2015 ANNUAL REPORT

Helloworld Limited

Helloworld Limited and Controlled Entities
Annual Report for the year ended 30 June 2015

ABN 60 091 214 998 ASX CODE: HLO

CONTENTS

CORPORATE INFORMATION

Directors

B Johnson *Chairman*
E Gaines *CEO*
A Cummins
A John
J M Millar
J McKellar
P Spathis

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 2000

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

Website

www.helloworld.com.au

2015 Annual General Meeting

The Annual General Meeting of Helloworld Limited
will be held at the Company's offices
Level 3, 77 Berry Street, North Sydney, NSW
at 9:30am on Friday 20 November 2015.

GLOSSARY

The following terms have been used throughout this Annual Report:

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
Adjusted Profit before tax	Profit before tax and impairment
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
CVC	Means any of CVC Capital Partners and its controlled entities
EBITDAI	Earnings before interest expense, tax, share-based payments, depreciation, amortisation and impairment
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
FY16	Financial Year ended 30 June 2016
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 (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
SMEs	Small and medium enterprises
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 my first report as Chairman of Helloworld."

The past year has been focussed on building on our business transformation. This includes: the ongoing development of Australia's largest franchise based travel agent network, *helloworld*; the increasing consumer awareness of the *helloworld* brand which supports this high-calibre network of corporate and leisure travel agencies; our significant investment in helloworld.com.au; the appointment of QBT as the sole provider of travel management services to the Whole of Australian Government; and focusing our wholesale business (Qantas Holidays and Viva! Holidays) on delivering what consumers are demanding from packaged holidays.

Our New Zealand business continues to perform well and we have decided to launch the *helloworld* brand in New Zealand during 2016.

It is the Board's strong belief that our agents, customers, employees, supplier partners and shareholders are best served by Helloworld continuing its strategy of future-proofing our business through continued investments in technology, training, product and profile. Ultimately, these will be the drivers of long-term sustainable growth by Helloworld and its members and will support the creation of shareholder value.

Prior to finalising Helloworld's 2015 financial results, management and the Board undertook a comprehensive review of the intangible assets on the Group's Balance Sheet. The Balance Sheet had included a number of intangible assets which arose from a number of legacy transactions including the 2010 merger between Stella Travel Services Holdings Pty Ltd and Jetset Travelworld Limited. Based on a number of factors including estimated cashflows from future operations and Helloworld's market capitalisation, the Board resolved that it was prudent to write down the goodwill balance and incur a non-cash impairment charge of $205.3 million.

The Adjusted Profit before tax[1] was $6.9 million ($1.7 million loss in 2014). The Board expects this improvement to continue over the next few years.

I would like to take this opportunity to thank Elizabeth Gaines for her significant contribution to the Group over more than 7 years. While her decision to depart as CEO was a disappointment, Elizabeth has successfully led the Company through a period of significant transformation and established the strong foundation upon which we are building Helloworld's future success.

One of the key enablers to deliver on our future strategy and operational plans is our talented management and employee team. I would like to thank all of them for their continued hard work and exceptional dedication.

In addition, I would also like to thank you, our shareholders, for your patience during the transformation period. The Board is committed to drive the business and pursue long-term, sustainable growth. Our investment in innovation, productivity enhancements, cost containment and the strengthening of our outstanding network of the highest-calibre agents will ensure the fundamentals of our business remain strong, and continue to generate value and growth in the years ahead.

Brett Johnson
Chairman, Helloworld Limited
Sydney, 28 August, 2015

[1] Adjusted Profit before tax represents Profit before tax and impairment.

CEO'S ADDRESS

"I am pleased to present the Helloworld Limited results for the year ended 30 June 2015."

A Year of Achievements

With the foundations now in place following the successful transformation of our business in 2013, our focus this year has been on consolidating our network, our business and our advantage.

For the year ending 30 June 2015, the Group achieved an Adjusted EBITDAI[1] of $27.5 million, a result that was within the range of previously stated market guidance. The Group's Loss before tax of $198.4 million was impacted by the non-cash goodwill impairment of $205.3 million. The Group recorded an Adjusted Profit before tax[2] of $6.9 million.

We are bringing our recently launched vision, "Creating the future of travel, with each journey" to life through our ongoing investment in profile, product, technology and training. Our prompted brand awareness has continued to build, and has tripled to 34% since our February 2014 launch with those Australians 25 years or older who are looking to travel within the next 12 months.

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.
2 Adjusted Profit before tax represents Profit before tax and impairment.

The *helloworld* retail network consists of high-calibre, high-performing corporate and leisure agencies, supported by our omni-channel strategy which ensures we capture a share of the online market for our business and our members. The quality of our network was again reflected in our strong performance at the 2015 National Travel Industry Awards. In addition to dominating the finalists' list, *helloworld* franchisees and members this year won an impressive 75% of both the agent and agency awards – further proof of our "Experts in Everywhere" positioning and the benefit of our investment in training, including our proprietary *hello You* customer service training. An additional 30 Ambassador Stores are to be completed by the end of the year, building on our network-wide store refresh.

Our continued investment in helloworld.com.au is paying off. Our mobile app has already received industry acclaim and named by both Apple® and Business Spectator as a "Top 5 must-have travel app" while our online business is already one of Australia's top-10 online travel agents[1]. Key metrics continue to improve including 2H15 growth in online sales with Hotel Total Transaction Value increasing by 245% and Air by 95%.

We launched *helloworld* in the midst of industry deregulation. Considerable time and effort was invested in the design and establishment of our Consumer Protection Framework, and our unique Consumer Protection Insurance Policy which is held by Helloworld Limited covers all travel agents carrying the *helloworld* brand. Through our Customer Charter, our franchise system, our insurance policy and our network of expert travel agents, *helloworld* provides our customers with a trusted way to book travel.

In December 2014, our wholly owned subsidiary, QBT Pty Limited (QBT) was appointed sole provider of travel management services to the Whole of Australian Government, supporting 142 Australian Government agencies. This reflects QBT's extensive travel management expertise and provides a powerful platform for QBT's ongoing success.

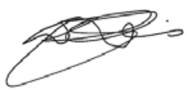
We have realigned our Wholesale businesses. Qantas Holidays/Viva! Holidays continues to refine its model to meet the demands of this "need it now" environment. This, combined with a constant focus on cost control and margin maximisation, means a leaner, more efficient wholesale business model focusing on online fulfilment and capturing a greater share of growth markets such as Cruise. In February this year, our specialist wholesaler rebranded from Travel Indochina to Insider Journeys reflecting the broader range of destinations and a greater focus on tailored holiday experiences. Insider Journeys was named Australia's Best Specialty Wholesaler 2015[2]. We also continue to invest in strategic partnerships such as our long-term commercial arrangements with Cover-More, Amadeus and Travelport.

