Audit Committee consists of the following Non-Executive Directors:

- J M Millar (Chairman) (Independent)
- A John
- B Johnson
- T Dery (Independent)

The Audit Committee charter is available in the Corporate Governance section of the Company's website and the composition, operations and responsibilities of the Committee are consistent with ASX CGP 4, except that, due to the small number of Independent Directors, the Audit Committee does not have a majority of Independent Directors and as such is inconsistent with ASX CGP 4.2. The members are however considered to be the best qualified to serve on the Committee given their background and experience. The Committee is chaired by an independent director who is not the Chairman of HLO, Mr James M Millar.

Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report on pages 10 to 15.

The Board and Audit 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.

For the year ended 30 June 2014 there were no formal internal audit procedures performed. However, HLO Management has confirmed that appropriate control and reconciliation procedures were in place throughout the year. The Directors recognise that an Internal Audit function is a fundamental contributor to good governance and the Audit Committee are currently finalising the nature and scope of the internal audit function within the Group for the financial year ending 30 June 2015.

5 Timely and balanced disclosure

The Company has a written policy on information disclosure that focuses on continuous 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.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 5.

6 Rights of shareholders

The HLO 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. The HLO Annual Reports since 2007 are posted on the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operations of the Company at the Annual General Meeting. 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.

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 is responsible for ensuring that risks, as well as opportunities, are identified on a timely basis and receive an appropriate and measured response. A copy of the Risk Management Policy is located in the Corporate Governance section of the Company's website.

HLO has an Executive Committee (Exco) with the responsibility to, amongst other things, identify, assess, monitor and manage risks. The risk management performance of the Exco is monitored by the Audit Committee. Strategic, operational, financial and compliance related risks in each Business Unit have been identified and risk matrices prepared. Each risk matrix provides an overview of the key risks and a residual risk rating which includes assessment of the effectiveness of the risks that are being managed across the Group. The risk assessment is reviewed on an ongoing basis and is updated as and when required.

The Exco appointed an external specialist in business continuity planning who has assisted in establishing a robust and comprehensive set of plans that will ensure continuation of the Group's services to customers and stakeholders following disruption.

The Board has received a report from the Exco/ management as to the effectiveness of the Company's management of its material business risks.

The Board has also received assurance from the CEO that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Internal Audit

For the year ended 30 June 2014 there were no formal internal audit procedures performed. However, HLO Management has confirmed that appropriate control and reconciliation procedures were in place throughout the year. The Directors recognise that an Internal Audit function is a fundamental contributor to good governance and the Audit Committee are currently finalising the nature and scope of the internal audit function within the Group for the financial year ending 30 June 2015.

8 Remunerating fairly and responsibly

The HLO 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. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non-Executive Directors and no equity-based remuneration scheme exists for them.

Remuneration

The Board has established a Remuneration & Nominations Committee to assist the Board in the discharge of its duties. The Remuneration & Nominations Committee consists of the following Non-Executive Directors:

- S Bennett
- A Cummins (Chairman)
- T Dery
- B Johnson

The Remuneration & Nominations Committee charter is available in the Corporate Governance section of the Company's website. The composition, operations and responsibilities of the Committee is a departure from ASX CGP 8.2 for the reason explained above and, as a consequence, the Remuneration & Nominations Committee does not have a majority of independent directors and the Chairman is not an independent director. The Chairman and members of the Committee are however, considered to be the best qualified to serve their respective roles on the Committee given their background and experience.

Details of the Directors' qualifications and attendance at the Remuneration & Nominations Committee meetings are set out in the Directors' Report on pages 10 to 15.

Executive management

Remuneration packages for executive management are generally set to be competitive so as to both retain executives and attract experienced executives to the Company. Packages 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.

An equity based remuneration scheme was approved by shareholders at the 2011 AGM and implemented for executive management during the year ended 30 June 2011. Executive Directors participate in this scheme subject to shareholder approval.

CONSOLIDATED
INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	CONSOLIDATED 2014 $'000	2013 $'000 (restated)[1]
REVENUE	4	**291,671**	**332,763**
Employee benefits expenses	4	(132,527)	(152,152)
Advertising, selling and marketing expenses		(66,578)	(66,863)
Communication and technology expenses		(18,160)	(20,031)
Occupancy and rental expenses		(13,908)	(15,224)
Operating expenses		(39,470)	(37,323)
Depreciation and amortisation	4	(14,032)	(10,805)
Fair value loss on Investment Property		–	(246)
Impairment of goodwill	4	(59,500)	–
Loss on disposal of investments	31	(5,473)	–
Share of net profits of associates accounted for using the equity method	12	165	136
OPERATING (LOSS)/PROFIT		**(57,812)**	**30,255**
Finance expense	5	(3,354)	(3,601)
(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE		**(61,166)**	**26,654**
Income tax expense	7	(2,077)	(10,294)
(LOSS)/PROFIT AFTER INCOME TAX EXPENSE		**(63,243)**	**16,360**
LESS PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**(104)**	**(180)**
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF HELLOWORLD LIMITED		**(63,347)**	**16,180**

(Loss)/earnings per share (EPS) attributable to owners of Helloworld Limited

	Note	2014	2013
Basic (loss)/earnings per share (cents)	9	(14.38)	3.68
Diluted (loss)/earnings per share (cents)	9	(14.38)	3.63

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

The Consolidated Income Statement should be read in conjunction with the accompanying notes set out on pages 57 to 125.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Note	CONSOLIDATED 2014 $'000	2013 $'000 (restated)[1]
(LOSS)/PROFIT AFTER INCOME TAX		**(63,243)**	**16,360**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges	22(d)	(2,457)	1,994
Income tax on cash flow hedges	7(c)	873	(679)
Exchange differences on translation of foreign operations	22(d)	1,283	1,884
Exchange differences on entities disposed of taken to profit	22(d)	725	–
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain	18	2,080	4,079
Deferred tax expense on defined benefit plan	7(c)	(494)	(1,150)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		**2,010**	**6,128**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF INCOME TAX		**(61,233)**	**22,488**
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD IS ATTRIBUTABLE TO:			
Owners of Helloworld Limited		(61,337)	22,308
Non-controlling interests		104	180
		(61,233)	**22,488**

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

The Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 57 to 125.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Note	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000 (restated)[1]
CURRENT ASSETS			
Cash and cash equivalents	10	184,320	234,934
Trade and other receivables	11	105,470	112,501
Inventories		109	214
Derivative financial instruments		–	3,321
TOTAL CURRENT ASSETS		**289,899**	**350,970**
NON-CURRENT ASSETS			
Receivables		463	547
Investments accounted for using the equity method	12	942	821
Property, plant and equipment	13	20,506	24,234
Investment properties		175	175
Intangible assets	14	360,481	419,871
Deferred tax asset	15	7,205	7,063
Defined benefit asset	18	2,910	1,260
Other non-current assets		658	198
TOTAL NON-CURRENT ASSETS		**393,340**	**454,169**
TOTAL ASSETS		**683,239**	**805,139**
CURRENT LIABILITIES			
Trade and other payables	16	197,382	236,951
Borrowings	17	892	1,991
Provisions	19	12,752	15,086
Deferred revenue	20	66,019	75,992
Derivative financial instruments		2,710	321
Income tax payable		19	6,895
TOTAL CURRENT LIABILITIES		**279,774**	**337,236**
NON-CURRENT LIABILITIES			
Borrowings	17	23,345	23,025
Provisions	19	1,370	1,793
Other non-current liabilities		1,762	1,202
TOTAL NON-CURRENT LIABILITIES		**26,477**	**26,020**
TOTAL LIABILITIES		**306,251**	**363,256**
NET ASSETS		**376,988**	**441,883**
EQUITY			
Contributed equity	22	278,822	278,822
Other reserves	22	160,164	159,899
(Accumulated losses)/retained earnings	22	(62,070)	1,894
		376,916	**440,615**
Capital and reserves attributable to equity holders of Helloworld Limited		376,916	440,615
Non-controlling interests		72	1,268
TOTAL EQUITY		**376,988**	**441,883**

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies and Note 14 for details regarding the restatement as a result of an error.

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 57 to 125.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

CONSOLIDATED $'000	Contributed Equity	Other Reserves	(Accumulated Losses)/ Retained Earnings	Total	Non-controlling Interests	Total Equity
Balance at 1 July 2012 (restated[1])	**278,822**	**156,166**	**(12,815)**	**422,173**	**1,021**	**423,194**
Profit after income tax	–	–	16,180	16,180	180	16,360
Other comprehensive income	–	3,199	2,929	6,128	–	6,128
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**–**	**3,199**	**19,109**	**22,308**	**180**	**22,488**
Transactions with owners in their capacity as owners net of tax:						
Dividends paid[2]	–	–	(4,400)	(4,400)	–	(4,400)
Long term incentive plan						
Shares purchased on market	–	(35)	–	(35)	–	(35)
Expensed during the year	–	569	–	569	–	569
Transactions with non-controlling interests:						
Acquisitions	–	–	–	–	67	67
BALANCE AT 30 JUNE 2013 (RESTATED[1])	**278,822**	**159,899**	**1,894**	**440,615**	**1,268**	**441,883**
Balance at 1 July 2013	**278,822**	**159,899**	**1,894**	**440,615**	**1,268**	**441,883**
(Loss)/profit after income tax	–	–	(63,347)	(63,347)	104	(63,243)
Other comprehensive income	–	424	1,586	2,010	–	2,010
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**–**	**424**	**(61,761)**	**(61,337)**	**104**	**(61,233)**
Transactions with owners in their capacity as owners net of tax:						
Dividends paid[2]	–	–	(2,203)	(2,203)	–	(2,203)
Long term incentive plan						
Shares purchased on the market	–	(246)	–	(246)	–	(246)
Expensed during the year	–	87	–	87	–	87
Transactions with non-controlling interests:						
Acquisitions	–	–	–	–	8	8
Dividends paid	–	–	–	–	(324)	(324)
Disposals	–	–	–	–	(984)	(984)
BALANCE AT 30 JUNE 2014	**278,822**	**160,164**	**(62,070)**	**376,916**	**72**	**376,988**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.
2 Dividends were paid from the retained earnings of the parent company, Helloworld Limited.

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 57 to 125.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Note	CONSOLIDATED 2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from course of operations (inclusive of GST)		2,731,200	2,823,629
Payments to suppliers and employees (inclusive of GST)		(2,757,048)	(2,783,430)
Interest received		5,073	6,085
Interest paid		(2,350)	(3,601)
Income taxes paid		(7,720)	(7,226)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	23	**(30,845)**	**35,457**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(3,696)	(2,889)
Payments for intangibles		(9,331)	(7,023)
Payments for investments in controlled entities	31	(1,786)	–
Proceeds from disposal of investments, net of client cash disposed	31	(3,016)	–
Proceeds from disposal of property, plant and equipment		200	501
Proceeds from disposal of intangibles		84	–
Dividends paid to minority shareholder		(324)	–
Contributions from minority shareholder		8	–
Dividends received from associates	12	48	185
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(17,813)**	**(9,226)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,675	6,323
Repayment of borrowings		(4,963)	(11,801)
Purchase of shares on market	22	(246)	(35)
Dividends paid to company shareholders	8	(2,203)	(4,400)
Borrowing costs paid and capitalised		(1,143)	–
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(4,880)**	**(9,913)**
Net (decrease)/increase in cash and cash equivalents held		(53,538)	16,318
Cash and cash equivalents at the beginning of the year		234,934	216,495
Effects of exchange rate changes on cash and cash equivalents		2,924	2,121
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**184,320**	**234,934**

Non-cash financing and investing activities

For information on the Group's non cash financing and investing activities refer to note 23 in the financial statements.

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 57 to 125.

NOTES TO THE FINANCIAL STATEMENTS

1. Reporting entity

Helloworld Limited ("HLO" or the Company) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the ASX. The consolidated financial statements for the year ended 30 June 2014 comprises Stella Travel Services Holdings Pty Limited (STSH), as the accounting parent, and its subsidiaries (together referred to as "HLO", the "Group" or the "Consolidated Entity").

Helloworld Limited changed its name from Jetset Travelworld Limited on 2 December 2013, and the Company's ASX code changed from JET to HLO.

The financial statements of the Group for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 27 August 2014. The directors have the power to amend and reissue the financial statements.

The nature of the operations and principal activities of the Group are described in the Directors' Report. HLO is a for-profit entity.

2. Basis of preparation

(a) Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) 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 (IASB).

(b) Historical cost convention

These financial statements have been prepared on a historical cost basis, except for the following:

- available for sale financial assets, financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment and investment property measured at fair value;
- assets held for sale- measured at fair value less cost of disposal; and
- retirement benefit obligations – plan assets measured at fair value.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

(d) Rounding of amounts

The company is of a kind referred to in Australian Securities & Investments Commission Class Order (CO) 98/100 and in accordance with the CO, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, or in certain cases the nearest dollar.

(e) Comparative periods

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

(f) Use of critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates, judgments and assumptions that affect the application of 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 in the period in which the estimate is revised and in any future periods affected.

Significant accounting estimates and assumptions

(i) Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units (CGUs) to which the goodwill and intangibles with indefinite useful lives are allocated.

The key assumptions used in this estimation of recoverable amount of goodwill and intangibles with indefinite useful lives are outlined in note 14.

(ii) Commission revenue

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 HLO. These factors include:

- a significant portion of 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 commission rates applicable to these forecast levels;
- the differing commencement dates of the commission contracts mean that commissions may have to be estimated for contracts for which the applicable commission rates have not been finalised and agreed between the parties; and
- periodic renegotiation of terms and contractual arrangements with the suppliers of travel products may result in additional volume/incentives, rebates or other bonuses being received which relate to past performance and are not specified in existing contracts.

The accounting policy for commission revenue, incentives and rebates is set out in note 3(e).

(iii) Defined Pension benefits

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of the pension obligations.

The Group determines the discount rate at the end of each year. This is the interest rate that should be used to determine the present value of the estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate the group considers the interest rates of Australian Dollar treasury bonds, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 18.

(iv) Accounting for the GST legal case

The Group is currently involved in a legal case with the Australian Taxation Office in relation to a GST matter. Additional information in relation to the matter is disclosed in note 7(g).

3. Significant accounting policies

The principle accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Helloworld Limited and its controlled entities.

(a) Principles of consolidation

(i) Reverse Acquisition Accounting

On 30 September 2010, HLO (at the time JTL) completed a Merger with Stella Travel Services Holdings Pty Limited (STSH). In accordance with accounting standards, this merger has been accounted for as a reverse acquisition business combination. This reverse acquisition business combination supersedes the reverse acquisition business combination that arose from the Merger of Helloworld Limited (at the time Jetset Travelworld Limited), Qantas Holidays Limited and QBT Pty Limited in July 2008.

In applying the requirements of AASB 3 Business Combinations to the Group:

(i) Helloworld Limited is the legal parent entity to the Group; and

(ii) STSH, which is neither the legal parent nor legal acquirer, is deemed to be the accounting acquirer.

The consolidated financial information incorporated the assets and liabilities of all entities deemed to be acquired by STSH including Helloworld Limited and its controlled entities and the results of these entities for the period from which those entities are accounted for as being acquired by STSH. The assets and liabilities of Helloworld Limited and its controlled entities acquired by STSH were recorded at fair value whilst the assets and liabilities of STSH and its controlled entities were maintained at their book value. The impact of all transactions between entities in the Group were eliminated in full.

AASB 3 Business Combinations requires that consolidated financial statements prepared following a reverse acquisition shall be issued under the name of the legal parent (i.e. HLO), but be a continuation of the financial statements of the legal subsidiary (i.e. STSH, the acquirer for accounting purposes).

(ii) Subsidiaries included in the financial report

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Helloworld Limited as at 30 June 2014 and the results of all subsidiaries for the year then ended. Helloworld Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured 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 de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 31).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the separate financial statements of Helloworld Limited and other individual entity financial statements within the Group.

(iii) Accounting for associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of 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. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, 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. The Group reviews the carrying value of the investment in associates for impairment annually. Any identified impairment is recorded as an impairment charge in the profit or loss.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) 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 value of the controlling and non-controlling interests to reflect their relative interests in a 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 Limited.

When the Group ceases to have control, joint 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. The fair value is 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 other comprehensive income 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 other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint arrangement or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) New and amended standards

(i) New and amended standards adopted by the Group

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

- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period*
- AASB 10 Consolidated Financial Statements, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates* and *Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint* Arrangements Standards
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel* Disclosure requirements
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from* AASB 13
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from* AASB 119 (September 2011)
- AASB 2012-5 *Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 Cycle*, and
- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures -Offsetting Financial Assets and Financial Liabilities.*

The adoption of AASB 119 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. These are explained and summarised in note 3(b)(iii) below. The other standards only affected the disclosures in the notes to the financial statements.

