Corporate Travel Management Limited

ABN 17 131 207 611

Interim Report
31 December 2015

Corporate Travel Management Limited

ABN 17 131 207 611

Registered Office:
Level 24, 307 Queen Street
Brisbane Queensland 4000

Interim Financial Report – 31 December 2015

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APPENDIX 4D
Corporate Travel Management Limited (CTD)
ABN 17 131 207 611
for the half year ended 31 December 2015

Results for announcement to the market

	December 2015 $'000	December 2014 $'000	Change $'000	Change %
Total transaction value (TTV) [1]	1,722,668	1,115,946	606,722	54%
Revenue and other income	119,690	83,807	35,883	43%
Profit before tax	24,800	15,350	9,450	62%
Profit from ordinary activities after tax	19,153	11,057	8,096	73%
Net profit for the period attributable to members	17,289	9,872	7,417	
Earnings per share				
- Basic (cents per share)	17.8	10.6	7.2	68%
- Diluted (cents per share)	17.7	10.5	7.2	69%

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

Dividend

30 June 2016	Amount per Share Cents	100% Franked Amount Cents
Interim dividend [2]	9.0	9.0
30 June 2015		
Interim dividend	6.0	6.0
Final dividend [3]	10.0	10.0

[2] The record date for determining the interim dividend of 9 cents per share is 8 March 2016, with the dividend payable 8 April 2016.
[3] The final dividend of 10.0 cents per share was paid on 9 October 2015

Net tangible assets per security

	December 2015 $	December 2014 $
Net tangible asset backing per ordinary share	1.97	1.91

Directors' Report

The Directors present their report, together with the financial report of Corporate Travel Management Limited and its controlled subsidiaries ('CTM' or 'the Group'), for the half year ended 31 December 2015.

Directors

The following persons were Directors of Corporate Travel Management Limited during the whole of the financial period and up to the date of this report:

- Tony Bellas
- Jamie Pherous
- Stephen Lonie
- Greg Moynihan
- Claire Gray (resigned 1 December 2015)
- Admiral Robert J. Natter, U.S. Navy (Ret.)
- Laura Ruffles (appointed 1 December 2015)

Review of operations

Group overview

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

Group financial performance – half year to 31 December 2015

CTM's financial performance is summarised in the following table:

	2015 $'000	2014 $'000	Change %
Total Transaction Value (TTV) (unaudited)	1,722,668	1,115,946	54%
Total revenue and other income	119,690	83,807	43%
Earnings before interest, tax, depreciation and amortisation (EBITDA) adjusted for acquisition / non-recurring costs	27,982	20,208	38%
Profit before related income tax expense	24,800	15,350	62%
Income tax expense	(5,647)	(4,293)	32%
Net profit after tax:			
Attributable to owners of CTM	17,289	9,872	75%
Attributable to non-controlling interests	1,864	1,185	57%
Earnings per share (EPS) basic (cents per share)	17.8 cents	10.6 cents	68%
Total dividends paid/proposed in relation to financial period	9 cents per share	6 cents per share	50%
Net assets	250,018	235,911	6%
Net operating cash flow	42,852	23,287	84%

Total Transaction Value (TTV) (unaudited)

TTV represents the amount at which travel products and services have been transacted across the Group's operations whilst acting as agents for airlines and other service providers, along with revenue streams. TTV does not represent revenue in accordance with Australian Accounting Standards and is not subject to audit. TTV is stated net of GST. TTV is utilised by management as a key travel industry metric.

	2015 $'000	2014 $'000	Growth %
TTV net of GST (unaudited)	1,722,668	1,115,946	54%

Financial performance

The net profit after tax attributable to the owners of CTM for the half year financial period, amounted to $17.3 million (2014: $9.9 million).

EBITDA adjusted for acquisition and other non-recurring costs ('adjusted EBITDA') grew by 38% to $28.0 million, with the following Note 1 in the Financial Statements setting out the reconciliation to profit before income tax from continuing operations.