Outlook

While market uncertainties continue and consumer sentiment fluctuates, we remain focused on delivering for our shareholders, our agents, our partners and consumers. Total tourism spend (excluding inbound) in Australia is estimated at around $128 billion and expected to grow at around 3.2% pa over the next 5 years. Our research shows travellers are 5 times more likely to use an agent for more complex bookings.

Future-proofing our agents, and our business through technology, training, product and profile supported by our omni-channel strategy remains our priority. We have already made great progress in positioning our agents and business for success through growth in revenue from marketing initiatives and product offerings, our focus on cost containment, productivity enhancements and margin optimisation. While it is too early to predict the trading environment for the next financial year, we anticipate a substantial increase on our FY15 Adjusted Profit before tax result of $6.9 million. The transition next year of our New Zealand business to *helloworld* will deliver further synergies across staffing, branding and technology. The benefits of these synergies are expected to be realised in the financial years beyond FY16.

I leave this role, proud of the progress we have achieved and knowing that the business has a strong management team and a clear strategy for success.



Elizabeth Gaines

Chief Executive Officer, Helloworld Limited
Sydney, 28 August, 2015

[1] Hitwise, April 2015
[2] NTIA 2015

FINANCIAL PERFORMANCE SUMMARY

FOR THE YEAR ENDED 30 JUNE 2015

Summary Group Results

	For the year ended 30 June 2015 $'000	For the year ended 30 June 2014 $'000	Change $'000	Change %
Total transaction value (TTV)[1]	4,696,169	4,861,032	(164,863)	(3%)
Revenue	279,223	291,671	(12,448)	(4%)
Adjusted EBITDAI[2]	27,455	40,561	(13,106)	(32%)
Loss before tax	(198,397)	(61,166)	(137,231)	224%
Loss after tax attributable to members	(201,121)	(63,347)	(137,774)	218%

	For the year ended 30 June 2015 Cents	For the year ended 30 June 2014 Cents	Change Cents	Change %
Basic loss per share	(45.66)	(14.38)	(31.28)	218%
Diluted loss per share	(45.66)	(14.38)	(31.28)	218%
Interim dividend per share	–	–	–	–
Final dividend per share	–	–	–	–

RECONCILIATION OF ADJUSTED EBITDAI TO LOSS BEFORE INCOME TAX	For the year ended 30 June 2015 $'000	For the year ended 30 June 2014 $'000	Change $'000	Change %
ADJUSTED EBITDAI	**27,455**	**40,561**	**(13,106)**	**(32%)**
Gain/(loss) on disposal of investments	340	(5,473)	5,813	(106%)
Business transformation costs	(2,101)	(15,847)	13,746	(87%)
Share-based payments	(83)	(115)	32	(28%)
Costs relating to GST matter	(617)	(2,738)	2,121	(77%)
Costs relating to disposal of investments	–	(60)	60	(100%)
Actuarial adjustment on defined benefit pension	(710)	–	(710)	–
Former CEO resignation/retirement costs	(233)	(608)	375	(62%)
Depreciation and amortisation expense	(13,921)	(14,032)	111	(1%)
Impairment of goodwill	(205,300)	(59,500)	(145,800)	245%
Finance costs	(3,227)	(3,354)	127	(4%)
LOSS BEFORE INCOME TAX	**(198,397)**	**(61,166)**	**(137,231)**	**224%**

1 Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. 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.

2 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 the 2015 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 2015 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 2015 Cents	June 2014 Cents
Net Tangible Assets per ordinary share	3.65	3.75

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

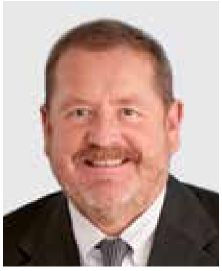
Net Tangible Assets per ordinary share is based on HLO's issued capital as the legal parent entity and issuer of this financial information as at the balance sheet date.

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 2015 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:



Brett Johnson

Non-Executive Director and Chairman

Appointment

Mr Johnson was appointed to the Board on 27 February 2009 and was appointed as Chairman on 1 October 2014.

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 30 years legal experience in Australia and overseas. He has served on listed company boards for more than 10 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.

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 August 2014)

Special responsibilities

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

Interests in shares

- 200,000 fully paid ordinary shares in Helloworld Limited held legally and beneficially in the name of Brett Stuart Johnson.

Andrew Cummins

Non-Executive Director

Appointment

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

Experience and Expertise

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

Mr Cummins is currently a director of the hotel company Mantra Group Limited in Australia and a director of a number of private investment holding companies. He was Chairman of Stella Travel Services UK Limited from 2008 to 2014, a director of Nine Entertainment Company from 2008 to 2013, RCTI Inc. from 1998 to 2013, I-Med Holdings from 2006 to 2011, Pacific Brands Limited 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 (from July 2009)

Former directorships of listed entities in last 3 years

- Nil

Special responsibilities

- Chairman of the Remuneration and Nominations Committee

Interests in shares

- 952,998 fully paid ordinary shares in Helloworld Limited held legally and 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.

Ms Gaines tendered her resignation as Chief Executive Officer on 19 June 2015 and will continue in the role during the term of her 6 month notice period until such time as the Board has appointed her successor.

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 Chartered Accountants Australia and New Zealand, the Australian Institute of Company Directors and Chief Executive Women. Ms Gaines holds a Bachelor of Commerce degree and Master of Applied Finance degree.

Ms Gaines is a Director and Joint Vice Chair of the Australian Federation of Travel Agents Limited.

Other Current Directorships of listed entities

- Fortescue Metals Group Limited (from February 2013)
- NEXTDC Limited (from June 2015)

Former Directorships of listed entities in last 3 years

- Mantra Group Limited (from June 2009 until November 2014)

Special Responsibilities

- Chief Executive Officer

Interests in shares

- 1,219,318 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, Airports & Fleet. In that role he is responsible for leading Qantas' internal mergers and acquisitions team which advises Qantas' Executive Committee in relation to transactions generally, its Airports Infrastructure team which has responsibility for managing Qantas' commercial relations with airports, and Qantas' Group Fleet Planning and Fleet Procurement functions.

Prior to joining Qantas, Mr John had been a partner in Ernst & Young (EY) 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 EY, EY'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 a Fellow of the Institute of Chartered Accountants in England & Wales.

Other Current Directorships of listed entities

- Nil

Former Directorships of listed entities in last 3 years

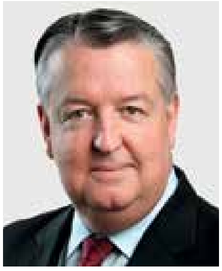
- Nil

Special Responsibilities

- Member of the Audit Committee

Interests in shares

- Nil



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 the former Chief Executive Officer of Ernst & Young (EY) in the Oceania Region, and was a director on their Global Board.

Mr Millar commenced his career in the Insolvency and Reconstruction practice at EY, conducting some of the largest corporate workouts of the early 1990's.