(ii) New standards and interpretations not yet adopted

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

AASB 9 *Financial Instruments*

AASB 9 *Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities, partially replacing AASB 139 *Financial instruments: Recognition and measurement*. This standard is available for early adoption however will not become mandatory for the Group's financial statements until 1 January 2017. The Group has not yet decided when to adopt AASB 9 and has not yet determined the potential effect of the standard.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iii) Changes in accounting policies

As explained above, the Group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

Employee benefits

The adoption of the revised AASB 119 *Employee Benefits* resulted in a change to the entity's accounting policy which affected items recognised in the financial statements.

- All past service costs are now recognised immediately in profit or loss. The Group had no unrecognised past service cost as at 1 July 2013 and therefore no adjustments were required.
- The amount of net defined benefit expense that is recognised in profit or loss under the revised standard is higher than the amount that would have been recognised under the previous standard.

The revised standard does not mandate where to present remeasurements in equity. Helloworld Limited has chosen to retain its previous policy of recognising remeasurements directly in retained earnings.

As the revised standard must be adopted retrospectively, adjustments to the defined benefit obligations have been recognised at the beginning of the earliest period presented (1 July 2012) and the income statement and statement of comprehensive income were restated for the comparative period.

The revised standard has also changed the accounting for the Group's annual leave obligations. The entity must now identify the portion of annual leave which is not expected to be taken within 12 months, and measure this on a discounted basis, with the total discounted amount classified as a short term obligation. The Group has assessed the impact of these requirements and determined that the impact of the change is not material.

The impact of the change in accounting policy for the year ended 30 June 2013 and 30 June 2014 was immaterial to the income statement. The impact of adopting the standard on the Consolidated Statement of Financial Position for 30 June 2012 and 30 June 2013 and the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income for the year 30 June 2013 is shown below:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION(EXTRACTS)	1 July 2013 (Previously stated) $'000	Impact of AASB 119 $'000	1 July 2013 (Restated) $'000	1 July 2012 (Previously stated) $'000	Impact of AASB 119 $'000	1 July 2012 (Restated) $'000
Non-current assets						
Defined benefit asset	216	1,044	1,260	–	–	-
Deferred tax asset	6,171	(313)	5,858	7,835	(341)	7,494
Non-current liabilities						
Defined benefit liability	–	–	–	(3,281)	1,135	(2,146)
Net assets	**441,152**	**731**	**441,883**	**422,400**	**794**	**423,194**
Equity						
Retained earnings/(accumulated losses)	1,163	731	1,894	(13,609)	794	(12,815)
Total equity	**441,152**	**731**	**441,883**	**422,400**	**794**	**423,194**

INCOME STATEMENT (EXTRACTS)	30 June 2013 (Previously stated) $'000	Impact of AASB 119 $'000	30 June 2013 (Restated) $'000
Employee benefits expenses	(151,673)	(479)	(152,152)
Operating result	30,734	(479)	30,255
Profit before income tax	27,133	(479)	26,654
Income tax expense	(10,438)	144	(10,294)
Profit after income tax	16,695	(335)	16,360
Less profit attributable to non-controlling interests	(180)	–	(180)
Profit attributable to owners of Helloworld Limited	16,515	(335)	16,180
Basic earnings per share (cents)	3.76	(0.08)	3.68
Diluted earnings per share (cents)	3.71	(0.08)	3.63

STATEMENT OF OTHER COMPREHENSIVE INCOME (EXTRACTS)

Defined benefit plan actuarial gain	3,691	388	4,079
Deferred tax on actuarial gain	(1,034)	(116)	(1,150)
Other comprehensive income for the period, net of income tax	**5,856**	**272**	**6,128**
Total comprehensive income for the period, net of income tax	**22,551**	**(63)**	**22,488**
Total comprehensive income for the period is attributable to:			
Owners of Helloworld Limited	22,371	(63)	22,308
Non-controlling interests	180	-	180
	22,551	**(63)**	**22,488**

Key Management Personnel Disclosure requirements

The adoption of AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure* requirements has removed the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures. This was done in order to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. This has reduced the disclosures that are currently required in the notes to the financial statements, and has not affected any of the amounts recognised in the financial statements.

(c) Segment reporting

The Group determines and presents Operating Segments based on the information that is internally provided to the Board, who are the Group's chief operating decision makers.

An Operating Segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of each segment are regularly reviewed by Helloworld Limited's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Corporate charges are only allocated to Operating Segments to the extent that they are considered part of the core operations of any segments.

(d) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated to the functional currency at the rates of exchange prevailing at the date of each transaction. At balance date, amounts receivable and payable in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate differences resulting from the settlement of such transactions and from translation of monetary assets and liabilities are brought to account as exchange gains or losses in the income statement in the year in which the exchange rates change, except where they are deferred in equity if they relate to qualifying cashflow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the income statement within finance costs. All other foreign exchange gains or losses are presented in the income statement on a net basis within other income or expense. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates prevailing at the dates the fair value was determined. All foreign exchange gains/losses are presented in the income statement within revenue or other expenses. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(ii) Investments in foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing exchange rate at the date of that consolidated statement of financial position;
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, 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.

(e) Revenue recognition

The principal activities of the Group are those of acting as an agent for tour, travel and accommodation providers for which the Group earns service revenue predominantly in the form of commissions, incentives and rebates.

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below:

(i) Rendering of services

Commission from the arrangement of tours, travel and travel-related products

Commissions from the arrangement of tours and travel are recognised when tickets, itineraries or travel documents are issued, consistent with an agency relationship. Revenue is recognised as the net amount of commission received or receivable by the Group.

Commissions from the arrangement of airline tickets are recognised when the tickets are issued. Revenue is disclosed as the net amount of commission received or receivable by the Group.

Commissions from travel-related products (e.g. insurance and foreign currency purchasing services) and incentives from suppliers are recognised as revenue when they are earned and the amount can be reliably measured. Revenue is disclosed as the gross amount of income received or receivable by the Group.

Override Commission Revenue

The general principles of override commission revenue recognition are summarised below.

The Group recognises override commission revenue once it is contractually entitled to receive this. Generally, override commission revenue is recognised once the passenger has flown/departed (for air and cruise) or the passenger has commenced their hotel stay.

There are separate contractual agreements with each supplier and the contractual periods of these agreements vary depending on the supplier. For example, some suppliers operate on a January to December contract period whilst others may be April to March or July to June.

Override commission revenue is calculated for the contract period, based on value of "Eligible Travel" during the period and the "Override Rates" in the each of the supplier contracts.

- The definition of Eligible Travel varies by supplier and is defined in each supplier contract. Eligible Travel for the financial year is calculated by the Group based on the detailed booking information and is reviewed in light of currently booking trends and historical information.
- The Override Rates applied to calculate the override commission revenue are specified in each supplier contract and often there are tiered override earning rates based on differing levels of Eligible Travel sales being achieved for the contractual period (i.e. performance tiers). In order to estimate the appropriate Override 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 some instances judgement may be required if a performance tier is close to being achieved or missed. This is reviewed in light of current sales trends and forecast sales and the rates are adjusted as required.

Override commission revenue is disclosed as the gross amount of override commissions received or receivable by the Group.

Other revenue

Franchise, agency and license fees are recognised on a straight-line basis over the term of the agreement. Revenue is disclosed as the gross amount of fees received by the Group.

In relation to marketing activities and conferences where a principal rather than agency relationship exists, amounts charged to third parties for advertising and marketing contributions are recognised as revenue while associated operating expenses are recorded within advertising, marketing and selling expenses.

(ii) Dividends

Dividend revenue is recognised when the Group's right to receive the payment is established. This applies even if the dividend is paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(iii) Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets). Interest income is recognised as it accrues in revenue, using the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise 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.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Client cash includes all monies entrusted to the Group by intending travellers or customers prior to travelling. A corresponding liability is recorded on the consolidated statement of financial position while the cash is held on the clients' behalf prior to being paid to principals. In Australia, client cash is deposited into an account held exclusively for client funds, separate to the general funds of the entity.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally collected within 30 days. They are presented as current assets unless collection is not expected within 12 months from the reporting date. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. 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 trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the assets carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific asset as follows:

- Freehold buildings – 40 years
- Office equipment – 2.5 to 10 years
- Leasehold improvements – term of lease
- Leased plant and equipment – term of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end on a prospective basis. An asset's carrying amount is written down immediately if the asset's carrying value is greater than its estimated recoverable amount.

Cost associated with make-good provisions are capitalised into the cost of leasehold improvements and amortised over the corresponding term of lease.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use.

Gains and losses on disposals are determined by comparing proceeds with the asset carrying amount. These are included in the income statement.

(i) Leases

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases.

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently recognised as a reduction in the rental expense over the lease term.

(j) Business combinations

The acquisition purchase method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interest issued by the Group.

The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. 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. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Where equity instruments are issued in an acquisition, the instrument's fair value is its published market price at the date of the exchange unless, in rare circumstances, it can be demonstrated that the published price at the exchange date is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

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

Contingent consideration is classified either as equity or a financial liability. Amounts classified as financial liabilities are subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is remeasured to fair value on the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(k) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

(l) Impairment of assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or are not yet available for use, the recoverable amount is estimated each year at the same time or more frequently if events or circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset, or the cash generating unit (CGU), is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (CGUs). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(m) Trade and other payables

Trade and other payables are initially recognised at their fair value and subsequently measured at their amortised cost. Due to their short-term nature, they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

The amounts are unsecured and are usually paid within 30 days of recognition.

The Group has agent incentive programs in place with its retail travel agents. Participating retail travel agents earn incentives based on the volume of completed sales made with designated preferred suppliers of the Group. The Group recognises a liability for the cost of the incentives and these incentives are paid to the retail travel agents when the liability falls due.

(n) Deferred revenue

Revenues received prior to the finalisation of the booking are recorded on the statement of financial position as revenue received in advance. The revenues are recognised in the income statement at the time of document issue (i.e. ticketing date), net of the cost of sale in accordance with the accounting policy note outlined in Note 3(e)(i).

(o) 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. Internally generated intangible assets, excluding capitalised software development costs, are not capitalised and expenditure is charged against profit in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level consistent with the methodology outlined in note 14 and note 3(l). Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether 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 thus accounted for on a prospective basis.

(i) Goodwill

All business combinations are accounted for by applying the acquisition method which includes the reverse acquisition accounting method described in note 3 (a)(i). Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Goodwill is measured at cost less accumulated impairment losses measured as per the methodology outlined in note 14 and note 3(l). Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

(ii) Software and website development costs

An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Costs capitalised include external direct costs of materials and service, and direct payroll and payroll related costs of employees' time spent on the project.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during the reporting period.

A summary of the policy applied to capitalised development costs is as follows:

	Software and website development costs (assets in use)
Useful life	Finite
Amortisation method used	3 to 10 years on a straight-line basis
Impairment test	Amortisation method reviewed at each financial year end; closing carrying value reviewed annually for indicators of impairment

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is de-recognised.

(iii) Brand names and trademarks

Brand names and trademarks that have finite lives are amortised on a straight-line basis over their estimated useful lives in accordance with the estimated timing of benefits expected to be received from those assets. At 30 June 2014, the amortisation period for finite life trademarks that are being amortised is between 7.3 and 20 years.

(iv) Franchise systems

Franchise systems are the integrated system of methods, procedures, techniques and other systems which, together with a network of franchisees, facilitate the day-to-day running of a franchise business.

Franchise systems include access to products/ inventory, brands, marketing, advertising, promotional techniques, training and operational manuals of the network. Due to the inter-relationship between the component items of a franchise system as detailed above, the Group considers that these complementary assets are likely to have similar useful lives and are recorded as a single identifiable asset in accordance with accounting standards. The Group considers that franchise systems have an indefinite useful life and their carrying values are tested for impairment annually or when indicators of impairment arise.

(p) Provisions

A provision is recognised when there is a present legal or constructive obligation as a result of a past event, the amount can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain. Provisions are not recognised for future operating losses.

If the effect is material, a provision is determined by discounting the expected future cash flows required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is treated as a finance charge.

(i) Dividends

Dividends are only recognised in the financial year in which the dividend is actually paid. In accordance with section 27.3 of the Company Constitution (in effect from 30 November 2010), the Company does not incur a debt merely by fixing the amount or time for payment of a dividend. A debt arises only when the time fixed for payment arrives. The decision to pay a dividend may be revoked by the Board at any time before then.

(ii) Onerous lease contracts

A provision for onerous lease contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(q) Employee leave benefits

(i) Short term benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave due to settle within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Other long term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by the employees up to the end of reporting period using the projected unit credit method. Consideration is given to 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 government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial 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 to executives/employees via the Helloworld Limited Performance Rights Plan. Information relating to these schemes is set out in note 32.

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

Non-market vesting conditions are included in assumptions about the number of Performance Rights that are expected to vest. 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 entity revises its estimates of the number of Performance Rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to the original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The plan is administered by Helloworld Limited. When the Performance Rights are exercised, the Company transfers the appropriate amounts of shares to the employee. The proceeds received (if any) net of any directly attributable transactions costs are credited directly to equity.

Where any group company or trust purchases the Company's equity instruments, for example purchases of shares by Helloworld Employee Share Trust, the consideration paid, including any directly attributable incremental costs (net of income taxes) is recorded in the share-based payment trust reserve until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration paid, net of any directly attributable incremental transaction costs and the related income tax effects, is transferred to the share-based payments reserve.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of 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.

(v) Bonus plans

The Group recognises a liability and expense for bonuses based on a formula that takes in to consideration the profit attributable to the Group's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(vi) Defined benefit and defined contribution plans

As part of the merger arrangements, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply (post-merger) to employees of the Group that are also members of the Qantas Superannuation Plan (divisions of which are in the nature of Defined Benefit Plan). Under the deed, HLO assumed responsibility for the plan assets and plan liabilities for these members in a new Defined Benefit Plan controlled and managed by HLO. The plan assets and liabilities were transferred to HLO on 25 July 2011. On transfer to HLO, the plan was fair valued using HLO specific assumptions which resulted in the plan having a net asset position of $1.0m. This was recorded as an adjustment against goodwill as part of the final acquisition accounting for the merger transaction. Following initial recognition, the Group has applied AASB 119 Employee Benefits to account for movements in plan assets and liabilities with subsequent actuarial gains and losses recognised directly in equity in accordance with AASB 119.

The liability or asset recognised in the balance sheet in respect of defined benefit superannuation plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is a deep market in high quality corporate bonds, the market rates on those bonds are used rather than government bonds.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes of equity and in the consolidated statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

Contributions to the defined contribution section of the Group's superannuation fund and other independent defined benefit contribution funds are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(r) Contributed equity

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

(s) Earnings per share (EPS)

Basic EPS amounts are calculated by dividing net profit 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.

(t) Income tax

Income tax expense or revenue on the profit or loss for the year comprises current and deferred tax. Current tax includes any adjustment to tax payable in respect of previous years.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based upon the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary timing differences at the balance date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except when:

- the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the taxable temporary difference is associated with investments in subsidiaries, and the time of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward or unused tax credits and unused tax losses, to the extent that it is probable that the taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except when:

- the deferred tax assets relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the deductible temporary difference is associated with investments in subsidiaries, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Deferred tax assets and liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Tax consolidation legislation

Helloworld Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Helloworld 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 its own right.

In addition to its own current and deferred tax amounts, Helloworld 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.

Assets or liabilities arising under tax financing arrangements with the Australian income tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

(ii) Nature of tax funding arrangements and tax sharing agreements

The head entity, 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 tax loss deferred tax asset 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.

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.

(u) 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) Derivatives and hedging instruments

The Group holds derivative financial instruments to hedge its foreign currency exposures.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit and loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income and presented in the hedging reserve in equity remains there until the forecast transaction affects the income statement. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in other comprehensive income is recognised immediately in profit or loss. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects the income statement.

(w) Investments and other financial assets

Investments and other financial assets are categorised as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Classification is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and de-recognition

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. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets are de-recognised 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.

(x) Prepayments

Prepayments consist of travel products purchased for bookings that have not yet been ticketed and prepaid operating expenditure. Prepayments of travel products are recognised as part of the net amount of commissions received in the income statement at the ticketing date of the applicable booking, in line with the revenue recognition policy. Other amounts included in the balance of prepayments relate to prepaid operating expenditure.

(y) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(z) 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 the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loan facilities, which are not an incremental cost relating to the actual drawing down of the facility, are netted against the loan liability and amortised on a straight-line basis over the term of the facility.

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

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

(aa) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised in profit or loss.

(ab) Investment property

Investment property is held for long term rental yields and is not occupied by the Group. Investment property is carried at fair value. When measuring the fair value of investment property the Group ensures that the fair value reflects, among other things, rental income from current leases and other assumptions that market participants would use when pricing the investment property under current market conditions. Changes in fair values are recorded in profit or loss as part of other income.

(ac) Predecessor accounting reserve

Business combinations involving entities under common control are accounted for using the predecessor accounting method. Under this method, carrying values are not restated in the accounts of the acquiring entity, rather prior book values are maintained, including any goodwill previously recognised in relation to the acquired entities. As a result, no fair value adjustments are recorded on the acquisition. Any difference between consideration provided and the carrying value of net assets acquired is recorded as a separate element of equity.