Directors' Report (continued)

Review of operations (continued)

CTM continues to maintain a strong financial position, with net current assets of $34.5 million and total equity of $250.0 million. At 31 December 2015, the Group had nil interest bearing debt and has continued to generate strong operating cash flows.

The business' growth has been funded by a combination of operating cash flow and short term debt funding.

The Company continues to pay dividends in line with its stated divided policy level, with an interim dividend declared at 9 cents per share (2015 financial year end dividend: 10.0 cents per share). This dividend represents an interim payout ratio of 51%.

Review of underlying operations

Australia and New Zealand ("ANZ")
TTV (unaudited) rose by 3% to $417.4 million. TTV was impacted by soft trading activity of the existing client base. However, due to the continued market share growth and client retention, the region still managed to grow.

Revenue, as a percentage of TTV, has fallen from 9.1% to 8.9%, which reflects the mix of client size in the business, with larger accounts being lower yielding. However, adjusted EBITDA contribution has improved to 34.3%. Continued productivity gains have also positively impacted this result.

The increased turnover has flowed through to the adjusted EBITDA, with an improved margin of 34.3%, an increase from 30.8% on the prior comparative period. Continued productivity resulting in economies of scale were the major components of this improvement.

North America
TTV (unaudited) rose by 20% to $327.9 million as a result of new business acquisitions and the impact of three business acquisitions made in the previous financial year. The year was also a period of integration and consolidation, in order to develop the framework for the North American business to achieve further scalable growth in the future.

The improved top line margin percentage is due to further scale synergies provided by the larger business which is not yet flowing to EBITDA contribution. CTM North America is now poised for future growth.

Asia
The TTV (unaudited) in Asia rose by 87% to $814.3 million. The performance of the wholesale business was instrumental in this growth. Due to the top line growth in the lower yielding wholesale business, the income margin dropped from 5.9% to 4.2%, however, the adjusted EBTIDA margin improved from 25.2% to 31.3%. This improvement reflects the scalability of wholesale revenue over its cost base and the improved performance in the corporate and leisure businesses, resulting from market share growth.

Europe
The European operation performed well during the period with continued regional market share gains. The EBITDA contribution for the period was $2.7 million at a margin of 15%, which is in line with the previous six months. The directors expect that the European operation to have a larger contribution to Group profits in the second half.

Events since the end of the financial year

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

Montrose Travel, North America acquisition

This acquisition was finalised post 31 December 2015 as follows:

The acquisition of 100% of the shares of Montrose Travel, a travel management company headquartered in Los Angeles, USA, was completed with effect from 1 January 2016. Montrose Travel is a highly regarded travel company that has been operating for more than 60 years.

Directors' Report (continued)

Events since the end of the financial year (continued)

As part of this transaction, an initial consideration of $46,975,089 (US$ 34,320,000) was paid through a mixture of cash and Corporate Travel Management Limited shares. This cash consideration was funded through USD denominated debt.

A further contingent consideration payment of up to $35,833,561 (US $26,180,000) may also be payable on 31 March 2017, based on Montrose achieving annual EBITDA targets and other business development targets.

Due to the timing of the acquisition, CTM has not yet finalised the provisional calculation of the net identifiable assets or purchased goodwill. The financial effects of the transaction have not been brought to account at 31 December 2015.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is appended to this Directors' Report.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors.

Tony Bellas

Mr Tony Bellas Chairman	Mr Jamie Pherous Managing Director

Brisbane, 26 February, 2016

Auditor's Independence Declaration

As lead auditor for the review of Corporate Travel Management Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
26 February 2016

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Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2015