He is Chairman of both the Export Finance and Insurance Corporation (appointed December 2014) and Forestry Corporation of NSW (appointed March 2013).

Mr Millar serves a number of charities. He is the Chairman of The Smith Family, and is a Trustee of the Australian Cancer Research Foundation and the Vincent Fairfax Family Foundation.

Other Current Directorships of listed entities

- Mirvac Limited (from November 2009)
- Fairfax Media Limited (from July 2012)
- Macquarie Radio Network Limited (from April 2015)

Former Directorships of listed entities in last 3 years

- Chairman, Fantastic Holdings Limited (from May 2012 to 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.

Peter Spathis

Non-Executive Director

Appointment

Mr Spathis was re-appointed to the Board on 18 May 2015. Previously he served on the Board from June 2002 to November 2012.

Experience and Expertise

Mr Spathis is an accountant and registered tax agent. Currently a corporate executive with the Consolidated Travel group of companies, he has responsibility for the financial management of that group. Having begun his career in audit and taxation fields in private practice, he has developed a special interest for the travel industry where he has held a number of senior financial positions since 1990. With more than 25 years' experience in finance and accounting, he has accumulated significant and valuable experience in the commercial aspects of the travel industry.

Mr Spathis is a Fellow of CPA Australia, holds a Bachelor of Business from the Royal Melbourne Institute of Technology and completed a graduate diploma in Public Accounting (Taxation) at the Phillips Institute of Technology.

Other Current Directorships of listed entities

- Nil

Former Directorships of listed entities in last 3 years

- Helloworld Limited (then Jetset Travelworld Limited) (from June 2002 to November 2012)

Special Responsibilities

- Member of the Audit Committee

Interests in shares

- Mr Spathis has a beneficial interest in 500,000 fully paid ordinary shares held legally in the name of Vortex TV Pty Ltd as trustee for the Consolidated Travel (NSW) Superannuation Fund.

Jane McKellar

Independent Non-Executive Director

Appointment

Ms McKellar was appointed to the Board on 17 December 2014.

Experience and Expertise

Ms McKellar is an experienced international senior executive with extensive customer-focused, brand, marketing and digital experience across a number of high-profile, global brands.

Ms McKellar commenced her career at Unilever in London and her subsequent roles have included global CEO of Stila Corporation, USA; Managing Director of Elizabeth Arden Australia; Founding CEO of Excite.com.au Asia Pacific, Director of Sales and Marketing for Microsoft (MSN) and Founding Director of Ninemsn.

Ms McKellar has a Bachelor of Arts and a Master of Arts with Honours from the University of Aberdeen.

Other Current Directorships of listed entities

- McPhersons Limited (from February 2015)

Former Directorships of listed entities in last 3 years

- Nil

Special Responsibilities

- Member of the Remuneration and Nominations Committee

Interests in shares

- Nil

Stephanie Belton

General Counsel and Group Company Secretary

Ms 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.

Tom Dery AM

Former Independent Non-Executive Director and Chairman.

Mr Dery served as a Non-Executive Director from 17 September 2008 until his resignation on 30 September 2014. Mr Dery was Chairman from 27 February 2009.

Mr Dery commenced his career with Qantas in 1967. Mr Dery subsequently joined Ansett rising to the role of Assistant General Manager. In 1995, Mr Dery established the advertising agency Whybin Dery & Partners and following its acquisition by DDB Needham, he was appointed Managing Director of that firm's Melbourne operations.

Mr Dery is currently Chairman of M&C Saatchi Worldwide.

Mr Dery has a Bachelor of Commerce (Economics) from the University of New South Wales and a Master of Business Administration from Stanford University.

Stephen Bennett

Former Independent Non-Executive Director.

Mr Bennett served as a Non-Executive Director from 28 April 2011 until his resignation on 18 May 2015.

Mr Bennett has more than 31 years' corporate and investment banking experience having held senior management positions with the Commonwealth Bank, Bankers Trust and UBS. He is currently Group Treasurer for Consolidated Press Holdings Limited.

Mr Bennett holds an Accounting Diploma and a Graduate Diploma in Management from Macquarie University.

Directors' meetings

During the year, 11 meetings of the Board were held. The number of meetings attended by each director are as follows:

Board meetings	Eligible to attend	Attended
S Bennett	9	8
A Cummins	11	10
T Dery	3	3
E Gaines	11	11
A John	11	11
B Johnson	11	11
J M Millar	11	10
J McKellar	6	6
P Spathis	2	2

Committee membership

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

During the year, the members of the Committees were:

Audit Committee	Remuneration and Nominations Committee
J M Millar (Chairman)	A Cummins (Chairman)
T Dery (until 30 September 2014)	B Johnson
A John	S Bennett (until 24 February 2015)
B Johnson	J McKellar (from 24 February 2015)
S Bennett (from 24 February 2015 until 18 May 2015)	T Dery (until 30 September 2014)
P Spathis (from June 2015)	

During the year, five meetings of the Audit Committee were held. The number of meetings attended by each member of the Committee are as follows:

Audit Committee	Eligible to attend	Attended
J M Millar	5	4
T Dery	2	2
A John	5	5
B Johnson	5	5

During the year, three meetings of the Remuneration and Nominations Committee were held. The number of meetings attended by each member of the Committee are as follows:

Remuneration and Nominations Committee	Eligible to attend	Attended
A Cummins	3	3
B Johnson	3	3
S Bennett	2	2
J McKellar	1	1
T Dery	2	2

Retirement in office of Directors

Brett Johnson and Andrew Cummins are the directors retiring by rotation. Being eligible, they intend to offer themselves for re-election at the 2015 AGM.

In accordance with the Company's Constitution and the ASX Listing Rules, Jane McKellar and Peter Spathis, having been appointed as directors by the Board, will automatically retire and stand for election by shareholders at the 2015 AGM.

Dividends

No dividends have been paid or are recommended to be paid for the 2015 year.

Loss per share

	Cents per share 2015	Cents per share 2014
Basic loss per share	(45.66)	(14.38)
Diluted loss per share	(45.66)	(14.38)

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 of America, and the United Kingdom.

The Group's brands include *helloworld*, helloworld.com.au, Qantas Holidays, Viva! Holidays, Insider Journeys, Atlantic Pacific Business Travel and QBT.

OPERATING AND FINANCIAL REVIEW

Summary of Results

The results for the year ended 30 June 2015 are summarised as follows:

	30 June 2015 $ million	30 June 2014 $ million	Change $ million	Change %
Total transaction value (TTV)[1]	4,696.2	4,861.0	(164.8)	(3%)
Revenue	279.2	291.7	(12.5)	(4%)
Adjusted EBITDAI[2]	27.5	40.6	(13.1)	(32%)
Loss before tax	(198.4)	(61.2)	(137.2)	224%
Loss after tax attributable to members	(201.1)	(63.3)	(137.8)	218%

	Cents per share	Cents per share	Change cents	Change %
Basic loss per share	(45.66)	(14.38)	(31.28)	218%
Diluted loss per share	(45.66)	(14.38)	(31.28)	218%
Interim dividend per share	–	–	–	–
Final dividend per share	–	–	–	–

1 Total Transaction Value (TTV) does not represent revenue in accordance with Australian Accounting Standards. TTV represents the price at which travel products and services have been sold across the Group, as agents for various airlines and other service providers, plus revenue from other sources. The Group's revenue is, therefore, derived from TTV. 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.