(ad) Parent entity financial information

On 30 September 2010, Helloworld Limited and its controlled entities completed a 50-50 Merger with Stella Travel Services Holdings Pty Limited and its controlled entities (STS) in which the businesses of HLO and STS were combined into one consolidated group ('the Group"). In accordance with accounting standards, this Merger has been accounted for as a reverse acquisition with STS being deemed the acquirer for accounting purposes. The financial information for the (legal) parent entity, HLO is disclosed in note 29 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the Financial Statements of Helloworld Limited.

(ii) Tax consolidation legislation

Helloworld Limited (HLO) and its wholly-owned Australia controlled entities have implemented the tax consolidation legislation.

The head entity of the tax consolidated group is HLO, which in addition to recognising its own current and deferred tax amounts also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The consolidated tax balances are disclosed in the result of HLO (legal parent) and are not recorded in the result of the deemed acquirer STS.

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

The amounts receivable/payable under the tax funding 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.

Under this tax consolidation arrangement, individual legal entities continue to account for their own current and deferred tax amounts. These amounts are measured as if the entities were stand-alone tax payers in their own right. Assets or liabilities arising from the tax funding agreement with HLO are recognised as a current amount receivable or payable to HLO. Any difference in the amounts assumed and the amount receivable or payable to HLO, are shown as a contribution to, (or distribution from) the head tax entity HLO in the results of the individual legal entities.

(iii) Financial guarantees

Where the parent 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.

(iv) Share-based payments

The grant by the Company (under the Helloworld Limited Performance Rights Plan) of Performance Share Rights (PRs) to acquire shares, to certain executives of the Group is treated as a capital contribution to HLO. The fair value of the PRs is calculated taking into account the share price on grant date and the exercise price. The PRs are subject to EPS Performance conditions. Further detail of the Helloworld Limited Performance Rights Plan is disclosed in note 32 and Note 3(q)(iii).

Where any group company or trust purchases the Company's equity instruments, for example purchases of shares by Helloworld Employee Share Trust, the consideration paid, including any directly attributable incremental costs (net of income taxes) is recorded in the share-based payment trust reserve until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration paid, net of any directly attributable incremental transaction costs and the related income tax effects, is transferred to the share-based payments reserve.

4. Revenues and expenses

	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000 (restated)[1]
(a) Revenue		
Rendering of services	285,707	324,488
Finance income	5,073	6,085
Rents and sub-lease rentals	106	161
Other revenue	785	2,029
TOTAL REVENUE	**291,671**	**332,763**
(b) Expenses		
Depreciation (note 13)	5,763	5,960
Amortisation (note 14)	8,269	4,845
Impairment losses on trade receivables	207	216
Net foreign exchange losses/(gains)	1,136	1,572
Defined contribution superannuation expense	7,057	8,149
Defined benefit expense	922	1,208
Other employee benefit expenses	124,548	142,795
Business transformation costs	15,847	10,785
CEO resignation/retirement costs	608	797
Impairment of goodwill (note 14)	59,500	–
Costs relating to GST matter (note 7(g))	2,738	31
Net gain on disposal of plant and equipment	(7)	(34)
Loss on disposal of investments (note 31)	5,473	–
Fair value loss on investment property	–	246
VAT settlement	–	606

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

5. Finance income and expense

	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
Recognised in profit or loss		
Finance income recognised in revenue	5,073	6,085
Finance expenses	(3,354)	(3,601)
NET FINANCE INCOME RECOGNISED IN PROFIT OR LOSS	**1,719**	**2,484**

6. Segment reporting

(a) Description of segments

The Group has identified the following three operating segments as reportable segments. Operating segments are identified based on the internal reports that are reviewed and used by the Board in assessing performance and making strategic decisions. There are no other operating segments other than the three below:

- Retail
- Wholesale
- Travel Management

The operations of Retail primarily comprise acting as a franchisor of retail travel agency networks including *helloworld*, *helloworld* American Express, Harvey World Travel, Travelscene, Jetset Travel, Travelworld and United Travel. Other businesses in the Retail segment include Air Tickets and helloworld.com.au. The primary purpose of Wholesale is to procure air, sea and land product for packaging and sale through retail travel agency networks. Travel Management provides travel management services to corporate and government customers including the booking of flights and accommodation.

Corporate charges are only allocated to operating segments to the extent that they are considered part of the core operations of any segments.

The Board assess the performance of the operating segments based on a measure of Adjusted EBITDAI (earnings before interest expense, tax, depreciation, amortisation, impairment and share-based payments). This measurement basis excludes the effects of significant unusual income and expenditure from the operating segments such as fair value gains or losses on investments, restructuring and business transformation costs, legal fees, merger or acquisition-related transaction costs and impairments when these items are outside the ordinary course of business or are unusual due to their size, nature or incidence. Furthermore, the measure excludes the effects of any equity-settled share-based payments. Interest income on client funds is included within segment revenue and Adjusted EBITDAI according to Group accounting policy.

TTV

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's various operations, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. Total TTV does not represent the Group's cash inflows as some transactions are settled directly between the customer and the supplier.

(b) Segment information provided to the Board

ANALYSIS BY SEGMENT	Retail $'000	Wholesale $'000	Travel Management $'000	Corporate Unallocated $'000	Consolidated $'000
YEAR ENDED 30 JUNE 2014					
TTV	3,586,527	708,229	566,276	–	4,861,032
Total segment revenue	160,686	88,596	37,505	4,884	291,671
Operating expenses	(110,148)	(76,189)	(36,992)	(27,781)	(251,110)
ADJUSTED EBITDAI	**50,538**	**12,407**	**513**	**(22,897)**	**40,561**
YEAR ENDED 30 JUNE 2013 (RESTATED[1])					
TTV	3,766,103	799,255	612,065	–	5,177,423
Total segment revenue	183,024	104,731	39,687	5,321	332,763
Operating expenses	(115,445)	(91,114)	(42,220)	(29,843)	(278,622)
ADJUSTED EBITDAI	**67,579**	**13,617**	**(2,533)**	**(24,522)**	**54,141**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

(c) Other segment information

(i) Segment revenue

The parent entity is domiciled in Australia. The amount of its revenue from external customers in Australia is $222,866,359 (2013: $269,831,765), and the total revenue from external customers in other countries is $68,804,272 (2013: $62,931,139). Segment revenues are allocated based on the country in which the customer is located.

All segments derive a significant amount of revenue from Qantas Airways Limited, a related entity. Details of transactions are outlined in note 26.

(ii) Adjusted EBITDAI

A reconciliation of Adjusted EBITDAI to (loss)/profit before income tax is provided as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)[1]
ADJUSTED EBITDAI	**40,561**	**54,141**
Loss on disposal of investments	(5,473)	–
Business transformation costs	(15,847)	(10,785)
Share-based payments	(115)	(616)
Costs relating to GST matter (note 7(g))	(2,738)	(31)
Costs relating to disposal of investments	(60)	–
VAT settlement	–	(606)
Fair value loss on Investment Property	–	(246)
CEO resignation/retirement costs	(608)	(797)
EBITDAI	**15,720**	**41,060**
Depreciation	(5,763)	(5,960)
Amortisation	(8,269)	(4,845)
Impairment of goodwill	(59,500)	–
Finance costs	(3,354)	(3,601)
(LOSS)/PROFIT BEFORE INCOME TAX	**(61,166)**	**26,654**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

(iii) Segment assets

The amounts provided to the Board with respect to total assets are measured in a manner 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.

The total of non-current assets other than financial instruments, deferred tax assets and defined benefit assets located in Australia is $349,928,856 (2013: $411,009,283), and the total of these non-current assets located in other countries is $33,298,377 (2013: $34,836,513). Under the current management reporting framework, total assets are not allocated to a specific reporting segment or geographic location.

(iv) Segment liabilities

The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the Financial Statements. These reports do not allocate liabilities based on the operations of each segment or by geographical location and are reported to the Board on a consolidated basis.

(v) Changes in accounting policy and restatement of error in prior period

The segment disclosures were affected by the adoption of AASB119 Employee Benefits, which resulted in changes to the Group's accounting policies and required a restatement of the previously reported segment information. As a result for the year ended 30 June 2013 the Wholesale Segment operating expense increased by $479,000 and the Wholesale Segment Adjusted EBITDAI decreased by $479,000.

The segment disclosures of Non-current assets were affected by the restatement of Intangible Assets and subsequent re-measurement of the carrying value of the Deferred Tax Liability (being offset against the Deferred Tax Asset) in the 1 July 2012 Opening Balance Sheet. As a result for the year ended 30 June 2013 the disclosure for non-current assets located in other countries (refer Note 6(c)(iii)) decreased by $6,475,499.

7. Income tax

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)[1]

(a) Income tax expense

The major components of income tax expense/(benefit) recognised in the income statement are:

	2014 $'000	2013 $'000 (restated)[1]
CURRENT TAX EXPENSE		
Current income tax expense	2,132	10,183
Adjustments in respect of current tax expense of previous years	(248)	289
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	193	(178)
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	**2,077**	**10,294**
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 15)	(44)	476
(Decrease)/increase in deferred tax liabilities (note 15)	237	(654)
	193	**(178)**

(b) Reconciliation between income tax expense and profit before income tax:

	2014 $'000	2013 $'000 (restated)[1]
(LOSS)/PROFIT BEFORE INCOME TAX EXPENSE	**(61,166)**	**26,654**
Prima facie income tax (credit)/expense at 30% (2013: 30%)	(18,350)	7,996
Add/(deduct):		
Non-deductible (taxable) items:		
Amortisation	673	16
Loss on disposal of investments	1,650	–
Impairment of goodwill	17,850	–
Assessable debt forgiveness between group members	445	–
Non-deductible VAT settlement	–	134
Income tax settlement regarding prior tax group (note 7(g))	–	1,250
Current year tax losses not recognised	221	198
Prior year tax losses (recognised)/de-recognised	(247)	169
(Over)/under provision in prior years	(248)	289
Other	83	242
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	**2,077**	**10,294**

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)[1]

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

Cash flow hedges	(873)	679
Defined benefit pension – actuarial gains/(losses)	494	1,150
	(379)	**1,829**

(d) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	586	1,818
Potential tax benefit @ 30%	**176**	**545**

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

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

(e) Amounts recognised directly in equity

There are no amounts of current and deferred tax recognised directly in equity (2013: $nil).

(f) Unrecognised temporary differences

The Group has undistributed earnings 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.

(g) Other tax matters

As previously disclosed in the Consolidated Interim Financial Report for the half year ended 31 December 2010 and in each Financial Report thereafter, two entities within the tax consolidated group lodged claims in the Federal Court of Australia against the Commissioner of Taxation ('the Commissioner') in relation to a GST matter. The GST claim related to the operations of the inbound travel business, ATS Pacific Pty Ltd. As disclosed in note 31, this business was sold to the AOT Group Limited on 30 September 2013.

This matter was heard in the Federal Court on 26 June 2012 and judgement on the case received on 15 April 2013. The decision that was handed down did not result in a material one-off benefit to the Group and did not have a material impact on the Group's earnings. An appeal was lodged by the Group on 5 June 2013 and the matter was heard on 20 November 2013. The appeal decision was handed down by the Federal Court on 27 March 2014 and found in favour of the Commissioner. Following this, on 23 April 2014, the Group lodged an application to seek special leave to appeal to the High Court. A date for the special leave application has not yet been set and an appeal to the High Court will only be available to the Group if the special leave application is granted. Legal expenses in relation to this matter continue to be expensed as incurred and are shown in Note 4 for the current year. As part of the Court proceedings, the parties were ordered to agree on the quantum of the claim before the Court. Helloworld's claim against the ATO was agreed to be $19,076,351. These funds have previously been paid by Helloworld to the Australian Tax Office.

Given that it is not possible for the Group to properly assess the likelihood of the special leave application and the outcome of any appeal to the High Court, the Group has followed the decision of the Federal Court. As a result, at 30 June 2014, a non-recurring before tax expense of $2,400,000 has been recorded in the Consolidated Income Statement of the Group. This amount is net of any interest, costs or penalties which are unable to be determined at this time. In addition, the Group will be required to remit GST that has been withheld during the process of this claim. The GST that has been withheld has been separately retained in client cash rather than general company cash. There is no material ongoing impact on profitability as a consequence of this decision given the Group no longer operates an inbound travel business.

8. Dividends paid and proposed

	CONSOLIDATED 2014 $'000	2013 $'000
(a) Interim dividend		
Fully franked dividend (1.0 cents per share, paid 2 April 2013)	–	4,400
	–	**4,400**
(b) Final dividend		
PRIOR YEAR FINAL DIVIDEND		
Fully franked dividend (0.5 cents per share, paid 4 October 2013)	2,203	–
	2,203	**–**

(c) Franking credit balance

	2014 $'000	2013 $'000
The franked portions of any future dividends paid after 30 June 2014 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2015. The amount of franking credits available for the subsequent financial years are:		
– franking account balance as at year end at 30%	30,229	25,353
– franking credits that will arise from income tax payable as at year end	485	6,408
– impact on the franking account of dividends expected to be paid after the balance sheet date and not recognised as a distribution to equity holders during the period	–	(943)
	30,714	**30,818**

The Company has stated that its policy is to pay a dividend payout ratio in the range of 40–60% of net profit after tax. In the first half of the financial year ended 30 June 2014, the Company generated a net loss after tax and did not pay an interim dividend. In accordance with the Company's dividend policy, the Board has determined that the Company will not pay a final dividend in relation to the financial year ended 30 June 2014.

In relation to the final dividend paid during the year, the tax rate at which dividends were franked is 30%. The level of franking was 100%.

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*. In accordance with tax consolidation legislation, the Company, as the head entity in the tax consolidated group, has assumed the benefit of franking credits of all entities.

9. Earnings per share (EPS)

The calculation of basic EPS for the year ended 30 June 2014 was based on the loss attributable to ordinary shareholders of $63.3 million (2013: profit of $16.2 million)[1] and a weighted average number of ordinary shares outstanding of 440,418,163 (2013: 439,681,876).

	CONSOLIDATED 2014 cents	CONSOLIDATED 2013 cents (restated)[1]
(a) Basic (loss)/earnings per share		
Total basic (loss)/earnings per share from continuing operations attributable to ordinary equity holders of the Company	(14.38)	3.68
(b) Diluted (loss)/earnings per share		
Total diluted (loss)/earnings per share from continuing operations attributable to ordinary equity holders of the Company	(14.38)	3.63

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000 (restated)[1]
(c) Reconciliations of (loss)/earnings used in calculating (loss)/earnings per share		
Net (loss)/profit for the year from continuing operations attributable to the ordinary equity holders of the Company	(63,347)	16,180
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares[1] used as the denominator in calculating basic (loss)/earnings per share	440,418,163	439,681,876
Adjustments for calculation of diluted earnings per share:		
Weighted average number of potential ordinary shares issued as part of the Group's Long Term Incentive Plan	–	5,846,658
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted (loss)/earnings per share	440,418,163	445,528,534

[1] Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

The Company has potential ordinary shares with a weighted average of 6,122,096 that could potentially dilute basic EPS in the future, but were not included in the calculation of diluted EPS because they are antidilutive for the year ended 30 June 2014.

(e) Information concerning the classification of securities

The Company has 440,548,572 fully paid ordinary shares on issue.

10. Cash and cash equivalents

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash at bank and on hand	28,469	34,483
Client cash	155,851	200,451
CASH AND CASH EQUIVALENTS IN THE STATEMENTS OF CASH FLOWS	**184,320**	**234,934**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

At 30 June 2014, there was no cash (2013: $0.1 million) held by the Group being pledged as collateral under the terms of various operational financing facilities.

Client cash includes all monies entrusted to the Group by intending travellers or customers prior to travelling. A corresponding liability is recorded on the consolidated statement of financial position while the cash is held on the clients' behalf prior to being paid to principals. In Australia, client cash is deposited into an account held exclusively for client funds, separate to the general funds of the entity.

The Group's exposure to interest rate risk is discussed in note 24. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents disclosed above.

11.Trade and other receivables

	CONSOLIDATED	
	2014 $'000	2013 $'000
Trade receivables	52,722	63,725
Provision for impairment of trade receivables	(795)	(918)
	51,927	**62,807**
Accrued income	35,338	36,086
Prepayments	12,207	9,693
Other receivables	5,998	3,915
	105,470	**112,501**

Trade receivables are non-interest bearing and are generally on 30 day terms.

Related party receivables

For terms and conditions of related party receivables, refer to note 26.

Fair value and credit risk

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

Credit, foreign exchange and interest rate risk

Details regarding credit, foreign exchange and interest rate risk exposure are disclosed in note 24.