	Note	Half year 2015 $'000	Half year 2014 $'000
Revenue		116,898	83,807
Other income		2,792	-
Total revenue and other income		**119,690**	**83,807**
Operating expenses			
Employee benefits		(68,342)	(48,405)
Occupancy		(6,786)	(4,938)
Depreciation and amortisation		(4,914)	(2,903)
Information technology and telecommunications		(6,079)	(4,056)
Travel and entertainment		(2,215)	(1,346)
Administrative and general		(5,845)	(5,907)
Total operating expenses		**(94,181)**	**(67,555)**
Finance costs		(709)	(902)
Profit before income tax		**24,800**	**15,350**
Income tax expense		(5,647)	(4,293)
Profit for the half year		**19,153**	**11,057**
Profit attributable to:			
Owners of Corporate Travel Management Limited		17,289	9,872
Non-controlling interests		1,864	1,185
		19,153	**11,057**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		5,417	13,074
Changes in the fair value of cash flow hedges		-	446
Other comprehensive income for the half year, net of tax		**5,417**	**13,520**
Total comprehensive income for the half year		**24,570**	**24,577**
Total comprehensive income for the half year attributable to:			
Owners of Corporate Travel Management Limited		21,676	22,595
Non-controlling interests		2,894	1,982
		24,570	**24,577**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company			
- Basic (cents per share)		17.8	10.6
- Diluted (cents per share)		17.7	10.5

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents		54,229	40,663
Trade and other receivables		128,615	153,398
Financial assets at fair value		12	17
Other current assets		3,965	3,242
Income tax receivable		51	1,384
Total current assets		**186,872**	**198,704**
Non-current assets			
Plant and equipment		4,825	3,697
Intangible assets	4	241,460	237,925
Deferred tax assets		85	82
Total non-current assets		**246,370**	**241,704**
TOTAL ASSETS		**433,242**	**440,408**
LIABILITIES			
Current liabilities			
Trade and other payables		136,318	148,385
Income tax payable		4,605	5,729
Provisions		11,425	11,275
Total current liabilities		**152,348**	**165,389**
Non-current liabilities			
Trade and other payables		23,066	30,285
Provisions		2,309	1,997
Deferred tax liabilities		5,501	6,826
Total non-current liabilities		**30,876**	**39,108**
TOTAL LIABILITIES		**183,224**	**204,497**
NET ASSETS		**250,018**	**235,911**
EQUITY			
Contributed equity	6	163,766	161,675
Reserves		25,598	21,609
Retained earnings		47,784	40,207
Capital and reserves attributed to owners of the company		**237,148**	**223,491**
Non-controlling interests – equity		12,870	12,420
TOTAL EQUITY		**250,018**	**235,911**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2015

	Note	Contributed Equity $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000	Non-Controlling Interests $'000	Total Equity $'000
Balance at 30 June 2014		**99,823**	**26,449**	**(1,944)**	**124,328**	**8,556**	**132,884**
Profit for the half year as reported in 2014 financial statements		-	9,872	-	9,872	1,185	11,057
Other comprehensive income		-	-	12,723	12,723	797	13,520
Total comprehensive income for the half year		**-**	**9,872**	**12,723**	**22,595**	**1,982**	**24,577**
Transactions with owners in their capacity as owners:							
Shares issued		49,251	-	-	49,251	-	49,251
Dividends paid		-	(6,789)	-	(6,789)	(855)	(7,644)
Share based payments		-	-	312	312	-	312
Balance at 31 December 2014		**149,074**	**29,532**	**11,091**	**189,697**	**9,683**	**199,380**
Balance at 30 June 2015		**161,675**	**40,207**	**21,609**	**223,491**	**12,420**	**235,911**
Profit for the half year as reported in 2015 financial statements		-	17,289	-	17,289	1,864	19,153
Other comprehensive income (net of tax)		-	-	4,387	4,387	1,030	5,417
Total comprehensive income for the half year		**-**	**17,289**	**4,387**	**21,676**	**2,894**	**24,570**
Transactions with owners in their capacity as owners:							
Shares issued		2,091	-	-	2,091	-	2,091
Dividends paid		-	(9,712)	-	(9,712)	(2,444)	(12,156)
Share based payments		-	-	(398)	(398)	-	(398)
		2,091	**(9,712)**	**(398)**	**(8,019)**	**(2,444)**	**(10,463)**
Balance at 31 December 2015		**163,766**	**47,784**	**25,598**	**237,148**	**12,870**	**250,018**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2015