2 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) before tax is contained in note 6 of the accompanying Financial Statements.

Year in Review – Key Highlights:

- TTV decreased 3% to $4.7 billion for the year ended 30 June 2015.
- Adjusted EBITDAI for 2015 was $27.5 million.
- HLO revenue from operating activities for the year ended 30 June 2015 was $279.2 million.
- The HLO result was a Loss before income tax of $198.4 million for the year ended 30 June 2015. The loss after tax is stated after non-cash goodwill impairment of $205.3 million.
- The Adjusted Profit before tax[1] was $6.9 million, a significant improvement on the prior year loss of $1.7 million.
- The tax expense for the year was $2.7 million.
- Basic earnings per share for the year was a loss of 46 cents per share.
- The Group continued the positive momentum in the business with key achievements including:
  - Bricks and mortar network of high calibre agents on a like for like basis, generated TTV in line with the prior year, a pleasing result given market conditions;
  - 75% of both the agent and agency award winners at the 2015 National Travel Industry Awards were members of *helloworld*;
  - QBT appointed as sole provider of travel management services for Whole of Australian Government;
  - Increased profitability of the Travel Management segment;
  - Brand awareness has more than tripled, driven by ongoing marketing investment in *helloworld*;
  - Strong growth in helloworld.com.au continues with Hotel and Air TTV up 245% and 95% respectively in the second half of the year;
  - Successful execution of cost management programs; and
  - Travel Indochina rebranded to Insider Journeys and won the 2015 NTIA award for Best Specialty Wholesaler.

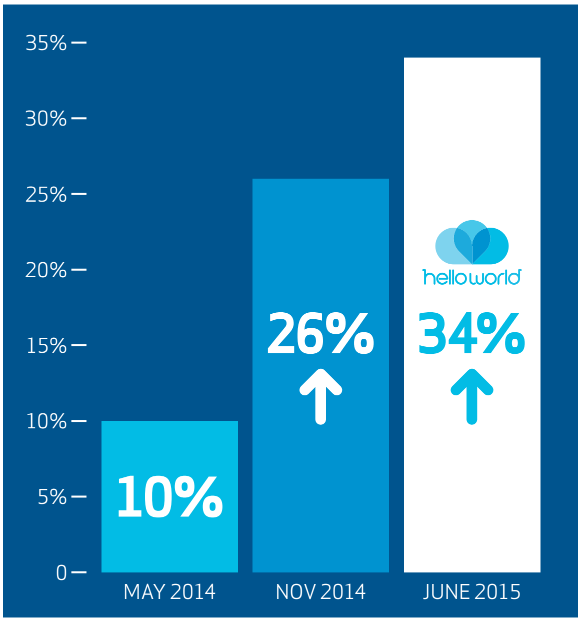
For the year ending 30 June 2015, the Group achieved an Adjusted EBITDAI of $27.5 million, a result that was within the range of previously stated market guidance. The full year result reflects the full year impact of the 8% reduction in agent numbers following the *helloworld* transformation that commenced in July 2013, the ongoing investment in marketing to grow *helloworld's* brand presence in the Australian market and the investment in helloworld.com.au to support the Group's omni-channel strategy. Despite this investment HLO's successful execution of cost management programs has kept operating costs flat from the prior year.

The Group's Loss before tax of $198.4 million includes a non-cash goodwill impairment charge of $205.3 million. The Group's balance sheet included a number of intangible assets such as goodwill, which arose from several legacy transactions including the 2010 merger of Stella Travel Services Holdings Pty Ltd and Jetset Travelworld Limited. The preparation of the full year results included an assessment of the carrying value of intangible assets to ensure that the balances are appropriately supported. Based on this assessment, the Board determined and announced in August that it was prudent for the Group to write down the goodwill balance and incur a non-cash impairment charge of $205.3 million. The goodwill write down is a non-cash charge which will be recognised in the statutory results with no impact on HLO's cashflows or ongoing operations.

The Group recorded an Adjusted Profit before tax of $6.9 million, representing a significant increase on the prior year loss of $1.7 million.

At 30 June 2015, the Company held a cash balance of $176.1 million comprised of general cash of $27.4 million and client cash of $148.7 million. HLO had a positive net cash position and headroom in its debt facilities of $60.8 million. The Company has a strong balance sheet and is positioned for long-term sustainable growth.

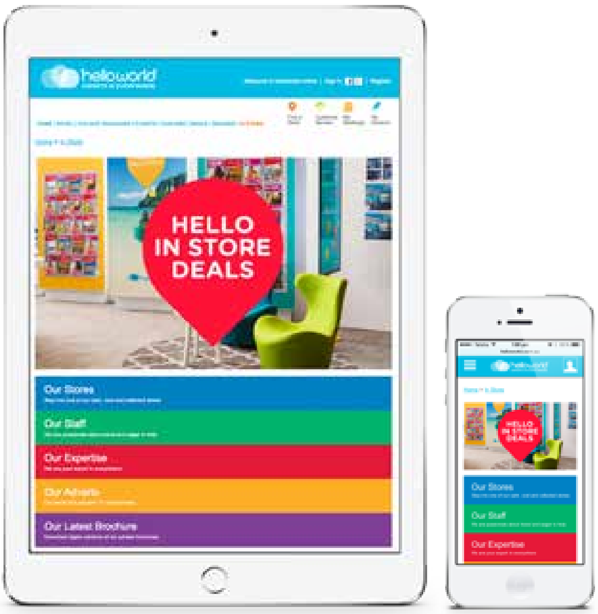
Since the July 2013 launch of *helloworld*, the business has made significant investment in consumer marketing to strategically accelerate *helloworld's* brand presence. This investment has tripled prompted brand awareness to 34% since the February 2014 consumer launch. This momentum sets a solid platform for growth and remains a focus for the business.



[1] Adjusted Profit before tax represents Profit before tax and impairment

During the year, a further 50 legacy brand agents in Australia converted to the *helloworld* network while the New Zealand network grew by 13%. Our network of high-calibre, high-performing corporate and leisure agencies remains stable and totals almost 1,700 stores across Australia and New Zealand. On a like for like basis, our retail network's performance is line with the prior year, a pleasing result given subdued market conditions.

HLO's digital offering, helloworld.com.au, has experienced substantial growth. Hotel and Air TTV have grown 245% and 95% respectively in the second half of the financial year. The website and new mobile app are highly acclaimed in the industry and investment in the online platform will continue in the next financial year to continue the growth trajectory. The investment in helloworld.com.au, to create a truly digital platform from the ground up, impacted the Adjusted EBITDAI result by $4.2 million for the year.