12. Investments accounted for using the equity method

	CONSOLIDATED 2014 $'000	2013 $'000
Investment in associates[1]	1,580	1,800
Provision for diminution in value	(638)	(979)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**942**	**821**

1 Refer to note 28 for details of Investments in Associates

(a) Movements in carrying amounts

	CONSOLIDATED 2014 $'000	2013 $'000
CARRYING AMOUNT AT THE BEGINNING OF THE FINANCIAL YEAR	821	730
Share of profits after income tax	165	136
Dividends received/receivable	(48)	(185)
Other Movements	4	140
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**942**	**821**

(b) Summarised financial information for associates

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

	CONSOLIDATED 2014 $'000	2013 $'000
GROUP'S SHARE OF:		
Assets	1,613	1,669
Liabilities	(691)	(500)
NET ASSETS	**922**	**1,169**
Revenue	2,055	2,135
NET PROFIT AFTER TAX	**165**	**136**

(c) Contingent liabilities of Associates

There are no contingent liabilities in associate investments for which the Group has a legal obligation to settle.

13. Property, plant and equipment

	Land and buildings $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
AT 30 JUNE 2012				
Cost	684	23,402	13,908	37,994
Accumulated depreciation	(44)	(6,255)	(3,742)	(10,041)
NET BOOK AMOUNT	**640**	**17,147**	**10,166**	**27,953**
BALANCE AT 1 JULY 2012	640	17,147	10,166	27,953
Additions	14	2,024	851	2,889
Disposals	–	(435)	(242)	(677)
Transfer in/(out)	–	(359)	14	(345)
Foreign currency differences	46	207	121	374
Depreciation charge (note 4)	(36)	(3,340)	(2,584)	(5,960)
BALANCE AT 30 JUNE 2013	**664**	**15,244**	**8,326**	**24,234**
AT 30 JUNE 2013				
Cost	751	23,806	13,591	38,148
Accumulated depreciation	(87)	(8,562)	(5,265)	(13,914)
NET BOOK AMOUNT	**664**	**15,244**	**8,326**	**24,234**
BALANCE AT 1 JULY 2013	664	15,244	8,326	24,234
Additions	–	4,199	688	4,887
Disposals	–	(35)	(165)	(200)
Amounts included in businesses disposed of	(661)	(2,184)	(88)	(2,933)
Foreign currency differences	7	114	160	281
Depreciation charge (note 4)	(10)	(4,022)	(1,731)	(5,763)
BALANCE AT 30 JUNE 2014	**–**	**13,316**	**7,190**	**20,506**
AT 30 JUNE 2014				
Cost	–	22,738	13,697	36,435
Accumulated depreciation	–	(9,422)	(6,507)	(15,929)
NET BOOK AMOUNT	**–**	**13,316**	**7,190**	**20,506**

(a) Assets in the course of construction

The carrying amount of the assets disclosed include the following expenditure in relation to property, plant and equipment which is in the course of construction:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Office equipment	253	140
Leasehold improvements	-	9
TOTAL ASSETS IN THE COURSE OF CONSTRUCTION	**253**	**149**

(b) Non-current assets pledged as security

Refer to note 17 for non-current assets pledged as security by the Group.

14. Intangible assets

	Goodwill	Franchise systems	Brand names	Trademarks	Software, website and other[1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000
AT 30 JUNE 2012 (RESTATED[2])						
Cost	327,479	97,400	3,003	5,561	16,284	449,727
Accumulated amortisation and impairment	(27,648)	–	(263)	(1,051)	(5,578)	(34,540)
NET BOOK AMOUNT	**299,831**	**97,400**	**2,740**	**4,510**	**10,706**	**415,187**
BALANCE AT 1 JULY 2012 (RESTATED[2])	299,831	97,400	2,740	4,510	10,706	415,187
Additions	–	–	–	–	7,023	7,023
Disposals	–	–	–	–	(3)	(3)
Foreign currency differences	2,118	–	–	–	46	2,164
Amortisation charge (note 4)	–	–	–	(581)	(4,264)	(4,845)
Transfer in/(out)	–	–	–	–	345	345
BALANCE AT 30 JUNE 2013	**301,949**	**97,400**	**2,740**	**3,929**	**13,853**	**419,871**
AT 30 JUNE 2013 (RESTATED)						
Cost	330,211	97,400	3,003	5,561	24,062	460,237
Accumulated amortisation and impairment	(28,262)	–	(263)	(1,632)	(10,209)	(40,366)
NET BOOK AMOUNT	**301,949**	**97,400**	**2,740**	**3,929**	**13,853**	**419,871**
BALANCE AT 1 JULY 2013	**301,949**	**97,400**	**2,740**	**3,929**	**13,853**	**419,871**
Additions	–	–	457	–	11,332	11,789
Additions through business combinations	–	–	–	–	2,555	2,555
Disposals	–	–	–	–	(83)	(83)
Impairment charge[3] (note 4)	(59,500)	–	–	–	–	(59,500)
Amounts included in businesses disposed of	(8,375)	–	–	–	–	(8,375)
Foreign currency differences	2,427	–	–	–	66	2,493
Amortisation charge (note 4)	–	–	(1,672)	(680)	(5,917)	(8,269)
BALANCE AT 30 JUNE 2014	**236,501**	**97,400**	**1,525**	**3,249**	**21,806**	**360,481**
AT 30 JUNE 2014						
Cost	324,810	97,400	3,460	5,561	33,838	465,069
Accumulated amortisation and impairment	(88,309)	–	(1,935)	(2,312)	(12,032)	(104,588)
NET BOOK AMOUNT	**236,501**	**97,400**	**1,525**	**3,249**	**21,806**	**360,481**

1 Software, website and other includes capitalised software and development costs, as well as other costs associated with the development and/or acquisition of rights to intellectual property.
2 Refer to Note 14(b) for details regarding the restatement.
3 The carrying value of the Retail segment goodwill has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This item has been disclosed as a separate item in the Consolidated Income Statement.

(a) Impairment tests for goodwill and other indefinite life intangible assets

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to operating segment. The franchise system is an indefinite life intangible asset entirely allocated to a CGU within the Retail segment.

A segment level summary of the goodwill allocation is presented below:

	CONSOLIDATED	
	2014 $'000	2013 (restated) $'000
Retail	169,473	226,754
Wholesale	67,028	75,195
Travel Management	–	–
	236,501	**301,949**

Impairment review

The Group tests whether goodwill and other indefinite life intangible assets have suffered any impairment on an annual basis.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on the Board approved budget for the next financial year, internal segment level projections covering the subsequent 4 years and a steady-state terminal value calculation at the end of year 5 which has equivalent revenue and operating expense growth assumptions equal to inflation expectations of 2.5%. Internal revenue and operating expense growth projections are also benchmarked against travel industry forecasts and general economic projections where available.

Key assumptions used for value-in-use calculations

The post-tax cash flows have been discounted at a post-tax rate of 10.9% (2013: 11.0%) per annum which approximates the Group's Weighted Average Cost of Capital (WACC). This discount rate has been derived using the Capital Asset Pricing Model (CAPM) with the following associated inputs:

- Risk free rate: 5.0% (2013: 5.0%)
- Equity market risk premium: 6.0% (2013: 6.0%)
- Beta: 1.2 (2013: 1.2)
- Pre-tax cost of debt: 4.9% (2013: 5.6%)
- Long-term debt ratio: 25% (2013: 25%)
- Segment-specific risk premium: 1.5% (2013: 1.5%)

The equivalent pre-tax discount rate for the Retail segment was 14.2% (2013: 14.6%) and for the Wholesale segment was 14.3% (2013: 14.7%).

Average nominal revenue growth projections over the forecast period approximate the industry growth rates, with forecast growth rates for Retail of 2.6% and Wholesale of 3.0% and inflationary increases for operating expenses.

The carrying value of assets for the Retail segment after the goodwill impairment of $59.5 million was $277.4 million. The impairment charge was a result of the reduction in the Retail network and the resulting impact on forecast earnings. For the year ended 30 June 2013, the recoverable amount of the Retail segment was estimated to be $374.8 million. This exceeded the carrying amount of the retail CGU at 30 June 2013 by $30.9 million.

The recoverable amount of the Wholesale segment is estimated to be $91.5 million (2013: $107.9 million). This exceeds the carrying amount of the Wholesale CGU at 30 June 2014 by $15.7 million (2013: $22.9 million).

Impact of possible changes in key assumptions

Value in use assumptions used to consider the recoverable amount of the assets are highly sensitive to changes in certain key assumptions.

A summary of the impact of changing the key assumptions for the Retail and Wholesale value in use calculations is outlined below:

	Decrease in forecast cash flows of 10%	Increase in discount rate from 10.9% to 11.5%	Terminal rate decrease to from 2.5% to 2%
Retail Segment	Increase in impairment of $6.2 million	Increase in impairment of $18.4 million	Increase in impairment of $11.5 million
Wholesale Segment	No impairment recorded, with a reduction in headroom of $2.2 million	No impairment recorded, with a reduction in headroom of $6.4 million	No impairment recorded, with a reduction in headroom of $3.7 million

Franchise System

The Franchise System is an indefinite life intangible asset entirely allocated to a CGU within the Retail segment. A description of the nature of the Franchise System asset is contained in Note 3(o)(iv).

The recoverable amount has been assessed at 30 June 2014 using an Excess Earnings calculation, which is consistent with the methodology originally used to value the asset.

For the year ended 30 June 2014, the recoverable amount of the Franchisee System was estimated to be $125.7 million. This exceeds the carrying amount at 30 June 2014 by $28.3 million.

Key assumptions used in the Excess Earnings calculation

- Post-tax discount rate: 10.9%.
  The post-tax discount rate reflects the risks associated with the asset. The discount rate has been derived using the Capital Asset Pricing Model (CAPM) and the inputs used in the model are consistent with those outlined above.
- Average nominal revenue growth projections of 3% per annum over the first five years in the forecast period and then 0% per annum thereafter.
- Terminal growth rate: 0%.
- EBITDA margin: 16.3%.
- Capital charges: range from -0.6% to 1.2%.

The equivalent pre-tax discount rate for the Franchise System was 16.4%.

Impact of possible changes in key assumptions:

The assumptions used in the Excess Earnings calculation are most sensitive to the revenue growth projections and the post-tax discount rate.

In order for an impairment to be recorded in respect of the Franchise System asset:

- Revenue growth would need to decline by 4% per annum over the next five years and then remain stable onwards; or
- The discount rate would need to increase to 13.8%.

(b) Restatement of intangible assets

As previously disclosed in the Consolidated Interim Financial Report for the half year ended 31 December 2013, on acquisition of the Stella Travel Group by Global Voyager Holdings Pty Limited on 28 February 2008, the Best Flights Brand Name was identified as a separately identifiable intangible asset with a valuation of $41.7 million ascribed. Following a review of the Group's identifiable intangible assets, it was discovered that the original methodology for calculating the valuation of the Brand was inappropriate.

An independent review by valuation experts has been conducted and the valuation of the Best Flights Brand Name at 28 February 2008 was re-performed using a commonly accepted valuation methodology. This valued the Best Flights Brand Name at $2.7 million at 28 February 2008.

To reflect the correct Best Flights Brand Name value, an amount of $39.0 million has been transferred from Brand Names to Goodwill within the intangible assets financial statement line item.

As part of the review of intangibles assets, it was also identified that Brand Names relating to the New Zealand business were incorrectly recorded on the balance sheet as part of the 28 February 2008 acquisition. The nature of these items and the accounting treatment applied by the Group at the time of the acquisition has been reviewed considering the Group accounting policies. As a result, the Brand Names relating to the New Zealand business have been transferred to Goodwill within the intangible assets financial statement line item. In addition, the deferred tax liability of NZ$7.7 million recorded in relation to the Brand Name balances has been unwound resulting in a decrease to goodwill of this amount.

As these corrections represent a reclassification within financial statement line items, this has not impacted the net assets position of Helloworld Limited or the Consolidated Income Statement for the year ending 30 June 2014 or for any previous periods.

It has been confirmed that the Group would not have recorded any additional impairment expense in the previous periods had the correct valuation methodologies always been applied.

The restatement has been corrected within the Consolidated Statement of Financial Position at the commencement of the first comparative period, being 1 July 2012, and for the comparative period, being 30 June 2013, as shown below:

	1 July 2013[1] $'000	Impact of restatement $'000	1 July 2013 (Restated) $'000	1 July 2012[1] $'000	Impact of restatement $'000	1 July 2012 (Restated) $'000
NON-CURRENT ASSETS						
Intangibles assets	426,346	(6,475)	419,871	421,199	(6,012)	415,187
Deferred tax asset [1]	5,858	1,205	7,063	7,494	1,104	8,598
NON-CURRENT LIABILITIES						
Deferred tax liabilities	5,270	(5,270)	–	4,908	(4,908)	–
NET ASSETS	**441,883**	**–**	**441,883**	**423,194**	**–**	**423,194**

[1] Post impact of adoption of revised AASB 119 Employee Benefits, as outlined in Note 3(b)(iii).

The restatement has been corrected within the Intangible Assets financial statement line item at the commencement of the first comparative period, being 1 July 2012, and for the comparative period, being 30 June 2013, as shown below:

INTANGIBLES	Goodwill $'000	Franchise Systems & Rights $'000	Brand Names $'000	Trademarks $'000	Software $'000	Consolidated $'000
Original balance at 1 July 2012	245,372	97,400	63,211	4,510	10,706	421,199
Transfers in/(out)	54,459	–	(60,471)	–	–	(6,012)
RESTATED BALANCE AT 1 JULY 2012	**299,831**	**97,400**	**2,740**	**4,510**	**10,706**	**415,187**
Original balance at 30 June 2013	246,298	97,400	64,866	3,929	13,853	426,346
Transfers in/(out)	55,651	–	(62,126)	–	–	(6,475)
RESTATED BALANCE AT 30 JUNE 2013	**301,949**	**97,400**	**2,740**	**3,929**	**13,853**	**419,871**

(c) Reassessment of useful life of Brand Names

During the period, the useful life of the Best Flights Brand Name was revised and as a result amortisation expense increased by $1,672,000 for the year ending 30 June 2014.

Assuming the asset is held until the end of its useful life, amortisation in the year ending 30 June 2015 will be $1,021,000.

15. Deferred tax assets and liabilities

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)[1]
Deferred income tax at 30 June relates to the following:		

(a) Deferred tax assets

	2014 $'000	2013 $'000 (restated)[1]
Employee benefits	4,061	3,743
Payables and accruals	13,336	14,726
Tax losses	1,841	1,731
Property, plant and equipment	313	383
Other	1,408	–
GROSS DEFERRED TAX ASSETS	**20,959**	**20,583**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(13,754)	(13,520)
NET DEFERRED TAX ASSETS	**7,205**	**7,063**
Deferred tax assets expected to be recovered within 12 months	12,601	10,245
Deferred tax assets expected to be recovered after more than 12 months	8,358	10,338
	20,959	**20,583**

(b) Deferred tax liabilities

	2014 $'000	2013 $'000 (restated)[1]
Deferred revenue	(12,057)	(11,229)
Other	(1,697)	(2,291)
GROSS DEFERRED TAX LIABILITIES	**(13,754)**	**(13,520)**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	13,754	13,520
NET DEFERRED TAX LIABILITIES	**–**	**–**
Deferred tax liabilities expected to be settled within 12 months	(9,820)	(10,427)
Deferred tax liabilities expected to be settled after more than 12 months	(3,934)	(3,093)
	(13,754)	**(13,520)**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies and Note 14(b) for details regarding the restatement as a result of an error.

(c) Movement in temporary differences during the year

	Employee benefits $'000	Payables and accruals $'000	Property, plant and equipment $'000	Tax losses $'000	Other $'000	Total $'000
DEFERRED TAX ASSETS						
At 1 July 2012 (restated)[1]	4,780	15,300	476	1,655	–	22,211
(Charged)/credited:						
– to profit or loss	(1,037)	578	(93)	76	–	(476)
– to other comprehensive income	–	(1,152)	–	–	–	(1,152)
AT 30 JUNE 2013 (RESTATED)	**3,743**	**14,726**	**383**	**1,731**	**–**	**20,583**
AT 1 JULY 2013	3,743	14,726	383	1,731	–	20,583
(Charged)/credited:						
– to profit or loss	318	(1,390)	(70)	110	1,076	44
– to other comprehensive income	–	–	–	–	332	332
– direct to equity	–	–	–	–	–	–
AT 30 JUNE 2014	**4,061**	**13,336**	**313**	**1,841**	**1,408**	**20,959**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

	Deferred revenue $'000	Intangibles $'000	Other $'000	Total $'000
DEFERRED TAX LIABILITIES				
At 1 July 2012 (restated)[2]	11,812	162	1,639	13,613
Charged/(credited):				
– to profit or loss	(583)	(162)	91	(654)
– to other comprehensive income	–	–	561	561
AT 30 JUNE 2013 (RESTATED)	**11,229**	**–**	**2,291**	**13,520**
AT 1 JULY 2013	11,229	–	2,291	13,520
Charged/(credited):				
– to profit or loss	828	–	(591)	237
– to other comprehensive income	–	–	(3)	(3)
AT 30 JUNE 2014	**12,057**	**–**	**1,697**	**13,754**

2 Refer to Note 14(b) for details regarding the restatement as a result of an error.

16. Trade and other payables

	CONSOLIDATED	
	2014 $'000	2013 $'000
Trade creditors	125,572	165,076
Accruals	34,885	25,287
Other payables	36,925	46,588
	197,382	**236,951**

Trade creditors are non-interest bearing and are normally settled within 30 day terms. Non-trade payables and accruals are non-interest bearing.