	Note	Half year 2015 $'000	Half year 2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		145,565	100,974
Payments to suppliers and employees (inclusive of GST)		(94,810)	(71,983)
Dividends received		2	-
Interest received		86	57
Finance costs		(204)	(261)
Income tax (paid) / received		(7,787)	(5,500)
Net cash flows from operating activities		**42,852**	**23,287**
Cash flows from investing activities			
Payment for plant and equipment		(2,730)	(553)
Payment for intangibles		(928)	(1,094)
Proceeds from sale of plant and equipment		3	-
Purchase of controlled entities, contingent consideration		(13,809)	-
Purchase of controlled entities, net of cash acquired		-	(9,350)
Net cash flows from investing activities		**(17,464)**	**(10,997)**
Cash flows from financing activities			
Proceeds from issue of new shares		835	45,549
Payments for shares acquired by Employee Share Trust		(835)	-
Share issue transaction costs		(13)	(1,335)
Proceeds from borrowings		18,724	20,700
Repayments of borrowings		(18,724)	(20,700)
Dividends paid to company's shareholders		(9,712)	(6,789)
Dividends paid to non-controlling interests in subsidiaries		(2,444)	(855)
Net cash flows from financing activities		**(12,169)**	**36,570**
Net increase / (decrease) in cash and cash equivalents		13,219	48,860
Effects of exchange rate changes on cash and cash equivalents		347	844
Cash and cash equivalents at beginning of year		40,663	31,999
Cash and cash equivalents at end of year		**54,229**	**81,703**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

Basis of preparation for the half year report

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This condensed consolidated interim financial report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Corporate Travel Management Limited ('CTM' of 'the Group') during the interim reporting period, in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim period, except as set out in Note 11.

Significant changes in the current reporting period

There have been no significant changes in the current reporting period. The Group continued to engage in its principal activity, being the provision of travel services, the results of which are disclosed in the following statements.

Notes to the Consolidated Financial Statements: Performance

This section explains the results and performance of the Group for the half year ending 31 December 2015. It provides a breakdown of those individual line items in the financial statements, that the Directors consider most relevant in the context of the operations of the Group, or where there have been significant changes that required specific explanations. It also provides detail on how the performance of the Group has translated into returns to shareholders.

1. Segment reporting

(a) Description of segments

The operating segments are based on the reports reviewed by the group of key senior managers who assess performance and determine resource allocation.

The Chief Operating Decision Makers ("CODM") are the Managing Director, Jamie Pherous (MD), Global Chief Financial Officer, Steve Fleming (CFO) and Global Chief Operating Officer, Laura Ruffles (COO).

The CODM consider, organise and manage the business from a geographic perspective. The CODM has identified four operating segments being Travel Services Australia and New Zealand, Travel Services North America, Travel Services Asia, and Travel Services Europe. There are currently no non-reportable segments.

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

The CODM assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of the costs of acquisitions and any acquisition related adjustments during the year.

The segment information provided to the CODM for the reportable segments for the half year ended 31 December 2015 is as follows:

	Travel services	Travel services	Travel services	Travel services		
December 2015	**Australia and New Zealand $'000**	**North America $'000**	**Asia $'000**	**Europe $'000**	**Other* $'000**	**Total $'000**
Revenue from the sale of travel services	36,788	26,363	34,571	18,167	-	115,889
Revenue from other sources	415	2	31	-	561	1,009
Total revenue from external parties	**37,203**	**26,365**	**34,602**	**18,167**	**561**	**116,898**
Adjusted EBITDA	**12,779**	**4,599**	**10,834**	**2,725**	**(2,955)**	**27,982**
Interest revenue	53	2	31	-	-	86
Interest expense	4	-	-	255	450	709
Depreciation and amortisation	1,655	1,105	947	1,207	-	4,914
Income tax expense	3,302	1,086	1,800	227	(768)	5,647
Total segment assets	**76,306**	**91,668**	**171,948**	**93,310**	**10**	**433,242**
Total assets include:						
Non-current assets						
- Plant and equipment	2,820	606	1,051	348	-	4,825
- Intangibles	45,499	77,383	42,436	76,142	-	241,460
Total segment liabilities	**25,423**	**17,131**	**92,009**	**15,361**	**33,300**	**183,224**

*The other segment includes the Group support service, which is a new department, created to support the operating segments and growth of the global business.