In December 2014, HLO's wholly owned subsidiary, QBT, was appointed sole provider of travel management services to the Whole of Australian Government, supporting 142 Australian Government agencies. QBT transitioned all entities by July 2015 and achieved revenue growth from the appointment during the transition phase. This has contributed much of the Travel Management segment's growth in the financial year.

The Wholesale segment continues to refine its model with a continued focus on cost management and margin maximisation. This has delivered operating cost savings of 5% year-on-year (adjusted for the disposal of the ATS Inbound business in the prior financial year).

INSIDER JOURNEYS
Imagine the stories

In February this year, HLO's specialty wholesaler rebranded from Travel Indochina to Insider Journeys to reflect the broader range of destinations and growing consumer focus on tailored experiences. The business was also named Best Specialty Wholesaler at the July 2015 NTIA awards, a significant achievement following the rebrand.

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, helloworld for business,* and United Travel. The Retail segment includes the online travel agency helloworld.com.au which is an important part of HLO's omni-channel strategy. The primary purpose of Wholesale is to procure air, cruise and land product for packaging and sale through retail travel agency networks and other third party retailers. Travel Management provides travel management services to corporate and government customers including booking 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 assesses 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 before tax is included in note 6 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*, *helloworld for business* 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 Harvey World Travel, United Travel and The Travel Brokers.

HLO has built a network of high performing brand-carrying and independent agents as evidenced in *helloworld's* dominance of the 2015 National Travel Industry Awards. *helloworld* members won 75% of both the agent and agency NTIA awards. This success is strong validation of the strength of HLO's network of expert travel agents and the HLO franchise model value proposition. The HLO NTIA winners are:

Australia

- Best Travel Agency Retail – Single Location, Bicton Travel, WA (2 years running)
- Best Travel Agency Retail – Multi Location, *helloworld* Hunter Travel Group/RACT Travel, NSW (2 years running)
- Best Travel Agency Corporate – Single Location, Goldman Travel, NSW (2 years running)
- Best Travel Consultant – Retail, Phil Smethurst, Bicton Travel, WA
- Best Travel Agency Manager – Retail Single Location, Uschi Howard, The Travel Authority Northern Beaches, NSW
- Best Travel Agency Manager – Retail Multi Location, Lisa Tjandi, *helloworld* Hunter Travel Group, NSW
- Rookie of the Year Agent, Jonathan Pichaloff, *helloworld* Newcastle Corporate, NSW
- Emirates Travel Consultant Scholarship, Jaime-Lee Holloway, *helloworld* Kotara, NSW

New Zealand

- Best Brand Corporate – Multi Location, APX Travel Management, NZ
- Best Wholesaler, Go Holidays, NZ
- Best Travel Agency Manager – Retail, Chris Harrop, United Travel Mairangi Bay, NZ

Included in the *helloworld* network is *helloworld for business* representing Australia's largest independent Travel Management Company network. *helloworld for business* was recognised as a finalist in the 2015 NTIA awards.

HLO owns and operates a ticketing facility, Air Tickets, which services the *helloworld*, Concorde Agency and over 400 independent travel agents.

Air Tickets operates in all Australian 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. Air Tickets continues to invest in innovative ticketing technology and is considered one of Australia's leading airfare distribution and ticketing services consolidator. Air Tickets was again recognised as a finalist at this year's NTIA awards.

HLO's digital offering, helloworld.com.au, extends the agent reach, grows the HLO profile and captures a growing share of this important market. The website offers the convenience of researching and booking online and an agent finder for customers to locate their nearest *helloworld* agent, creating a multichannel environment and convenience for consumers. The investment in helloworld.com.au, as part of the omni-channel strategy to ensure the business is where consumers want it to be, has impacted the Retail Adjusted EBITDAI segment result by $4.2 million for the year. helloworld.com.au was an NTIA award finalist for Best Travel Agent Technology Innovation and Best Online Travel Agency.

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 generated TTV of $3.4 billion for the year ended 30 June 2015, representing a reduction of 4% compared to the prior year. The Retail segment generated Adjusted EBITDAI of $31.9 million which is a 37% decrease on the prior year result of $50.5 million. Revenue decreased by 5% to $151.9 million with operating costs increasing by 9% to $120.0 million for the year. The increase in operating costs of $9.9 million is attributable to the enhanced agent incentive structure and the investment in marketing to grow *helloworld's* brand presence in the Australian market.

	June 2015 $'000	June 2014 $'000	Change $'000	Change %
Total transaction value (TTV)	3,429,056	3,586,527	(157,471)	(4%)
Revenue	151,933	160,686	(8,753)	(5%)
Operating expenses	(120,039)	(110,148)	(9,891)	9%
Adjusted EBITDAI	31,894	50,538	(18,644)	(37%)
Revenue Margin (%)	4.4%	4.5%		

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 39 years. The flight component for Qantas Holidays packages 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.
- **Ready Rooms** provides an online solution for dynamic and traditional wholesale inventory for preferred travel agents to sell to their customer base.
- **Insider Journeys (previously Travel Indochina)** specialises in guided small group journeys and bespoke tailor-made independent itineraries to key destinations in Asia, including Vietnam, Cambodia, Laos, Thailand, China, Mongolia, Japan, India, Sri Lanka, Bhutan and Burma. Insider Journeys is a vertically integrated business with operations globally across Asia, Australia, UK and North America.
- **GO Holidays** is a New Zealand based wholesale business 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.
- **The Cruise Team** is a cruise wholesaler and delivers tailor-made cruise packages.

In July 2015 Insider Journeys won the NTIA Award for Best Specialty Wholesaler, a significant achievement following the rebranding earlier this year. Qantas Holidays and Viva! Holidays were named as finalists.

The focus across the wholesale brands during the year has been on cost containment and margin optimisation.

Major initiatives for the year include:

- the rebranding of Travel Indochina to Insider Journeys to better reflect the wider geographic focus and tailored travel itineraries
- investment in a dedicated Philippines-based team to provide additional support for The Cruise Team in meeting the rapidly growing appetite for cruising. According to CLIA[1], Australia is the first source market to exceed 4% penetration with Australia hitting its one million passenger forecast six years ahead of schedule with an average 20% year-on-year growth for the last 12 years.

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 2015 was $13.1 million representing an increase of 6%, with TTV decreasing by 6% from $708 million to $667 million. Revenue of $82.3 million decreased by 7% compared to the prior year with operating costs decreasing by 9%. The results for the year ended 30 June 2014 include three months of trading of the ATS Inbound business (disposed on 30 September 2013). When the Inbound business trading is excluded TTV and Revenue both decreased by 3% with operating costs decreasing by 5%. The operating cost reduction reflects the continued focus on cost management, primarily through employee cost savings, with the ongoing investment in technology improving productivity.