Related party payables

For terms and conditions of related party payables, refer to note 26.

Foreign exchange risk

Details regarding foreign exchange risk exposure are disclosed in note 24.

17. Borrowings

	CONSOLIDATED 2014 $'000	2013 $'000
CURRENT		
Secured bank loan	–	818
Other secured financing[1]	–	165
Unsecured financing	892	1,008
NET CURRENT INTEREST BEARING LIABILITIES	**892**	**1,991**
NON-CURRENT		
Secured bank loan	25,319	24,434
	25,319	**24,434**
Less: deferred borrowing costs	(1,974)	(1,409)
NET NON-CURRENT INTEREST BEARING LIABILITIES	**23,345**	**23,025**

1 Other secured financing is secured against motor vehicle purchases in Fiji included as part of property, plant and equipment in note 13.

Financing Facilities

The following lines of credit were available at balance date:

	Maturity	CONSOLIDATED 2014 $'000	2013 $'000
DRAWN DOWN AT BALANCE DATE			
Secured Bank Loan – AUD		16,000	16,000
Secured Bank Loan – NZD $10m		9,319	8,434
Secured Bank Loan – FJD $2m[2]		–	818
		25,319	**25,252**
UTILISED AT BALANCE DATE			
Secured Multi-Option Revolving Credit Facilities – Multi Currency[3]		9,928	10,008
		35,247	**35,260**
UNUSED AT BALANCE DATE			
Secured Bank Loan – AUD		16,100	16,100
Secured Bank Loan – AUD[4]		15,000	–
Secured Bank Loan – NZD $10m		–	–
Secured Bank Loan – FJD $2m[2]		–	334
Secured Multi-Option Revolving Credit Facilities – Multi Currency[3]		30,072	30,079
		61,172	**46,513**
TOTAL FACILITIES			
Secured Bank Loan – AUD	17/04/2019	32,100	32,100
Secured Bank Loan – AUD[4]	Amortising	15,000	–
Secured Bank Loan – NZD $10m	17/04/2019	9,319	8,434
Secured Bank Loan – FJD $2m[2]	30/08/2017	–	1,152
Secured Multi-Option Revolving Credit Facilities – Multi Currency[3]	17/04/2019	40,000	40,087
TOTAL		**96,419**	**81,773**

2 The Group disposed of subsidiaries in Fiji during the year, as part of this transaction the FJD Bank loans were transferred to the Vendor.
3 Multi-option facilities at 30 June 2014 and 30 June 2013 used entirely for Bank Guarantees and Letters of Credit.
4 $15 million amortising tranche. $1 million amortised in each of October 2015 and April 2016. Further $1.5 million amortised in each of October 2016 and April 2017. Further $2.0 million amortised in each of October 2017, April 2018 and October 2018. Remaining $4 million amortised on April 2019.

(a) Secured liabilities and assets pledged as security

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

	CONSOLIDATED	
	2014 $'000	2013 $'000
Secured bank loans	25,319	25,252
Secured financing	–	165
	25,319	**25,417**

The Australian and New Zealand bank loans are secured against the assets of those entities included in the Deed of Cross Guarantee of the Group. These entities do not operate as licensed travel agents and are not subject to any other external regulation preventing them from providing encumbrances In addition the bank loans are secured against the assets of trading entities domiciled in New Zealand.

The Fijian bank loan is secured against the assets of the Fijian businesses. The Group disposed of subsidiaries in Fiji during the year, as part of this transaction the FJD Bank loans were transferred to the Vendor.

The carrying amounts of assets pledged as security for current and non-current borrowings are detailed in note 30.

The multi-option revolving currency facility can be drawn at any time. The maturity dates for the facility and loans are outlined above.

On 17 April 2014 the secured loan terms and conditions were re-negotiated with the Group's banking partner. The facility was extended to 17 April 2019. As part of the re-negotiated terms, an additional amortising facility of $15.0 million was agreed. The Group incurred $1.1 million in borrowing costs that were capitalised and will be amortised over the duration of the new facility agreement.

(b) 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.

(c) Fair values

Information about the carrying amounts and fair values of interest bearing liabilities is disclosed in note 24.

(d) Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 24.

18. Defined Benefit Plan

As part of the Merger arrangement, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply (post-merger) to employees of the Group that are also members of the Qantas Superannuation Plan (divisions of which are in the nature of Defined Benefit Plan). Under the deed, HLO assumed responsibility for the plan assets and plan liabilities for these members in a new Defined Benefit Plan controlled and managed by HLO. The plan assets and liabilities were transferred to HLO on 25 July 2011. This plan is closed to new members.

The following sets out details in respect of the defined benefit plan only. The expense recognised in relation to the defined benefit contribution plan is disclosed separately in note 4.

Changes in accounting policy

The Group has adopted the revised AASB 119 Employee Benefits during the year ended 30 June 2014. The revised Standard requires the changes to be adopted retrospectively, and adjustments to the defined benefit obligations have been recognised at the beginning of the earliest comparative period presented (1 July 2012) and the income statement and statement of comprehensive income were restated for the comparative period. The impact of these restatements is disclosed separately in Note 3(b)(iii).

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)
CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation	11,799	14,244
Current service cost	976	1,160
Past service cost	–	–
Interest cost	462	441
Member contributions	152	265
Actuarial gains from changes in financial assumptions	–	(1,252)
Actuarial gains from changes in other	(842)	(974)
Payments from the plan	(2,347)	(2,085)
CLOSING DEFINED BENEFIT OBLIGATION	**10,200**	**11,799**
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Opening fair value of plan assets	13,059	12,097
Interest income	516	393
Return on plan assets (excluding interest income)	1,238	1,854
Employer contributions	492	535
Member contributions	152	265
Payments from the plan	(2,347)	(2,085)
CLOSING FAIR VALUE OF PLAN ASSETS	**13,110**	**13,059**
EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT		
Current service cost	976	1,160
Interest cost	462	441
Interest income	(516)	(393)
TOTAL INCLUDED IN EMPLOYEE BENEFITS EXPENSE	**922**	**1,208**
ACTUAL RETURN GAIN ON PLAN ASSETS	**1,238**	**1,854**
EXPENSE RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME		
Actuarial gains recognised during the period	2,080	4,079
Cumulative actuarial gains and (losses) recognised	3,885	1,805
TOTAL AMOUNT RECOGNISED IN THE BALANCE SHEET AT BEGINNING OF PERIOD	**1,260**	**(2,146)**
Amount recognised in the statement of comprehensive income	2,080	4,079
Total expense	(922)	(1,208)
Employer contributions	492	535
TOTAL AMOUNT RECOGNISED IN THE BALANCE SHEET AT END OF PERIOD	**2,910**	**1,260**

GROUP PLAN ASSETS COMPRISE:	CONSOLIDATED 2014 %	CONSOLIDATED 2013 %
Australian equities	29.8	29.7
International equities	31.3	28.9
Property	18.1	20.8
Fixed interest, cash and indexed bonds	12.1	15.5
Private equity	3.3	0.2
Cash	5.4	4.9
	100.0	**100.0**

RECONCILIATION TO CONSOLIDATED BALANCE SHEET	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000 (restated)
Fair value of plan assets	13,110	13,059
Present value of defined benefit obligation	(10,200)	(11,799)
SURPLUS	**2,910**	**1,260**
Less: unrecognised actuarial losses	–	–
RECOGNISED ASSET IN THE CONSOLIDATED BALANCE SHEET	**2,910**	**1,260**
Experience adjustments (loss)/gain on plan assets	–	–
Experience adjustments gain/(loss) on plan liabilities	–	–

At present the Group has no legal obligation to settle this liability with an immediate contribution or additional one off contributions.

Significant estimates actuarial assumptions and sensitivity

The significant actuarial assumptions were as follows:

Discount rate	4.00%	4.00%
Expected rate of salary increases	3.50%	3.50%

	Change in assumption	Impact on defined benefit obligations: Increase in assumption	Impact on defined benefit obligations: Decrease in assumption
Discount rate	0.25%	Decrease by 4.2%	Increase by 4.4%
Salary growth rate	0.25%	Increase by 4.3%	Decrease by 4.2%

Comparative information has not been provided for the sensitivity analysis as permitted by the transitional provisions of the revised standard.

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit asset recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Risk Exposure

The Plan exposes HLO to risks such as interest rate risk, investment risk and inflation risk.

Interest Rate Risk

Interest rate risk results from the Plan's liabilities being discounted at a rate based on prevailing Commonwealth Government Bond yields at each accounting date. Higher yields result in a lower value of the defined benefit obligation and lower yields result in a higher value of the defined benefit obligation.

Investment Risk

The Plan invests in a diversified investment strategy. Given the level of diversification in the underlying investments, the Plan is unlikely to suffer any significant loss from underperformance by the failure of an individual underlying security.

Salary Inflation Risk

The Plan's defined benefit obligations are linked to salary and therefore a higher than expected rate of salary inflation results in higher defined benefit obligations, unless these inflationary increases are accompanied by compensating higher rates of investment return.

The expected long-term rate of return is based on the weighted average of expected returns on each individual asset class where the weightings reflect the proportion of defined benefit assets invested in each asset class. Each asset class' expected return is based on expectations of average returns over the next 10 years.

Actuarial gains and losses recognised in the Statement of Comprehensive Income arise as a result of changes in the discount rate applied to calculate the net present value of employees' benefits (due to changes in government bond rates during the prevailing period), as well as fair value adjustments made to the value of plan assets, and changes in actuarial assumptions around expected return on plan assets and expected rates of salary increases.

Defined benefit asset and employer contributions

The Group makes contributions to the plan which provides defined benefit amounts for employees upon retirement. Under the plan, employees are entitled to retirement benefits determined, at least in part, by reference to a formula based on years of membership and salary levels.

The Group monitors the plan asset balance on an annual basis and currently contributes at a rate of 14.7% of salaries for Division 2 members and 10.9% for Division 3 members which is consistent with the Plan actuary's recommendation in the most recent actuarial valuation as at 25 July 2011 (reported on 24 July 2012). The next actuarial valuation as at 30 June 2014 will be undertaken in FY15.

Employer contributions are determined based on actuarial advice and are set to target the assets of the Plan exceeding the total of members' vested benefits. Based on the contribution recommendations made in the most recent actuarial investigation of the Plan dated 24 July 2012, the estimated net employer contributions will be approximately $470,000 for the year ending 30 June 2015 (2014: $784,000).

The duration of the defined benefit obligation of the Plan is estimated to be approximately 12 years. A breakdown of plan liabilities by duration is as follows:

DEFINED BENEFIT OBLIGATION MATURITY ANALYSIS	30 June 2014
Less than 5 years	23.1%
Between 5 - 10 years	16.0%
Between 10 - 20 years	39.9%
Over 20 years	21.0%
TOTAL	**100.0%**

19. Provisions

	CONSOLIDATED	
	2014 $'000	2013 $'000
CURRENT		
Employee benefits – long service leave	4,121	4,580
Employee benefits – annual leave	4,797	5,954
Lease make good	1,394	1,563
Onerous lease contracts	187	472
Restructuring	1,130	1,486
Other	1,123	1,031
	12,752	**15,086**
NON-CURRENT		
Employee benefits – long service leave	981	1,289
Onerous lease contracts	389	504
	1,370	**1,793**

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	CONSOLIDATED				
	Restructuring $'000	Lease make good $'000	Onerous lease contracts $'000	Other $'000	Total $'000
NET BOOK AMOUNT					
Balance at 1 July 2013	1,486	1,563	976	1,031	5,056
Provisions made against capitalised assets	–	21	–	–	21
Provisions charged to income statement	2,091	–	–	355	2,446
Unused amounts released to income statement	(786)	–	(27)	(123)	(936)
Amounts included in businesses disposed of	–	(142)	(250)	(56)	(448)
(Discount)/unwind of discount	–	–	61	–	61
Payments made/transfers from provision	(1,661)	(48)	(195)	(98)	(2,002)
Foreign currency differences	–	–	11	14	25
BALANCE AT 30 JUNE 2014	**1,130**	**1,394**	**576**	**1,123**	**4,223**
Current	1,130	1,394	187	1,123	3,834
Non-current	–	–	389	–	389
TOTAL	**1,130**	**1,394**	**576**	**1,123**	**4,223**

(b) Nature and timing of provisions

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 under those contracts at balance date. 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 amount of the provision for future lease make good costs is capitalised and amortised in accordance with the policy set out in note 3(h). The unwinding of the effect of discounting of the provision, where relevant, is recognised as a finance expense.

Onerous lease contracts

A provision for onerous lease contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the expected cost of terminating the contract and the expected net cost of continuing the contract.

Restructuring

Restructuring and redundancy provisions are recognised as an expense when the Group has made a commitment to the process, and this has been agreed and communicated to those affected. All payments are expected to be settled within the next accounting period.

(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.

20. Deferred revenue

	CONSOLIDATED 2014 $'000	2013 $'000
Deferred revenue	66,019	75,992
	66,019	**75,992**

Details on the deferred revenue accounting policy are contained in note 3(n).

21. Auditors' remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	CONSOLIDATED 2014 $	2013 $
AUDIT SERVICES		
Auditor of the Company – PricewaterhouseCoopers (PwC) Australia		
– Audit and review of Financial Statements	710,000	739,000
Related practices of PwC Australia	157,089	139,345
Non – PwC audit firms	18,245	21,900
	885,334	**900,245**
OTHER SERVICES		
Auditor of the Company – PwC Australia		
– Taxation compliance services	62,000	54,950
– Other services	100,237	58,687
	162,237	**113,637**
RELATED PRACTICES OF PwC AUSTRALIA		
– Tax	65,364	28,382
– Other	30,560	26,114
	95,924	**54,496**
TOTAL AUDITORS' REMUNERATION	**1,143,495**	**1,068,378**

22. Capital and reserves

(a) Shares on issue

	CONSOLIDATED	
	Number of Shares	$'000
AS AT 30 JUNE 2014		
Fully paid ordinary shares of Helloworld Limited	440,548,572	278,822
CONTRIBUTED EQUITY	**440,548,572**	**278,822**
AS AT 30 JUNE 2013		
Fully paid ordinary shares of Helloworld Limited	439,953,581	278,822
CONTRIBUTED EQUITY	**439,953,581**	**278,822**

HLO Ordinary Shares

Holders of ordinary shares in HLO are entitled to receive dividends as declared from time to time and are entitled to one vote per share at HLO shareholders' meetings. In the event of the winding up of HLO, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation. There is only one class of share on issue in HLO.

(b) Movements in shares on issue

	CONSOLIDATED	
	Number of Shares	$'000
OPENING BALANCE 1 JULY 2012	**439,105,954**	**278,822**
Issue to Long Term Incentive Plan participants on 25 October 2012	847,627	–
BALANCE 30 JUNE 2013	**439,953,581**	**278,822**
Issue to Long Term Incentive Plan participants on 19 September 2013	594,991	–
BALANCE 30 JUNE 2014	**440,548,572**	**278,822**

(c) (Accumulated losses)/retained earnings

Movements in (accumulated losses)/retained earnings were as follows:

		CONSOLIDATED	
	Note	2014 $'000	2013 $'000 (restated[1])
BALANCE 1 JULY		1,894	(12,815)
Net (loss)/profit for the period		(63,347)	16,180
Items of other comprehensive income recognised directly in retained earnings			
Actuarial gains on defined benefit plan, net of tax		1,586	2,929
Dividends paid	8	(2,203)	(4,400)
BALANCE 30 JUNE		**(62,070)**	**1,894**

1 Refer to Note 3(b)(iii) regarding the restatements for changes in accounting policies.

(d) Other reserves

RESERVES		
Foreign currency translation reserve	2,205	197
Hedging reserve	(90)	1,494
Predecessor accounting reserve	156,400	156,400
Share-based payment reserve	1,895	1,808
Share-based payment trust reserve	(246)	–
	160,164	**159,899**

Movements:

FOREIGN CURRENCY TRANSLATION RESERVE		
BALANCE 1 JULY	197	(1,687)
Currency translation differences arising during the year	1,283	1,884
Amounts reclassified to profit or loss on disposal of net investment in foreign operation	725	–
BALANCE 30 JUNE	**2,205**	**197**

HEDGING RESERVE		
BALANCE 1 JULY	1,494	179
Revaluation – gross	(2,457)	1,994
Deferred tax	873	(679)
BALANCE 30 JUNE	**(90)**	**1,494**

PREDECESSOR ACCOUNTING RESERVE		
BALANCE 1 JULY	156,400	156,400
Revaluation	–	–
BALANCE 30 JUNE	**156,400**	**156,400**

SHARE-BASED PAYMENT RESERVE		
BALANCE 1 JULY	1,808	1,274
Share-based payment expense	87	569
Transfer from share-based payment trust reserve	–	(35)
BALANCE 30 JUNE	**1,895**	**1,808**

SHARE-BASED PAYMENT TRUST RESERVE		
BALANCE 1 JULY	–	–
Treasury shares purchased on market	(246)	(35)
Transfer to share based payment reserve	–	35
BALANCE 30 JUNE	**(246)**	**–**

Nature and purpose of other reserves

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 3(d). The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

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 3(v). Amounts are reclassified to the income statement when the associated hedge transaction affects profit and loss.