Notes to the Consolidated Financial Statements: Performance

1. Segment reporting (continued)

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

	Travel services	Travel services	Travel services	Travel services		
	Australia and New Zealand $'000	North America $'000	Asia $'000	Europe $'000	Other** $'000	Total $'000
Half year ending 31 December 2014						
Revenue from the sale of travel services	36,012	20,873	25,965	-	-	82,850
Revenue from other sources	932	39	(14)	-	-	957
Total revenue from external parties	**36,944**	**20,912**	**25,951**	-	-	**83,807**
Adjusted EBITDA	**11,380**	**4,393**	**6,540**	-	**(2,105)**	**20,208**
Interest revenue	54	-	2	-	-	56
Interest expense	784	134	-	-	-	918
Depreciation and amortisation	1,237	919	747	-	-	2,903
Income tax expense	2,378	1,324	1,064	-	(473)	4,293
As at 30 June 2015						
Total segment assets	**77,681**	**94,125**	**171,783**	**96,809**	**10**	**440,408**
Total assets include:						
Non-current assets						
- Plant and equipment	1,933	652	728	384	-	3,697
- Intangibles	44,560	74,530	40,985	77,850	-	237,925
Total segment liabilities	**27,594**	**33,368**	**92,865**	**17,020**	**33,650**	**204,497**

**The December 2014 segment note has been restated to align with the December 2015 segment disclosure for comparative purposes.

(c) Other segment information

Adjusted EBITDA

The reconciliation of adjusted EBITDA to operating profit before income tax is provided as follows:

	Half year	
	2015 $'000	2014 $'000
Adjusted EBITDA	**27,982**	**20,208**
Interest revenue	86	56
Finance costs	(709)	(902)
Depreciation	(1,698)	(1,570)
Amortisation	(3,216)	(1,333)
One off items		
Release of earn out payable	2,505	-
Non-recurring costs	(150)	(1,109)
Profit before income tax from continuing operations	**24,800**	**15,350**

Notes to the Consolidated Financial Statements: Performance

2. Dividends paid and proposed

Ordinary shares	Half year 2015 $'000	Half year 2014 $'000
Dividends provided for or paid during the half year	9,712	6,789

3. Income tax expense

Income tax expense is recognised based on management's estimate of the effective income tax rate expected for the six months ending 31 December 2015. The estimated tax rate used for the six months ended 31 December 2015 is 23%, compared to 28% for the six months to 31 December 2014. The lower tax rate in the current year is principally driven by the broad mix of jurisdictions in which the Group now undertakes activities, including entities located within various European and Asian jurisdictions with comparably low corporate tax rates.

Notes to the Consolidated Financial Statements: Financial Position

This section explains significant aspects of the Group's financial position and performance relating to the maintenance of a healthy financial position.

4. Intangible assets

	Client contracts and relationships $'000	Intellectual property $'000	Software $'000	Goodwill $'000	Total $'000
Half year ended 31 December 2015					
Cost	27,422	278	7,166	220,373	255,239
Accumulated amortisation	(9,810)	(134)	(3,557)	(278)	(13,779)
	17,612	**144**	**3,609**	**220,095**	**241,460**
Opening net book amount at 1 July 2015	19,503	114	2,753	215,555	237,925
Additions	-	34	1,419	-	1,453
Disposals	-	-	(32)	-	(32)
Amortisation charge	(2,674)	(4)	(538)	-	(3,216)
Exchange differences	783	-	7	4,540	5,330
Closing net book amount at 31 December 2015	**17,612**	**144**	**3,609**	**220,095**	**241,460**
Year ended 30 June 2015					
Cost	26,445	244	5,774	215,831	248,294
Accumulated depreciation	(6,942)	(130)	(3,021)	(276)	(10,369)
	19,503	**114**	**2,753**	**215,555**	**237,925**
Opening net book amount at 1 July 2014	12,478	99	2,194	94,260	109,031
Additions	-	25	1,766	-	1,791
Additions through the acquisition of entities / businesses	7,993	-	-	99,602	107,595
Disposals	-	-	-	-	-
Amortisation charge	(4,363)	(20)	(1,237)	-	(5,620)
Exchange differences	3,395	10	30	21,693	25,128
Closing net book amount at 30 June 2015	**19,503**	**114**	**2,753**	**215,555**	**237,925**