The Revenue Margin for the year ended 30 June 2015 remains at 12.3% (prior year Revenue Margin is 12.3% excluding the ATS Inbound business).

	June 2015 $'000	June 2014 $'000	Change $'000	Change %
Total transaction value (TTV)	667,135	708,229	(41,094)	(6%)
Revenue	82,276	88,596	(6,320)	(7%)
Operating expenses	(69,148)	(76,189)	7,041	(9%)
Adjusted EBITDAI	13,128	12,407	721	6%
Revenue Margin (%)	12.3%	12.5%		

1 CLIA – Cruise Lines International Association

Travel Management Segment

Within the Travel Management segment, HLO operates the following brands:

- 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. In December 2014 QBT was appointed to be the sole provider of travel management services to the Whole of Australian Government. Ongoing momentum in this segment is expected following the transition of all of the Australian Government agencies effective 1 July 2015. This contract is for an initial period of four years, with certain extension provisions.

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$14 billion in sales. This partnership enables QBT to combine GlobalStar's expertise, strength and commitment with QBT's strengths in the Australian market to deliver multinational solutions to global clients.

APX is a leading New Zealand based travel management specialist providing full end-to-end travel management services and has been the New Zealand Travel Partner Network representative for American Express Business Travel since 2006. APX was awarded the Best Brand, Corporate – Multi Location at the TAANZ NTIA in 2014 and was a finalist in the same category in the 2015 awards. APX has a mix of global and local corporate clients with a significant Government portfolio. APX is an approved member of the All of Government panel in New Zealand with its appointment being extended for a further two years to June 2017.

The Travel Management segment generated an Adjusted EBITDAI of $5.3 million representing an increase of $4.7 million on the prior year.

TTV attributable to the Travel Management segment increased by 6% to $600 million for the year ended 30 June 2015. The growth in TTV primarily reflects the appointment of QBT as the sole provider of travel management services to the Whole of Australian Government during the year. The services provided to the Whole of Australian Government include travel management, an online portal and booking tool, reporting and offline booking services. The appointment is also the key driver of the Travel Management segment's Revenue increase of 10% from the prior year.

Operating expenses in the Travel Management segment decreased by $1.1 million or 3% during the year as a result of 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.

	June 2015 $'000	June 2014 $'000	Change $'000	Change %
Total transaction value (TTV)	599,978	566,276	33,702	6%
Revenue	41,148	37,505	3,643	10%
Operating Expenses	(35,898)	(36,992)	1,094	(3%)
Adjusted EBITDAI	5,250	513	4,737	923%
Revenue Margin (%)	6.9%	6.6%		

Outlook

While market uncertainties continue and consumer sentiment fluctuates, HLO remains focused on delivering for shareholders, agents, partners and consumers.

Total tourism spend (excluding inbound) in Australia is estimated at around $128 billion and expected to grow at around 3.2% pa over the next 5 years. Research shows travellers are 5 times more likely to use an agent for more complex bookings. Future-proofing HLO's agents, and the business through technology, training, product and profile supported by the omni-channel strategy remains HLO's priority. HLO has already made great progress in positioning its agents and business for success through a growth in revenue from marketing initiatives and product offerings, a focus on cost containment, productivity enhancements and margin optimisation. While it is too early to predict the trading environment for the next financial year, we anticipate a substantial increase on the FY15 Adjusted Profit before tax result of $6.9 million. The transition of the New Zealand business to *helloworld,* during the course of the FY16 financial year, will deliver further synergies across staffing, branding and technology. The benefits of these synergies are expected to be realised in the financial years beyond FY16. The Company has a strong balance sheet, a stable network of high-performing agents, a growing and strategic online presence and is positioned for long-term sustainable growth.

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 may 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 the results of the Group. This is mitigated by 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 remains competitive.
- 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.
- Technological advances
  Advances in technology including new 'smart' devices allow consumers to access travel information and make travel arrangements more easily 24 hours a day. Such technological advances could have an impact on the financial results should HLO not continue to invest in systems development. HLO mitigates this risk by continuing to commit significant resources to systems development as is demonstrated by the growth in helloworld.com.au and with Air Tickets setting the industry standard for ticketing technology.

FTE Breakdown by Country

62% Australia
27% New Zealand
4% USA
4% Vietnam
3% Other

FTE Breakdown by Segment

26% Retail
41% Wholesale
24% Travel Management
9% Corporate

People

At 30 June 2015, HLO has 1,474 Full Time Equivalent employees (FTE). This compares to 1,469 at 30 June 2014.

Employee expenditure for the year ended 30 June 2015 decreased by 8% or $10.3 million. When the ATS Inbound business is excluded from prior year, employee expenditure reduced by 6% or $8.1 million.

While the majority of the Group's employees are based in either Australia or New Zealand, the Group has employees in the United States of America, Vietnam, Cambodia, Laos and the United Kingdom. This regional analysis, and the FTE breakdown by Segment, is illustrated graphically above.

Review of financial condition

Capital structure

At 30 June 2015 HLO had 440,356,334[1] shares on issue of which QH Tours Limited (a subsidiary of Qantas Airways Limited) holds 28.9%, Europe Voyager NV holds 23.3%, Sintack Pty Limited and its associates hold 19.9%, The Burnes Group Pty Ltd and its associates hold 10.2%, UBS Australia Holdings Limited holds 7.0% with the remaining 10.7% being held by other shareholders including management.

Dividend

HLO 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 HLO made a loss for the year ended 30 June 2015 due to the goodwill impairment charge, and in accordance with the dividend policy, the Board determined that HLO will not pay a final dividend in 2015.

Liquidity and funding

The Group maintains a strong balance sheet with net assets of $177.5 million and a positive net cash position at 30 June 2015.

At 30 June 2015 the Group has long term debt of $23.2 million (2014: $23.3 million), net of $1.6 million of deferred borrowing costs (2014: $2.0 million) and remaining headroom available in the finance facilities of $60.8 million.

Total cash as at 30 June 2015 for the Group was $176.1 million (2014: $184.3 million). General cash at 30 June 2015 was $27.4 million compared to $28.5 million at 30 June 2014. This is a positive result considering that during the year the Group funded the remaining costs to complete the strategic transformation.

Net cash inflow from operating activities was $4.7 million (2014: outflow $30.8 million). The operating cash inflow for 30 June 2015 was primarily as a result of improved working capital management during the year and the reduction in strategic 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 considered that it was 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 buyback concluded on 27 August 2015. A total of 218,374 ordinary shares or 0.05% of the Company's issued share capital was acquired by the Company under the buyback and subsequently cancelled.

[1] This number includes 26,136 shares bought back under the Company's on-market share buyback and cancelled on 28 August 2015.

Significant events after the balance date

The Directors are not aware of any matter or circumstance that has arisen between 30 June 2015 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 2016 continues to be uncertain due to a variety of economic circumstances and it is difficult to predict the outlook for demand. More information on likely developments is included in the Operating and Financial Review on page 22.