Predecessor accounting reserve

Any differences between the net assets acquired and the consideration provided in relation to common control transactions are recorded in the predecessor accounting reserve, as described in Note 3(ac). Under common control, the Company has recorded the interest in the acquired company based on the book values of the assets and liabilities that were previously attributable to the subsidiary at the highest level of consolidation. As a result, no fair value adjustments are recorded on the acquisition.

Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of Performance Share Rights issued to eligible employees but not exercised.

Share-based payments trust reserve

Where any group company or trust purchases the company's equity instruments, for example purchases of shares by the Helloworld Employee Share Trust, the consideration paid, including any directly attributable incremental costs (net of income taxes) is recorded in the share based payments trust reserve until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration paid, net of any directly attributable incremental transaction costs and the related income tax effects, is transferred to the share based payments reserve.

23. Reconciliation of net (loss)/profit after tax to the net cash flows from operating activities

	CONSOLIDATED	
	2014 $'000	2013 $'000 (restated)
NET (LOSS)/PROFIT AFTER TAX	**(63,347)**	**16,180**
Adjustments for:		
Depreciation and amortisation	14,032	10,805
Non-controlling interests	104	180
Gain on sale of non-current assets	(7)	(34)
Impairment losses on trade receivables	207	216
Share of profits of associates	(165)	(136)
Share based payments expense	115	616
Loss on disposal of investments	5,473	–
Impairment of goodwill	59,500	–
Fair value loss on revaluation of investment property	–	246
Changes in operating assets and liabilities:		
Decrease in trade and other receivables	2,308	10,596
Decrease/(increase) in other financial assets	3,410	(3,966)
Decrease in trade and other payables	(45,781)	(455)
Decrease in provisions	(1,611)	(4,604)
Increase in other non-current liabilities	560	72
Movements in tax balances	(5,643)	5,741
NET CASH (OUTFLOWS)/INFLOWS FROM OPERATING ACTIVITIES	**(30,845)**	**35,457**

There were no non cash financing and investing activities undertaken during the year (2013: nil).

24. Financial risk management

The Group's principal financial instruments comprise receivables, payables, cash, short-term deposits, borrowings and derivatives. The Group manages its exposure to key financial risks, including currency risk in accordance with a set of policies approved by the Board. The Group's policy is to not enter into, issue or hold derivative financial instruments for speculative trading purposes.

Financial Risk management is carried out by Group Treasury under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

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 3.

The Group holds the following financial instruments:

	CONSOLIDATED	
	2014 $'000	2013 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	184,320	234,934
Trade receivables	51,927	62,807
Derivative financial instruments	–	3,321
	236,247	**301,062**
FINANCIAL LIABILITIES		
Trade and other payables (excludes accruals)	162,497	211,664
Interest bearing liabilities	26,211	26,425
Derivative financial instruments	2,710	321
	191,418	**238,410**
CONTINGENT FINANCIAL LIABILITIES		
Bank Guarantees and Letters of Credit	9,928	10,008
	9,928	**10,008**

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.

Management monitors rolling forecasts of the Group's liquidity reserves (comprising the undrawn facilities outlined in note 17) and cash and cash equivalents (outlined in note 10) on the basis of expected cash flows. Financing arrangements are outlined in note 17.

The following table summarises the contractual undiscounted cash flows of financial liabilities as at 30 June 2014 and 30 June 2013:

	CONSOLIDATED								
	Carrying amount	Contractual cash flows							
2014	$'000	0–6 months $'000	6–12 months $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL LIABILITIES									
Trade and other payables	162,497	162,497	–	–	–	–	–	–	162,497
Interest bearing liabilities – secured[1]	25,319	1,523	1,528	3,128	3,199	2,774	27,516	–	39,668
Interest bearing liabilities – unsecured	892	–	892	–	–	–	–	–	892
Bank Guarantees and Letters of Credit	–	2,847	2,786	1,549	697	289	899	861	9,928
DERIVATIVE FINANCIAL LIABILITIES									
Cash flow hedges	2,551	2,374	177	–	–	–	–	–	2,551
Interest rate swaps	159	–	–	159	–	–	–	–	159
	191,418	**169,241**	**5,383**	**4,836**	**3,896**	**3,063**	**28,415**	**861**	**215,695**

	CONSOLIDATED								
	Carrying amount	Contractual cash flows							
2013	$'000	0–6 months $'000	6–12 months $'000	1 to 2 years $'000	2 to 3 years $'000	3 to 4 years $'000	4 to 5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL LIABILITIES									
Trade and other payables	211,664	211,664	–	–	–	–	–	–	211,664
Interest bearing liabilities – secured[1]	25,417	1,870	1,915	2,594	25,085	–	–	–	31,464
Interest bearing liabilities – unsecured	1,008	504	504	–	–	–	–	–	1,008
Bank Guarantees and Letters of Credit	–	3,377	3,105	1,022	227	772	289	1,216	10,008
DERIVATIVE FINANCIAL LIABILITIES									
Interest rate swaps	321	–	–	–	321	–	–	–	321
	238,410	**217,415**	**5,524**	**3,616**	**25,633**	**772**	**289**	**1,216**	**254,465**

[1] Excludes deferred borrowing costs

Details on the interest bearing liabilities and facilities, including maturity dates are contained in note 17.

Market risk

The Group has exposure to market risk in the areas of foreign exchange and interest rates. The following section summarises the Group's approach to managing these risks.

(i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The source and nature of this risk arises predominantly from payments to overseas suppliers in the Wholesale operations. In order to protect against exchange rate movements, the group has entered into forward exchange contracts to purchase foreign currencies. These contracts are hedging highly probable forecasted purchases for the ensuing financial year and are timed to mature when payments to suppliers are scheduled to be made.

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Forward foreign exchange contracts are used to hedge a portion of remaining foreign currency exposure within specific parameters. For this to occur the Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported net income.

As at 30 June 2014, 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 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.

CURRENCY	2014 AUD equivalent $'000	2013 AUD equivalent $'000
USD	(2,325)	(195)
EUR	(1,240)	(1,433)
GBP	(337)	100
FJD	(1,661)	(11,072)
NZD	(195)	737
Other currencies	(1,571)	(3,032)
NET TOTAL FOREIGN CURRENCY EXPOSURE LIABILITY	**(7,329)**	**(14,895)**

The following table summarises the impact of a reasonably possible change in foreign exchange rates on net profit. For the purpose of this disclosure, the sensitivity analysis assumes a 10% increase and decrease in foreign exchange rates. Sensitivity analysis assumes hedge effectiveness as at 30 June 2014. This analysis also assumes that all other variables, including interest rates, remain constant.

	CONSOLIDATED Net Profit Before Tax	
	2014 $'000	2013 $'000
10% increase	1,837	2,170
10% decrease	(2,245)	(2,651)

(ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk is on its cash assets and its cash borrowings issued at variable rates. Cash includes short-term deposits amounting to $66 million (2013: $85.1 million) paying a weighted average fixed rate of 3.27% per annum (2013: 3.53%). The Group has entered into interest rate swaps to mitigate interest rate risk on its variable rate borrowings. Other funds are held in operational and foreign currency bank accounts and during the year earned interest at market rates under normal commercial terms.

All short-term deposits are fixed rate instruments and accordingly, a change of 100 basis points per annum in interest rates at the reporting date would have no impact on the profit and the net equity of the Group (2013: nil).

Credit risk

Credit risk is the potential loss from a transaction in the event of a default by the counterparty during the term of the transaction or on settlement of the transaction. Credit exposure is measured as the cost to replace existing transactions should a counterparty default.

The Group transacts with the following major counterparties:

- Trade debtor counterparties: the credit risk is the recognised amount, net of any impairment loss. As at 30 June 2014, this amounted to $51.9 million (2013: $62.8 million). 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 and accreditation of travel agents through industry programs; and
- HLO's most significant customer is Qantas Airways Limited and its subsidiaries, details of these transactions are outlined in note 26.

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. Due to the short term nature of these receivables, their carrying amount is assumed to be 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.

The ageing of trade receivables not considered impaired, or provided for as impaired, at 30 June was:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Neither past due nor impaired	44,965	51,677
Past due 1 – 30 days	2,612	5,529
Past due 31 – 60 days	1,003	3,476
Past due 61 – 90 days	791	181
Past due 91 – 120 days	1,149	1,283
More than 120 days	1,407	661
TOTAL	**51,927**	**62,807**

As at 30 June 2014, trade receivables of $7.0 million (2013: $11.1 million) were past due but not impaired. These relate to a number of independent counterparties for whom there is no recent history of default.

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

The ageing of trade receivables identified as impaired at 30 June was:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Neither past due nor impaired	14	–
Past due 1 – 30 days	7	11
Past due 31 – 60 days	8	170
Past due 61 – 90 days	377	235
Past due 91 – 120 days	9	–
More than 120 days	380	502
TOTAL	**795**	**918**

The movement in the allowance for impairment losses in respect of trade receivables was as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
BALANCE AS AT 1 JULY	**918**	**2,217**
Additional provision recognised	207	216
Write back of provision	(299)	(1,362)
Bad debts written off	(62)	(183)
Foreign currency differences	31	30
BALANCE AS AT 30 JUNE	**795**	**918**

An allowance for impairment losses is made when there is objective evidence that a trade receivable is impaired. In the current period an additional $0.2 million (2013: $0.2 million) provision has been recognised by the Group. The amount of the allowance is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

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

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash and cash equivalents	184,320	234,934
Trade and other receivables	105,470	112,501
	289,790	**347,435**

The Group undertakes transactions with a large number of customers and other counterparties in various countries in accordance with Board approved policy. Where a higher than acceptable credit risk is identified with a counterparty, the Group looks to implement measures which minimise the risk of losses and in some cases seeks to renegotiate customer trading terms by requiring the customer to prepay on purchases in advance of confirmation of a travel booking.

Net fair values

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

		CONSOLIDATED			
		CARRYING AMOUNT		NET FAIR VALUE	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
FINANCIAL ASSETS AT AMORTISED COST					
Cash and cash equivalents	10	184,320	234,934	184,320	234,934
Trade and other receivables	11	105,470	112,501	105,470	112,501
		289,790	**347,435**	**289,790**	**347,435**
FINANCIAL LIABILITIES AT AMORTISED COST					
Trade creditors	16	125,572	165,076	125,572	165,076
Other payables	16	36,925	46,588	36,925	46,588
Interest bearing liabilities - current	17	892	1,991	892	1,991
Interest bearing liabilities – non-current	17	23,345	23,025	25,319	24,434
		186,734	**236,680**	**188,708**	**238,089**

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

The Group's forward exchange contracts are recognised at their fair value determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

		$'000		
2014	Level 1	Level 2	Level 3	Total
NET DERIVATIVE FINANCIAL LIABILITIES	–	2,710	–	2,710
	–	**2,710**	**–**	**2,710**

		$'000		
2013	Level 1	Level 2	Level 3	Total
NET DERIVATIVE FINANCIAL ASSETS	–	3,000	–	3,000
	–	**3,000**	**–**	**3,000**

Capital management

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 monitors both the return on capital and the level of dividends to ordinary shareholders.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders.

There were no changes in the Group's approach to capital management during the year.

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

25. Commitments and contingencies

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Within one year	7,925	9,189
After one year but not more than five years	15,407	16,287
Longer than five years	148	1,674
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT REPORTING DATE	**23,480**	**27,150**

The Group has entered into commercial leases on property and certain items of office equipment. These leases have an average life of between 2 and 12 years and generally provide the Group with a right of renewal at which time all terms are renegotiated. There are no restrictions placed upon the lessee by entering into these leases.

The Group recognised rent expenses of $11.5 million in the period (2013: $13.1 million).

Leases as lessor

The Group sub-leases surplus office space under operating leases. The Group also leases one investment property. The future minimum lease receipts under these leases are as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Within one year	636	66
After one year but not more than five years	1,245	83
Longer than five years	–	–
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT REPORTING DATE	**1,881**	**149**

The Group recognised lease rental income of $0.1 million (2013: $0.2 million). Rental income is derived from the sub lease of surplus office space and lease of one investment property. In addition to this the Group received rental income for which rent is derived from sub lease arrangements on a month by month contract basis. The future minimum lease receipts above do not include expected future income from these arrangements owing to short term nature of the arrangement.

Guarantees

Other than the Deed of Cross Guarantee entered into with its subsidiaries, as outlined in note 30, HLO has on issue at 30 June 2014 bank guarantees and letters of credit totalling $9.9 million (2013: $10.0 million).

Contingencies

There are no significant contingent liabilities.

GST Claim before the Federal Court of Australia

The group is currently involved in a legal case in relation to a GST matter. The final outcome of the matter cannot yet be assessed with certainty. Additional information in relation to the matter is disclosed in note 7(g).

26. Related party transactions

(a) Subsidiaries

Details relating to subsidiaries are included in note 27.

(b) Ultimate and direct parent

Helloworld Limited (HLO) is the legal owner of the Group. However, under the applicable accounting standards, a reverse acquisition by Stella Travel Services Holdings Pty Limited (STSH) is deemed to have occurred on the Merger of STSH with HLO. Consequently, for accounting purposes, STSH is accounted for as the ultimate and direct parent entity of the Group.

(c) Entities with significant influence over the Group

QH Tours Limited (a wholly owned subsidiary of Qantas Airways Limited) holds 29% of the ordinary shares of HLO, Europe Voyager NV holds 27% of the ordinary shares of HLO, and UBS Australia Holdings Limited (UBSAHL) holds 18% of the ordinary shares of HLO. Under the Merger agreement QH Tours Limited and Europe Voyager NV were entitled to appoint two Board members each, and UBSAHL one Board member, consequently these three shareholders were considered to hold significant influence over the Group. In accordance with the Merger agreement, in the event that these Board members resign from their directorship, the Merger agreement does not allow for these shareholders to nominate an alternate Director. Currently, one of each of the QH Tours Limited and Europe Voyager NV Directors appointed at the time of the Merger remain on the Board of HLO.

(d) Key management personnel compensation

	CONSOLIDATED	
	2014 $	2013 $
Short term employee benefits	4,514,060	5,840,963
Long term employee benefits	19,245	108,159
Share-based payment benefits	103,432	353,905
Post-employment benefits	128,246	203,342
Termination benefits	–	859,524
	4,764,983	**7,365,893**

Detailed remuneration disclosures are provided in the remuneration report on pages 25 to 43.

(e) Transactions with related parties

The following transactions were carried out with related parties:

	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
TRADING TRANSACTIONS		
(i) Revenue derived from:		
Associates of the Group	119	208
Entities with significant influence over the Group[1]	57,277	58,351
Other related parties[3]	–	8
(ii) Expenses incurred as a result of transactions with:		
Associates of the Group	–	72
Entities with significant influence over the Group[1]	2,294	4,893
Other related parties[3]	–	101
(iii) Dividends received from:		
Associates of the Group	48	185
YEAR END BALANCES		
(i) Assets:		
Associates of the Group	1,431	–
Entities with significant influence over the Group[1]	12,684	9,917
(ii) Liabilities:		
Associates of the Group	1,422	1,185
Entities with significant influence over the Group[1]	3,951	4,732
TRANSACTIONS ASSOCIATED WITH THE MERGER		
(i) Payments for services provided under the Umbrella agreement[2] from:		
Entities with significant influence over the Group[1]	–	1,547
(ii) Payments for employee related statutory entitlements[2] to:		
Entities with significant influence over the Group[1]	11,319	13,348

1 QH Tours Limited (a wholly owned subsidiary of Qantas Airways Limited) holds 29% of the ordinary shares of HLO, Europe Voyager NV holds 27% of the ordinary shares of HLO, and UBS Australia Holdings Limited holds 18% of the ordinary shares of HLO.

2 In addition to ordinary trading transactions and as part of the Merger agreement, the Group entered into an umbrella agreement with Qantas Airways Limited (and its controlled entities). The agreement was intended to facilitate a transition to arrangements directly between HLO and relevant third party suppliers and provide for the continuation of the ordinary course of business activities of the Group. Services provided under the agreement include shared services, national sales agency agreements, IT services, labour recharges, frequent flyer arrangements, intellectual property rights and website agreements.