5. Fair value measurement

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Contingent consideration.

Fair value hierarchy
AASB 13 requires disclosure of fair value measurements by level according to the following hierarchy:

a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following information represents the Group's assets and liabilities measured and recognised at fair value at 31 December 2015:

Liabilities: Level 3 – Contingent Consideration $29,916,881 (30 June 2015: $38,436,486).

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2015:

	Contingent Consideration $'000
Opening balance 1 July 2015	38,437
Additions	-
Paid out (cash and shares)	(6,035)
Release to income statement	(2,503)
Foreign exchange movement	(307)
Discount unwind	325
Closing balance 31 December 2015	**29,917**

There were no changes made to any of the valuation techniques applied as of 30 June 2015.

Valuation inputs and relationships to fair value quantitative information about the significant unobservable inputs used in level 3 fair value measurements is summarised as follows:

Description:	Contingent consideration
Fair Value at 31 December 2015:	$29,916,881
Valuation technique used:	Discounted cash flows
Unobservable inputs:	Forecast EBITDA
Discount rate:	3.10%

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these discount values are determined using a model to calculate a rate that reflects current market assessments of the time value of money and the risk specific to the asset.
  An increase/ (decrease) in the discount rate by 100 bps would (decrease)/ increase the fair value by ($416,900)/ $404,578.

- Forecast EBITDA for the period 1 January to 30 June 2016, the entity's knowledge of the business and how the current economic environment is likely to impact it.
  If forecast EBITDA were 5% higher or lower, the fair value would increase/decrease by $101,392/ ($117,694).

5. Fair value measurement (continued)

Fair values of other financial instruments
The Group also has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. For these instruments, their carrying value was considered to be a reasonable approximation of their fair value.

Due to their short-term nature, the carrying amounts of the current receivables, current payables and current borrowings are assumed to approximate their fair value.

Valuation processes
The finance department of the Group performs the valuations of assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit Committee (AC). Discussions of valuation processes and results are held amongst the CFO, AC, and the finance team at least once every six months, in line with the Group's reporting dates.

6. Contributed equity, reserves and retained earnings

Movement in ordinary share capital			**Number of shares**	**$'000**
	Opening balance as at 1 July 2015		**96,993,356**	**161,675**
1 September 2015	Shares issued	Contingent consideration payment for the TravelCorp LLC business combination	78,473	824
3 September 2015	Shares issued	Provision of Lightning software purchase	48,431	525
13 November 2015	Shares issued	Share appreciation rights issue	78,185	835
	Total shares issued		**205,089**	**2,184**
	Less: transaction costs arising on share issue			(13)
	Deferred tax credit recognised directly in equity			(80)
	At 31 December 2015		**97,198,445**	**163,766**

7. Borrowings

Financial facilities

On 24 December 2015, the Group renegotiated its facility with the ANZ Bank. The Group's facility with ANZ now includes accessible lines of credit totalling $72.9 million. In addition, there are facilities for overdraft, merchant facilities and bank guarantees. The total facility is $75.8 million and has terms ranging from 5 months to 3 years. A portion of the facility, totalling US$27 million, has been drawn upon for the acquisition of Montrose Travel as set out in Note 9. The amount of this facility used at 31 December 2015 relates mainly to bank guarantees, provided as a replacement for Asian subsidiaries cash bonds given to suppliers, as at 31 December 2015 and was $13.1 million (2014: $1.5 million), which reduces the available facilities to $62.7 million at 31 December 2015 and to $25.1 million following the initial cash consideration on the Montrose Travel acquisition paid in January 2016. There has been no drawdown at 31 December 2015. The facility is fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Ltd and material subsidiaries, excluding Westminster Travel Limited ('Westminster') and Westminster owned subsidiaries.