Environmental regulation

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

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 the obtaining of the advice and, where appropriate, disseminate the advice to all Directors.

Insurance premiums

The Company has paid insurance premiums of $83,413 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.

LETTER FROM THE REMUNERATION AND NOMINATIONS COMMITTEE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to present Helloworld's Remuneration Report for 2015.

The Helloworld Board is committed to an executive remuneration framework that is focused on driving a performance culture, and linking executive pay to the achievement of Company strategy and business objectives and, ultimately, generating satisfactory returns to shareholders.

Company performance + remuneration outcomes in 2015

As a result of Company performance being below target in 2015, the Board determined that no Short Term Incentive Plan (STIP) payment would be awarded to executive Key Management Personnel for 2015 notwithstanding that in some instances, executives achieved satisfactory outcomes related to non-financial and business unit objectives. However, a bonus in relation to the delivery of the Whole of Australian Government (WoAG) contract was awarded to Russell Carstensen (refer section 2.5).

Further to this, none of the Long Term Incentive Plan (LTIP) grants with performance periods ending 30 June 2015 met their relevant EPS targets and, as a result, none of these performance rights will vest.

Changes to executive remuneration in 2016

The Board received feedback following last year's remuneration report, and this has been taken into consideration for changes to be implemented for 2016.

During the year, the Board undertook a review of the remuneration framework to ensure it continues to drive performance and align executive reward with shareholders' interests.

As a result of the review, the Board determined the following for 2016:

- No increase to fixed remuneration for all employees not covered by a collective agreement, except to address individual anomalies.
- STIP performance conditions to be strengthened with no payment to be made unless and until the Company achieves its EPS target.
- LTIP EPS performance condition will not be adjusted for exceptional items. This will ensure that outcomes under the LTIP will align with shareholder experience.
- In addition, LTIP grants will be subject to a single three year vesting period. This better aligns executives' remuneration outcomes with shareholder experience and reflects expectations for completion of the transformation process.

We are confident that the changes will complement our existing focus on alignment of executive reward to delivery of Company strategy and ultimately shareholder value.

The Board recommends the Remuneration Report to you and asks that you support our remuneration policies and practices by voting in favour of this Report at our 2015 Annual General Meeting.

Yours faithfully

Andrew Cummins

Chairman of the Remuneration and Nominations Committee

REMUNERATION REPORT (AUDITED)

This 2015 Remuneration Report outlines the remuneration arrangements for the Key Management Personnel ('KMP') of the Helloworld Group (Group) in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The report contains the following sections:

1 REMUNERATION GOVERNANCE & FRAMEWORK

1.1 Persons to whom this report relates

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

Directors and other KMP disclosed in this report are:

Name	Position
Non-Executive Directors	
Brett Johnson (appointed Chairman 1 October 2014)	Non-Executive Chairman
Andrew Cummins	Non-Executive Director
Peter Spathis (appointed 18 May 2015)	Non-Executive Director
Adrian John	Non-Executive Director
James M Millar	Non-Executive Director
Jane McKellar (appointed 17 Dec 2014)	Non-Executive Director
Executive Directors	
Elizabeth Gaines (six months' notice of resignation advised on 19 June 2015)	Managing Director & Chief Executive Officer (CEO)
Executive KMP	
Jenny Macdonald (appointed 18 August 2014)	Chief Financial Officer
Russell Carstensen	General Manager, Air Services
Peter Egglestone	Head of Wholesale
Greig Leighton	Chief Executive Officer, New Zealand
Former KMP	
Tom Dery (ceased 30 September 2014)	Former Non-Executive Chairman
Stephen Bennett (ceased 18 May 2015)	Former Non-Executive Director
Rob Gurney[1] (ceased 28 September 2014)	Former CEO & Executive Director

[1] Notice of resignation given 28 March 2014, ceased employment 28 September 2014

1.2 Remuneration governance

The Remuneration and Nominations Committee (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 and composition of this Committee.

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.

In 2015, 3 degrees consulting was engaged by the RNC to provide assistance in relation to a review of Helloworld's remuneration arrangements. Remuneration recommendations from 3 degrees consulting were provided directly to the Chairman of the Group and/or Chairman of the RNC. 3 degrees consulting's fees that related to a remuneration recommendation were $59,000 (exclusive of GST). 3 degrees consulting provided other services to Helloworld including assisting with a Non-Executive director search, general remuneration and corporate governance advice and assisting with the preparation of the remuneration report. Total amount for 3 degrees consulting's fees for these services, which did not contain a remuneration recommendation, was $116,700 (exclusive of GST). The Board is satisfied that all remuneration recommendations were made free from undue influence of management. In addition, 3 degrees consulting provided a declaration to the RNC that the remuneration recommendations it made were free from undue influence.

1.3 Executive remuneration framework

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

To achieve these principles, the remuneration arrangements of the CEO and executives are made up of the following three elements:

- Fixed annual remuneration (FAR)

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

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

- Short Term Incentive and Long Term Incentive ('at risk' remuneration)

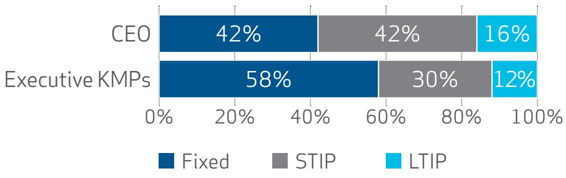
  The 'at risk' components are based on performance against key financial and non-financial measures that are linked to generating satisfactory returns for shareholders. More detail on the 'at risk' remuneration components and their link to Company performance is included in section 2 of this report.

1.4 Executive remuneration mix

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

The target mix of FY15 remuneration components are shown below.

Executive Remuneration Mix



1.5 Remuneration changes for 2016

Following a review of the Group's incentive arrangements undertaken during 2015, the RNC recommended that, in light of the status of the transformation process and the level of performance achieved to date, it is appropriate to vary the basis on which performance measures for both the STIP and the LTIP are determined. As a result the Board has resolved the following will apply for FY16.

Short Term Incentive Plan (STIP)

Performance measures will remain broadly the same as 2015 with one key change being that no payment will be made in 2016 unless the Group's audited financial results meet or exceed a Board approved Earnings Per Share target (EPS Target). This will act as a financial performance gateway so that no payments will be made unless satisfactory financial performance has been achieved. One further change to the 2015 use of EPS is that, when calculating EPS there will be no adjustments/exceptions made. If the EPS Target is met:

- up to 50% of the STIP opportunity may be payable to the extent executives have met or exceeded individual KPIs.
- up to 50% of the STIP opportunity may be payable with the financial component being paid on a straight-line basis between the EPS Target (where none of the financial component is payable) and 200% of the EPS Target (where the full financial component will be payable).