3 Includes transactions with Director related entities and key management personnel.

Terms and conditions of related party receivables and payables

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

Qantas Airways Limited and Qantas Holidays Limited are party to the Qantas Frequent Flyer Program Participating (Retail) Agreement (the Agreement).

(f) Transactions with Director related entities

Year ended 30 June 2014 and year ended 30 June 2013

A Cummins is Chairman of STS UK Holdco II Limited and Global Voyager Holdings Pty Limited which are controlled by Europe Voyager NV, also a shareholder which is deemed to have significant influence over HLO. In addition, A Cummins is Chairman of Mantra Group Limited (formerly Mantra Group Holdings I Pty Limited) which EV Hospitality NV is deemed to have significant influence over. EV Hospitality NV is considered a related party of HLO as EV Hospitality NV and Europe Voyager NV are commonly controlled entities. Details of transactions with STS UK Holdco II Limited and Mantra Group Limited are included in part (e) above.

E Gaines is a director of Global Voyager Holdings Pty Limited, STS UK Holdco I Pty Limited and Global Voyager Group Admin Pty Limited which are controlled by Europe Voyager NV, also a shareholder and deemed to have significant influence over HLO. In addition, E Gaines is a director of Mantra Group Limited (formerly Mantra Group Holdings I Pty Limited) which EV Hospitality NV is deemed to have significant influence over. EV Hospitality NV is considered a related party of HLO as EV Hospitality NV and Europe Voyager NV are commonly controlled entities. Details of transactions with these companies and their related entities are included in part (e) above.

Year ended 30 June 2013

P Lacaze (CEO and Executive Director until 27 August 2012) was a director of Stella Global Travel Pty Limited and STS UK Holdco Pty Limited which are controlled by Europe Voyager NV, also a shareholder and deemed to have significant influence over HLO. Details of transactions with these companies and their controlled entities are included in part (e) above.

P Spathis was a Director of HLO until 28 November 2012 (appointed as a Director of HLO by Sintack Pty Limited, which holds 12.3% of ordinary shares of HLO) and a corporate executive with Consolidated Travel Pty Limited. Sintack Pty Limited is controlled by Mr Alysandratos). Mr Alysandratos also holds a controlling interest in Consolidated Travel Pty Limited and is a director of Consolidated Travel Pty Limited and Chesters Nominees Pty Limited. HLO held a sub-lease agreement with Consolidated Travel Pty limited during the period for which $0.01 million of income (2012: $0.02 million) was received.

A MacKenzie (Director of HLO until 31 December 2012) was a director of Mantra Group Holdings Pty Limited and Global Voyager Holdings Pty Limited which is controlled by Europe Voyager NV, also a shareholder which is deemed to have significant influence over HLO. Details of transactions with Mantra Group are included in part (e) above.

(g) Transactions with key management personnel

The Group entered into an operating lease agreement over business premises in Perth with a related party (who ceased to be a related party from 30 October 2012). The contract terms and conditions and the agreed contract price is on an arm's length basis and under conditions no more favourable than had the lessor been an independent third party. Amounts paid in respect of this contract are included in part (e) above.

Other transactions with key management personnel are outlined in the Remuneration Report on pages 25 to 43.

(h) Terms and conditions

Sales to and purchases from related parties are made at arm's length at normal market prices and on normal commercial terms.

Transactions relating to dividends are on the same terms and conditions applicable to other shareholders.

Outstanding balances are unsecured and are repayable in cash.

(i) Guarantees

Guarantees provided or received for any related party receivables or payables have been disclosed in note 17.

27. Particulars in relation to controlled entities as at 30 June 2014

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 3(a). The proportion of ownership interest is equal to the proportion of voting power held.

CONTROLLED ENTITIES	Note	ABN/ACN	Country of incorporation	Helloworld Group Ownership Interest 2014 %	2013 %
Helloworld Limited	1, 2	60 091 214 998	Australia	N/A	N/A
Jetset Travelworld Network Pty Limited	2	23 124 732 136	Australia	100	100
Jetset Pty Limited		30 098 029 362	Australia	100	100
JTG Corporate Pty Limited	2	128 834 588	Australia	100	100
Helloworld Services Pty Limited	2, 5	85 124 719 508	Australia	100	100
National Cruise Centre Pty Limited		86 135 179 485	Australia	100	100
Helloworld Group Pty Limited	3	47 108 306 243	Australia	100	100
QBT Pty Limited		50 128 382 187	Australia	100	100
Qantas Holidays Limited		24 003 836 459	Australia	100	100
ACN 139 386 520	8	72 139 386 520	Australia	100	100
Travelworld Pty Limited		81 074 285 224	Australia	100	100
Retail Travel Investments Pty Limited		094 188 100	Australia	100	100
Harvey World Travel Group Pty Limited		073 203 291	Australia	100	100
Harvey World Travel Franchises Pty Limited		059 507 587	Australia	100	100
Travelscene Pty Limited		001 763 819	Australia	100	100
Harvey World Travel International Pty Limited		073 203 264	Australia	100	100
Travelscene Tickets Pty Limited		056 166 682	Australia	100	100
Transonic Travel Pty Limited	2	103 179 326	Australia	100	100
Australian Travel Services (Pacific) Limited	4	NZ# 487 031	New Zealand	–	100
Allied Tour Services Pacific Limited	4	Fiji# 13411	Fiji	–	100
Coral Sun Limited	4	Fiji# 13988	Fiji	–	60
Stella Travel Services (Australia) Pty Limited		003 237 296	Australia	100	100
Travel Indochina Limited		UK# 0525 0591	UK	100	100
Best Flights Pty Limited		095 507 010	Australia	100	100
World Aviation Systems (Australia) Pty Limited		003 237 189	Australia	100	100
Global Aviation Services Pty Limited		099 065 040	Australia	100	100
Stella Travel Services (NZ) Limited		NZ# 182 9492	New Zealand	100	100
Atlantic and Pacific Business Travel Limited		NZ# 519 813	New Zealand	100	100
GP Holiday Shoppe Limited		NZ# 1953 053	New Zealand	100	100
Gullivers Pacific Limited		NZ# 128 2538	New Zealand	100	100
Harvey World Travel (2008) Ltd		NZ# 593 524	New Zealand	100	100
Just Tickets Limited		NZ# 155 6299	New Zealand	100	100
United Travel Limited		NZ# 100 6869	New Zealand	100	100
Atlantic & Pacific Business Travel Pty Limited		061 265 610	Australia	100	100
Travel Co Investments No. 2 Pty Limited		111 633 624	Australia	100	100
Montarge Pty Limited		100 625 607	Australia	100	100
Travel Advantage Pty Limited		004 009 296	Australia	100	100
Helloworld NZ Limited	10	NZ #92 083	New Zealand	100	100
Global Aviation Services (Australasia) Limited		NZ# 127 5961	New Zealand	100	100
Biztrav Limited		NZ# 833 384	New Zealand	72	72
Aus STS Holdco II Pty Limited	2	138 225 331	Australia	100	100
Stella Travel Services Group Pty Limited	2	097 772 702	Australia	100	100
Betanza Pty Limited		072 181 161	Australia	100	100
ACN 003 683 967	9	003 683 967	Australia	100	100
Travelscene Holidays Pty Limited	2	111 606 743	Australia	100	100
Concorde International Travel Inc.			USA	100	100

CONTROLLED ENTITIES	Note	ABN/ACN	Country of incorporation	Helloworld Group Ownership Interest 2014 %	2013 %
Stella Travel Services USA Inc.			USA	100	100
Tourist Transport Fiji Limited	4	Fiji# 5312	Fiji	–	60
Great Sights Fiji Limited	4	Fiji #686	Fiji	–	60
Harvey Holidays Pty Limited		061 284 866	Australia	100	100
Encore Business Tourism Pty Limited		57 006 805 625	Australia	100	100
QBT (NZ) Limited		NZ# 3982078	New Zealand	100	100
Travel Indochina Vietnam Co. Ltd			Vietnam	95	95
Travel Indochina Lao Co Limited			Laos	70	70
Advanced Applications (UK) Limited	7	UK# 067 33115	UK	100	–
Helloworld Franchising Pty Limited	6	164 402 304	Australia	100	–
Helloworld Digital Pty Limited	6	164 402 215	Australia	100	–
Helloworld IP Pty Limited	6	164 402 288	Australia	100	–

1. Helloworld Limited is the legal owner of the Group. However, under the applicable accounting standards, a reverse acquisition by Stella Travel Services Holdings Pty Limited is deemed to have occurred on the Merger at 30 September 2010. Consequently, for accounting purposes, Stella Travel Services Holdings Pty Limited is the parent entity of the Group.
2. Pursuant to ASIC Class Order 98/1418 (as amended), these controlled entities are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial statements.
3. On 9 May 2014 Helloworld Group Pty Limited changed its name from National Ticket Centre Pty Limited.
4. On 30 September 2013, the Group disposed of its investment in Australian Travel Services (Pacific) Limited and the net assets associated with the ATS Pacific Australia business was completed. The sale of the investment for Allied Tour Services Pacific Limited, Coral Sun Limited, Tourist Transport Fiji Limited and Great Sights Fiji Limited was completed on 4 April 2014. See note 31 for further information.
5. On 2 December 2013 Helloworld Services Pty Limited changed its name from JTG Services Pty Limited.
6. During the year HLO incorporated Helloworld Franchising Pty Limited, Helloworld Digital Pty Limited and Helloworld IP Pty Limited. HLO holds 100% of the share capital on issue for these entities as at 30 June 2014.
7. On 1 November 2013 Helloworld Services Pty Limited acquired 100% interest in Advanced Applications (UK) Limited. See note 31 for further information.
8. On 2 December 2013 ACN 139 386 520 changed its name from Ready Travel Pty Limited.
9. On 30 September 2013 ACN 003 683 967 changed its name from ATS Pacific Pty Limited.
10. On 7 May 2014 Helloworld NZ Limited changed its name from United Touring Limited.

Transactions with non-controlling interests

There were no other transactions with non-controlling interests during the period, other than those disclosed in this report.

28. Investments in associates

Information relating to associates is set out below:

INVESTMENTS IN ASSOCIATES	Note	ABN/ACN	Country of incorporation	Helloworld Group Ownership Interest 2014 %	2013 %
Harvey World Travel Southern Africa (Pty) Limited		SA# 1981/00 1738/07	South Africa	50	50
Merraford Pty Limited		100 625 581	Australia	25	25
Maridore Pty Limited		100 625 572	Australia	30	30
Resortpac Pty Limited		064 579 273	Australia	30	30
Vallane Pty Limited		100 625 643	Australia	39	39
Fine Travel Pty Limited	1	109 344 587	Australia	30	30
Travel Co Investments Pty Limited		110 761 923	Australia	49	49
Present Australia Pty Limited	2	060 613 816	Australia	–	25
Talpacific Holidays (UK) Limited		UK# 04 575 488	UK	50	50
Tour Managers (Fiji) Limited		Fiji# 16936	Fiji	33	33
Harvey World Travel Strategy Group Ltd		NZ# 569 145	New Zealand	50	50

[1] The Group disposed of its investment in Fine Travel Pty Limited on 8 July 2014.
[2] The Group disposed of its investment in Present Australia Pty Limited during the year.

29. Parent Entity Disclosures

As at, and throughout, the financial year ended 30 June 2014 the legal parent company of the Group was Helloworld Limited.

	COMPANY	
	2014 $'000	2013 $'000
RESULT OF THE PARENT ENTITY		
Loss for the year	(105,056)	(656)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(105,056)**	**(656)**
FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	62,509	54,360
Non-current assets	323,155	428,234
TOTAL ASSETS	**385,664**	**482,594**
Current liabilities	41,852	31,292
Non-current liabilities	1	2
TOTAL LIABILITIES	**41,853**	**31,294**
NET ASSETS	**343,811**	**451,300**
TOTAL EQUITY OF THE PARENT ENTITY COMPRISING OF:		
Share capital	435,755	435,755
Reserves		
Share-based payment reserve	1,764	1,748
Share-based payment trust reserve	(246)	–
(Accumulated losses)/retained earnings	(93,462)	13,797
TOTAL EQUITY	**343,811**	**451,300**

An impairment review was undertaken at 30 June 2014. The loss for the period includes impairment of $104,000,000 recorded against the carrying value of Helloworld Limited's investments in subsidiaries.

Helloworld Limited (HLO) is the legal owner of the Group. However, under the applicable accounting standards, a reverse acquisition by Stella Travel Services Holdings Pty Limited (STSH) is deemed to have occurred on the Merger of STSH and HLO. For accounting purposes, STSH is the deemed parent entity of the Group.

Parent entity guarantees in respect of debts of its subsidiaries

The legal parent Helloworld 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 30.

Parent entity tax balances 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 2014 the tax consolidated group had a tax receivable due of $0.3 million. A tax liability of $6.6 million in 2013 was guaranteed by the Company.

Parent entity commitments and contingencies

The parent entity has no contractual commitments for the acquisition of property, plant and equipment and no contingent liabilities as at 30 June 2014 (2013: none).

30. Deed of cross guarantee

Pursuant to Class Order 98/1418, the entities identified in note 27 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial statements and Directors' reports.

As a condition of the Class Order, Helloworld Limited, Travelworld Pty Limited and Jetset Pty Limited (Closed Group) entered into a Deed of Cross Guarantee on 25 May 2007. National Ticket Centre Pty Limited, Qantas Holidays Limited and QBT Pty Limited joined the Deed of Cross Guarantee on 28 November 2008. Jetset Travelworld Network Pty Limited, JTG Corporate Pty Limited, Helloworld Services Pty Limited, National Cruise Centre Pty Limited and ACN 139 386 520 Pty Limited were added to the Deed on 2 December 2009. Following the Merger of STS and HLO, Stella Travel Services Group Pty Ltd, Aus STS Holdco Pty Ltd, Stella Travel Service Holdings Pty Ltd, Transonic Travel Pty Limited and Travelscene Pty Ltd joined the Deed of Cross Guarantee on 31 March 2011.The effect of the Deed is that Helloworld 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 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.

On 31 March 2011 Travelworld Pty Limited, Jetset Pty Limited, National Ticket Centre Pty Limited, Qantas Holidays Limited and QBT Pty Limited ceased to be members of the closed group, the class action applied to these members for a period of up to 6 months following formal notice to ASIC of their intention to leave. These entities were de-consolidated from the Closed Group in 2012.

The consolidated income statement and statement of financial position have been prepared in accordance with the accounting policy note 3(a), 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 income statement, statement of comprehensive income and summary of movements in retained earnings for the year ended 30 June

	2014 $'000	2013 $'000
CLOSED GROUP INCOME STATEMENT		
REVENUE	17,234	25,949
Employee benefits expenses	(14,728)	(17,521)
Advertising, selling and marketing expenses	(6,997)	(12,301)
Communication and technology expenses	(1,152)	(1,533)
Occupancy and rental expenses	(955)	(1,246)
Operating expenses	(26,780)	(22,614)
Depreciation and amortisation	(1,153)	(362)
Loss on disposal of investments	(8,146)	-
OPERATING RESULT	**(42,677)**	**(29,628)**
Finance expense	(2,484)	(2,628)
LOSS BEFORE INCOME TAX	**(45,161)**	**(32,256)**
Income tax benefit	11,711	9,711
LOSS AFTER INCOME TAX	**(33,450)**	**(22,545)**
Closed group statement of comprehensive income		
LOSS AFTER INCOME TAX	**(33,450)**	**(22,545)**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Change in fair value of cash flow hedges net of income tax	114	194
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**114**	**194**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF INCOME TAX	**(33,336)**	**(22,351)**
Summary of movements in closed group retained earnings		
RETAINED EARNINGS AT THE BEGINNING OF THE FINANCIAL YEAR	**7,340**	**34,285**
Current year loss	(33,450)	(22,545)
Dividends paid	(2,203)	(4,400)
(ACCUMULATED LOSSES)/RETAINED EARNINGS AT THE END OF YEAR	**(28,313)**	**7,340**

(b) Closed group statement of financial position as at 30 June

	2014 $'000	2013 $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	5,386	17,806
Trade and other receivables	203,268	168,562
Income tax receivable	299	–
TOTAL CURRENT ASSETS	**208,953**	**186,368**
NON-CURRENT ASSETS		
Property, plant and equipment	520	1,433
Intangible assets and goodwill	1,213	244
Investments	358,274	366,126
Deferred tax assets	5,697	5,022
Other non-current assets	632	95
TOTAL NON-CURRENT ASSETS	**366,336**	**372,920**
TOTAL ASSETS	**575,289**	**559,288**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	382,008	322,770
Borrowings	892	–
Derivative financial instruments	159	322
Deferred revenue	50	–
Income tax payable	–	6,618
Provisions	4,414	5,669
TOTAL CURRENT LIABILITIES	**387,523**	**335,379**
NON-CURRENT LIABILITIES		
Borrowings	14,026	14,632
Provisions	601	648
Deferred tax liabilities	1,449	1,984
Other liabilities	1,762	943
TOTAL NON-CURRENT LIABILITIES	**17,838**	**18,207**
TOTAL LIABILITIES	**405,361**	**353,586**
NET ASSETS	**169,928**	**205,702**
EQUITY		
Contributed equity	196,839	196,839
Other reserves	1,402	1,523
(Accumulated losses)/retained earnings	(28,313)	7,340
TOTAL EQUITY	**169,928**	**205,702**

31. Business acquisitions and disposals

(a) Disposal of the Inbound operations

On 29 August 2013, the Group announced the disposal of its investment in Allied Tour Services Pacific Limited, Coral Sun Limited, Tourist Transport Fiji Limited, Great Sights Fiji Limited and Australian Travel Services (Pacific) Limited. As part of the same transaction, the Group also disposed of the net assets associated with the ATS Pacific Australia business.