On 19 November 2015, the Group renegotiated its facility with HSBC Bank. The Group's facilities in Asia with HSBC and other banks now includes accessible lines of credit totalling $9.5 million. In addition, there are facilities for overdraft, merchant facilities and bank guarantees. The total facilities in Asia are $71.8 million, of which $37.3 million relates to bank guarantees required for supplier bonding purposes. The available facilities are multi-currency but have been expressed in their Australia dollar (AUD) equivalent for purposes of this disclosure.

8. Contingent liabilities

Guarantees / Letter of credit facilities

The Group has provided bank guarantees and letters of credit in relation to various facilities with vendors and in accordance with local travel agency licensing and International Air Transport Association regulations. Guarantees provided by the parent are held on behalf of other Group entities.

Guarantees provided for:	December 2015 $'000	June 2015 $'000
Various vendors	50,400	26,176
Total	**50,400**	**26,176**

Guarantees, as part of the overall facilities including term loans, overdraft, merchant facilities and bank guarantees, are fully secured by a fixed and floating charge over all existing and future assets and undertakings of Corporate Travel Management Group Ltd for Australia and New Zealand. There are no assets pledged as security for facilities held in Asia.

There were no other contingencies as at reporting date (June 2015: $nil).

Notes to the Consolidated Financial Statements: Other Items

This section provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, however are not considered critical in understanding the financial performance of the Group for the half year ended 31 December 2015.

9. Events occurring after the reporting period

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

The acquisition of Montrose Travel, a North America travel business, was finalised post 31 December 2015.

The acquisition of 100% of the shares of Montrose Travel, a travel management company headquartered in Los Angeles, USA, was completed with effect from 1 January 2016. Montrose Travel is a highly regarded travel company that has been operating for more than 60 years.

As part of this transaction, an initial consideration of $46,975,089 (US$ 34,320,000) was paid through a mixture of cash and Corporate Travel Management Limited shares. This cash consideration was funded through USD denominated debt. See note 7 for CTM's borrowings arrangement.

A further contingent consideration payment of up to $35,833,561 (US $26,180,000) may also be payable on 31 March 2017, based on Montrose achieving annual EBITDA targets and other business development targets.

Due to the timing of the acquisition, CTM has not yet finalised the provisional calculation of the net identifiable assets or purchased goodwill. The financial effects of the transactions have not been brought to account at 31 December 2015.

10. Related party transactions

Transactions with other related parties

During the half-year, $114,367 has been paid to a party related to CTM's Managing Director, Mr Jamie Pherous, for rent and outgoings in relation to an office lease. Payment for rent in relation to accommodation lease of $29,787 was paid to a related party.

Directors of the Group hold other directorships as detailed in the Directors' Report of the Group's annual financial statements for the year ended 30 June 2015. Where any of these related entities are clients of the Group, the arrangements are on similar arm's length terms to other clients.

11. Summary of significant accounting policies

New and amended standards

There are no new significant accounting standards applicable for the first time for the 31 December 2015 Interim Financial Report. Other than those standards disclosed in the 2015 Annual Report, there are no 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.

Directors' declaration

In the Directors' opinion:

(a) The financial statements and notes set out on pages 8 to 21 are in accordance with the Corporations Act 2001, including:

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

(ii) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the financial year ended on that date; and

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

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

Tony Bellas

Mr Tony Bellas	Mr Jamie Pherous
Chairman	Managing Director

Brisbane, 26 February 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Corporate Travel Management Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Corporate Travel Management Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Corporate Travel Management Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan
Partner

Brisbane
26 February 2016