These businesses have not been reclassified as discontinued operations as they were not material to the Group Consolidated Income Statement or Group Consolidated Financial Position.

On 30 September 2013, the disposal of the investment in Australian Travel Services (Pacific) Limited (a company incorporated in New Zealand) and the net assets associated with the ATS Pacific Australia business was completed. The sale of the investment for the companies domiciled in Fiji (being Allied Tour Services Pacific Limited, Coral Sun Limited, Tourist Transport Fiji Limited and Great Sights Fiji Limited) received regulatory approval from the Reserve Bank of Fiji and the Fiji Revenue & Customs Authority on 4 April 2014.

The Financial Report as at 30 June 2014 includes the impact of the sale of the Australian, New Zealand and Fijian businesses.

(i) Details of sale of the Inbound operations

	$'000
CONSIDERATION RECEIVED OR RECEIVABLE:	
Cash	2,637
Adjustment for working capital at completion date	924
Fair value of contingent consideration	900
TOTAL DISPOSAL CONSIDERATION	**4,461**
Carrying amount of net assets sold	(10,193)
Equity reserves brought to account	259
LOSS ON SALE BEFORE INCOME TAX	**(5,473)**
Income tax benefit	192
LOSS ON SALE AFTER INCOME TAX	**(5,281)**

(ii) Carrying amounts of assets and liabilities associated with the Australian, New Zealand and Fijian businesses

The carrying amounts of assets and liabilities at sale completion date were:

	$'000
Client cash[1]	5,653
Receivables and other debtors (including client debtors)	6,269
Prepayments	826
Property, plant and equipment	2,933
Goodwill	8,375
TOTAL ASSETS	**24,056**
Creditors and other liabilities (including client creditors)	(10,178)
Provisions	(1,737)
Unearned income	(1,948)
TOTAL LIABILITIES	**(13,863)**
NET ASSETS DISPOSED	**10,193**

1 As outlined in Note 10, client cash includes monies entrusted to the Group by intending travellers or customers prior to travelling. The amount of client cash disposed by the business was equal to the net client liability position for the businesses disposed.

(b) Acquisition of Advanced Applications (UK) Limited

On 1 November 2013, Helloworld Services Pty Limited (a wholly owned subsidiary) acquired 100% interest in the business of Advanced Applications (UK) Limited (Advanced Applications) for consideration of $2.4 million. This comprises cash consideration of $1.8 million and deferred consideration of $0.6 million payable on 31 October 2016. As a result of the acquisition, the Group recognised intangible assets of $2.4 million representing intellectual property owned by Advanced Applications which is used in the Group's Air Tickets business.

32. Share-based payments

(a) Long Term Incentive Plan (LTIP)

Background

The Board has adopted the Helloworld Limited Performance Rights Plan ('Plan') and the Plan was approved by Shareholders at the 2011 AGM. Under the Plan conditional rights to acquire shares in the Company ('Performance Rights') are awarded to eligible senior executives of the Company as the long term incentive component of their remuneration for each relevant financial year.

Each Performance Right generally gives the holder a conditional right to acquire one fully paid share in the Company if any applicable performance or other vesting conditions are satisfied (or waived).

Administration and Awards made under the Plan

The Plan is administered by the Plan Committee, which is currently the Remuneration and Nominations Committee. The Plan Committee determines the number of Performance Rights to be granted to each eligible employee and the amount payable by the holder of a Performance Right on exercise. The current intention is that participants will not be required to pay any amount in respect of the award of Performance Rights or on acquisition of Shares pursuant to the exercise or conversion of Performance Rights.

Performance Criteria and Vesting

The Plan Committee may, in its absolute discretion, specify performance or other vesting conditions that must be satisfied for a grant of Performance Rights to vest, and may determine the performance period over which any such condition must be satisfied.

If an Award of Performance Rights specified any performance conditions, the Performance Right will not vest and become a vested Performance Right unless those performance conditions have been satisfied, reached or met during the applicable performance period (unless otherwise determined by the plan committee). The Plan Committee has retained the discretion under the Plan to vary the terms of Performance Rights by reducing or waiving any applicable performance conditions, reducing any applicable performance period, determining a new share acquisition date or period end and, where applicable, determining a new first or last exercise date (at any time and in any particular case).

Change of Control Provisions

Unless otherwise determined by the Plan Committee, if a change of control event occurs, all of a participant's Performance Rights will vest and become Vested Performance Rights even though any applicable performance conditions may not have been satisfied at that time. A change of control event means:

- A person acquires voting power (within the meaning of section 610 of the Corporations Act) in more than 50% of the Shares in the Company as a result of a takeover bid or through a scheme of arrangement; or
- Any other event (including a merger of the Company with another company) which the Board determines in its absolute discretion, to be a change of control event.

Lapse of Performance Rights

Unless otherwise determined by the Plan Committee, all unvested Performance Rights held by a participant will lapse in certain circumstances, including if:

- the participant voluntarily resigns from their employment or is dismissed from their employment for a reason which entitles their employer to terminate their employment without notice in circumstances that are, in the Plan Committee's opinion such that the Performance Rights should lapse (including as a result of poor performance); or
- any applicable performance conditions are not satisfied, met or reached by the end of the applicable performance period (or any extended performance period).

If a participant ceases employment in various other circumstances before the end of the performance period applicable to their unvested Performance Rights, then (unless the Plan Committee determines otherwise) only a proportion of those Performance Rights will lapse. This proportion will be determined by reference to the fraction of the performance period during which the employee will not be an employee.

Performance Conditions for Awards made for the year ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014

The Performance Rights granted for the years ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2014 are subject to performance conditions linked to growth in the Company's Adjusted earnings per share ('Adjusted EPS'). Adjusted EPS is EPS adjusted for significant, non-recurring and/or unusual items as approved by the Remuneration and Nominations Committee (RNC). Adjusted EPS is a financial measure which is not prescribed by Australian Accounting Standards but is a measure used by the RNC to assess the vesting of Performance Rights. The Adjusted EPS performance conditions are determined by reference to cumulative basic Adjusted EPS, aggregated over the applicable performance period, measured against a specified Adjusted EPS target.

To achieve vesting, the aggregate Adjusted EPS performance for each performance period must meet or exceed the applicable targets determined by the Plan Committee.

Fifty per cent (50%) of each tranche of the Performance Rights will vest at the minimum specified EPS performance, one hundred per cent (100%) at or above the maximum specified performance, with 'straight line' vesting in between.

Awards made in relation to the former CEO sign-on bonus

Awards were made under the Plan to R Gurney as a 'sign-on bonus' following his appointment as Managing Director and Chief Executive Officer effective 27 August 2012. No amount is to be paid or payable by R Gurney in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of Performance Rights. The vesting date of the Performance Rights is the second anniversary of R Gurney's commencement date, that is, 27 August 2014.

Performance Conditions for Awards made in relation to the former CEO sign-on bonus

The Performance Rights granted to the CEO as his sign-on bonus will be subject to a time based vesting condition with the vesting date being the second anniversary of his commencement date with the Company, that is, on 27 August 2014. The Performance Rights will lapse if, prior to the vesting date, the CEO voluntarily resigns from his employment or his employment contract is terminated (unless the Plan Committee determines otherwise). No performance conditions will apply to these Performance Rights as they were granted as an incentive for the CEO to join the company.

Awards made in relation to the former CEO-Special Performance Incentive

An award was made under the plan for the year ended 30 June 2014 for the CEO Special Performance Bonus. No amount was paid or is payable in respect of the award of Performance Rights or on acquisition of Shares pursuant to the vesting of these Performance Rights. The share price used in calculating the number of shares awarded was $0.40, which is the allocation price determined by the Plan Committee. The award covers the period 1 July 2013 to 30 June 2015.

Performance Rights that do not meet the performance conditions will not vest unless those performance conditions are met, except in limited circumstances such as change in control.

Performance Conditions for Awards made in relation to the former CEO Special Incentive Bonus

Performance Rights awarded for the CEO Special Incentive Bonus for the year ended 30 June 2014 are subject to performance conditions linked to Company's consolidated profit after income tax for FY15 as reported in the Company's audited consolidated income statement for FY15, subject to any adjustment in relation to exceptional items as determined by the Plan Committee in its discretion ("PAT"). For the purposes of this performance condition, the Plan Committee has set threshold and maximum targets, having regard to the business plan and strategy approved by the board.

To achieve vesting, the FY15 PAT must meet or exceed the threshold target determined by the Plan Committee.

1,000,000 PRs (being 40% of the grant) will vest if the threshold target PAT is satisfied, while 2,500,000 PRs (being 100% of the grant) will vest if the maximum target is achieved or exceeded, with straight line vesting in between.

PAT	Portion of PRs vesting
Below threshold target	0%
At threshold target	40%
Between threshold and maximum targets	Pro-rata on a straight line basis from 40% to 100%

Set out below are summaries of Performance Share Rights (PRs) granted under the plan:

					CONSOLIDATED					
Tranche	Grant date	Start of performance period	End of performance period	Exercise price[1]	Balance at the start of the year	Granted during the year[2]	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year[2,3]
				$	Number of shares					
Former CEO Special Performance Incentive[2]	22-Nov-13	1-Jul-13	30-Jun-15	$0.00	–	2,500,000	–	(2,500,000)	–	–
2014-1	22-Nov-13	1-Jul-13	30-Jun-15	$0.00	–	121,823	–	–	121,823	–
2014-2	22-Nov-13	1-Jul-13	30-Jun-16	$0.00	–	121,823	–	–	121,823	–
2014-3	22-Nov-13	1-Jul-13	30-Jun-17	$0.00	–	125,516	–	–	125,516	–
CEO Sign-on bonus	27-Aug-12	27-Aug-12	27-Aug-14	$0.00	815,217	–	–	–	815,217	–
2013-1[3]	26-Jun-12	1-Jul-12	30-Jun-14	$0.00	716,722	–	–	(242,342)	474,380	–
2013-2	26-Jun-12	1-Jul-12	30-Jun-15	$0.00	716,722	–	–	–	716,722	–
2013-3	26-Jun-12	1-Jul-12	30-Jun-16	$0.00	738,441	–	–	–	738,441	–
2012-1	26-Jun-12	1-Jul-11	30-Jun-13	$0.00	506,084	–	(335,298)	(170,786)	–	–
2012-2[3]	26-Jun-12	1-Jul-11	30-Jun-14	$0.00	506,084	–	–	(31,703)	474,381	–
2012-3	26-Jun-12	1-Jul-11	30-Jun-15	$0.00	521,420	–	–	–	521,420	–
2011-1	1-Oct-10	1-Jul-10	30-Jun-12	$0.00	–	–	–	–	–	–
2011-2	1-Oct-10	1-Jul-10	30-Jun-13	$0.00	299,538	–	(259,693)	(39,845)	–	–
2011-3[3]	1-Oct-10	1-Jul-10	30-Jun-14	$0.00	288,717	–	–	(977)	287,740	–
TOTAL					**5,108,945**	**2,869,162**	**(594,991)**	**(2,985,653)**	**4,397,463**	**–**
WEIGHTED AVERAGE EXERCISE PRICE					**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

1 Vested performance rights automatically convert when performance targets are met and vesting date is realised. The performance rights are not subject to an exercise price.

2 The performance conditions of the Special Performance Incentive were not met due to the resignation of the CEO and 100% of the grant lapsed.

3 The performance conditions for 2011-3 were met with 50.5% vesting after 30 June 2014. The performance conditions for the 2012-2 and 2013-1 were not met and these Performance Rights lapsed after 30 June 2014 but before the date of signing this report.

No Performance Rights expired during the period.

During the period 594,991 (2013: 935,443) Performance Rights converted into ordinary shares. The weighted average share price at the date of the ordinary shares were issued was $0.44 (2013: $0.44).

The weighted average remaining contractual life of PRs outstanding at the end of the period was 1.14 years.

Fair value of Performance Rights granted

The assessed fair value at grant date of PRs granted during the year ended 30 June 2014 was for:

- 2014 Tranches 1,2 and 3, 34 cents per PR;
- Former CEO Special Performance Incentive, 40 cents per share.

The assessed fair value at grant date of PRSs granted during the year ended 30 June 2013 was:

- 2013 Tranches 1,2 and 3, 46 cents per share.

The fair value at grant date is calculated taking into account the share price on grant date and the exercise price.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefits expense were $0.1 million (2013: $0.6 million).

33. Events subsequent to balance date

With the exception of the item disclosed below, there has not arisen in the interval between 30 June 2014 and the date of this report, any event that would have had a material effect on the financial statements for the year ended 30 June 2014.

On-market share buy-back program

On 27 August 2014, Helloworld Limited announced an on-market share buy-back program of up to 2.5% of the Company's issued share capital.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial statements and notes that are set out on pages 52 to 125 and the Remuneration report in the Directors' Report set out on pages 25 to 43, 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 2014 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 27 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 between the Company and those Group entities pursuant to ASIC Class Order 98/1418.

Note 2(a) 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 required by section 295A of the *Corporations Act 2001*.

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

Tom Dery
Chairman
Helloworld Limited
Sydney, 27 August 2014

Independent auditor's report to the members of Helloworld Limited

Report on the financial report

We have audited the accompanying financial report of Helloworld Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 30 June 2014, and the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Helloworld Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T +61 2 8266 0000, F +61 2 8266 9999, www.pwc.com.au

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Helloworld Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 43 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Helloworld Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
27 August 2014

ASX ADDITIONAL INFORMATION

Additional information required by the ASX and not shown elsewhere in this report is as follows.
The information is current as at 20 August 2014.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

SHARES RANGE	Number of holders	Number of Shares	%
1 – 1,000	137	62,563	0.01
1,001 – 5,000	261	742,262	0.17
5,001 – 10,000	161	1,344,710	0.31
10,001 – 100,000	322	9,924,936	2.25
100,001 and over	82	428,474,101	97.26
TOTAL	**963**	**440,548,572**	**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 20 August 2014 was 196 holders holding 143,783 shares.

(b) Twenty largest holders of quoted equity securities

The names of the 20 largest registered holders of quoted shares are:

FULLY PAID ORDINARY SHARES AS AT 20 AUGUST 2014

ORDINARY SHAREHOLDERS	Number of Shares	%
QH Tours Ltd	127,340,726	28.91
Europe Voyager NV	118,068,377	26.80
UBS Australia Holdings Limited	78,812,777	17.89
Sintack Pty Ltd	54,193,165	12.30
AOT Group Limited	13,679,695	3.11
J P Morgan Nominees Pty Limited	4,823,181	1.09
Citicorp Nominees Pty Limited	4,136,790	0.94
HSBC Custody Nominees (Australia) Limited	2,277,464	0.52
Edwrite Pty Limited <D Gogos Super Fund A/C>	2,115,251	0.48
Dulyne Pty Ltd < The Atlantis Super Fund A/C>	1,554,500	0.35
Elizabeth Anne Gaines	1,200,373	0.27
Mr Craig Graeme Chapman <Nampac Discretionary A/C>	1,000,000	0.23
Just Super Co Pty Ltd <Super Fund A/C>	915,986	0.21
Zarn Nominees Pty. Ltd. <Gogos Family A/C>	865,782	0.20
CPU Share Plans Pty Limited <Jet PRP Unallocated A/C>	815,217	0.19
Michael Anthony Thompson	663,831	0.15
Golden Venture Pty Ltd <Tirman Super Fund A/C>	602,230	0.14
Mrs Dana Andrea Rosenzweig	580,000	0.13
Mrs Lynette Joy Fahey	571,402	0.13
Mr Leo Dimos + Mrs Helen Dimos <Leo Dimos Family S/F A/C>	550,000	0.12
	414,766,747	**94.15**

(c) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

SUBSTANTIAL SHAREHOLDER	Number of Shares	%
QH Tours Ltd	127,340,726	28.91
Europe Voyager NV	118,068,377	26.80
UBS Australia Holdings Limited	78,812,777	17.89
Sintack Pty Ltd	54,193,165	12.30

(d) On-market share buy-back program

On 27 August 2014, Helloworld Limited announced an on-market share buy-back program of up to 2.5% of the Company's issued share capital.

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