EPS continues to be selected as the appropriate measure (but with no adjustments/exceptions) because it represents the most appropriate measure of progress in implementing the transformation plan. The Board also considers that EPS, as an internal measure, better reflects the current make-up of the share registry.

Long Term Incentive Plan (LTIP) – 2016 Award

The Board has determined that each grant should have a single vesting point at the end of year 3. The Board considers that this single vesting period better aligns executives' outcomes with shareholder experience and reflects expectations for completion of the transformation process. Other key aspects of the 2016 LTIP award are:

- Participants will be granted Performance Rights (PRs) based on the face value of shares measured over the three months to end September 2015.
- There will be a three year vesting period with no tranche vesting at the end of years 1 and 2.
- The performance measure target will be the aggregate EPS contained in the Board approved three year plan with a stretch being 200% of that level.
- There will be no adjustments to EPS targets for exceptional/one off items.
- Where actual aggregate EPS equals the approved target, 50% of the PRs will vest. Where actual aggregate EPS equals or exceeds the stretch level, 100% of the PRs will vest. Actual aggregate EPS between the target and stretch will result in vesting on a straight-line basis between 50% and 100% of PRs granted.

Underpinning these changes is that executives will only be rewarded where targets have been achieved or exceeded.

Change in control

The change in control policy provides that all of a participant's PRs will vest even if applicable performance conditions have not been satisfied at that time.

The Board has reviewed this approach and intends to amend the policy in FY16 to the effect that, in the event of another party gaining control over 50% plus one share in HLO, at the Board's discretion, a performance test would be carried out to measure aggregate EPS to the change of control date relative to the aggregated EPS target and stretch levels pro-rated to the same date. Subject to the test, the PRs would vest at that date according to the vesting schedule.

2 EXECUTIVE REMUNERATION

2.1 Company performance and remuneration outcomes for 2015

The Group's results for the 2015 financial year represented a decrease in Adjusted EBITDAI compared to the previous year, and was not in line with the Board approved operating budget.

As a result of the shortfall in Adjusted EBITDAI, executives did not receive any short term incentive payments for 2015, with the exception of a bonus paid to Russell Carstensen in relation to the delivery of the Whole of Australian Government (WoAG) contract (refer section 2.5). This is notwithstanding the fact that a number of executives achieved satisfactory outcomes relating to individual objectives. However, due to the Company performance overall, the Board determined that no bonus payments would be made.

In addition, performance conditions for LTIP grants with a performance period ending 30 June 2015 (Tranche 3 of the FY12 PRs, Tranche 2 of the FY13 PRs, Tranche 1 of the FY14 and FY15 PRs) were not met and, following testing, these PRs lapsed.

The Board has also resolved that there will be no increase to executives' fixed remuneration in 2016 unless the Board determines an increase for nominated executives is warranted to address an anomaly.

Please also see table below that provides relevant Company performance information for the key financial measures over the last four years (as due to the merger in September 2010 Company performance prior to financial year ended 30 June is not comparable).

	2015	2014	2013	2012
Net (Loss)/Profit After Tax (NPAT $'000)	(201,111)	(63,243)	16,360	5,572
Earnings Per Share (EPS cents)	(45.66)	(14.38)	3.68	1.24
Earnings before interest expense, taxes, share based payments, depreciation, amortisation and impairment adjusted for significant and/or unusual items of revenue and expense (Adjusted EBITDAI $'000)	27,455	40,561	54,141	50,525
Dividends paid per share (cents)	–	–	1.50	1.10
Opening share price at 1 July ($)	0.28	0.33	0.37	0.80
Closing share price at 30 June ($)	0.36	0.28	0.33	0.37

2.2 Executive Remuneration Structure in 2015

'At Risk' Remuneration – Short Term Incentive Plan (STIP) 2015

	STIP
Description	The STIP is an annual incentive cash-settled plan. The STIP is reviewed annually by the RNC.
Conditions	Executives (other than the CEO) There were three categories of performance targets set for each participating executive in 2015. Financial 1. Business Unit or specific Operating/Functional Segment to achieve its overall profit target (Adjusted EBITDAI) for the financial year as set by the Board (weighted 30% for Jenny Macdonald and Greig Leighton and 72% for Russell Carstensen. Peter Egglestone did not have business unit specific financial targets but higher weighting to individual non-financial targets). 2. 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 (weighted 50% for Jenny Macdonald, Greig Leighton and Peter Egglestone and 20% for Russell Cartensen). Non-financial 3. Non-financial KPIs or targets for 2015 included targets which are relevant to each executive. For example, 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 (weighted 20% for Jenny Macdonald and Greig Leighton, 8% for Russell Carstensen, and 50% for Peter Egglestone). CEO The CEO had two categories of performance targets in 2015. Financial 1. Actual Adjusted EBITDAI, Adjusted Group profit before tax and Revenue (weighted 50%). Non-financial 2. Non-financial KPIs or targets for 2015 included transforming the existing business model and brand, strategy and other operational and organisational objectives (weighted 50%).
Link to Company strategy	The balanced scorecard approach was designed to align remuneration with the key value drivers for HLO and complement short-term financial targets. The use of a combination of Group profit before tax, Operating Segment/Business Unit Adjusted EBITDAI and non-financial targets ensured variable rewards are only available when value has been created for shareholders and when profit is consistent with the Group's business plans.
Performance period	To 30 June 2015.
Amount that can be earned	Executives (other than the CEO). Opportunity ranged between 30% – 100% of FAR depending on each executives' role accountability, impact on the organisation and operating segment or business unit performance. CEO Opportunity was 100% of FAR.
Delivery of STIP	Incentives were determined after the preparation of the financial statements for 2015 (in respect of the financial measures) and after a review of performance against non-financial measures by the CEO (and in the case of the CEO, by the Board) at the end of the financial year. The Board confirms final awards have been based on overall personal and Group performance and the Board has the discretion to adjust short-term incentives in light of unexpected or unintended circumstances. As outlined in section 2.1, no STIP payments were awarded for FY15, with the exception of Russell Carstensen's payment (refer section 2.5).

‘At Risk’ Remuneration – Long Term Incentive Plan (LTIP) 2015

LTIP

Description

The LTIP is delivered in the form of PRs. For the 2015 award, PRs were subject to a one, two and three year performance period. The plan is administered by the RNC.

Conditions

PRs were subject to performance conditions linked to growth in the Company’s Adjusted EPS.

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 PRs.

The Adjusted EPS performance targets are set by management and approved by the Board. They are determined by reference to cumulative basic Adjusted EPS, aggregated over the applicable performance period, measured against a specified Adjusted EPS target approved by the RNC.

Link to Company strategy

LTIP is designed to reward executives of the Group for driving long-term prosperity as measured by growth in EPS performance adjusted for abnormal and exceptional items. This was seen as acknowledging the impact on EPS outcomes beyond the control or influence of executives.

Performance period

Each award made under the Plan for the years ending 30 June 2011, 2012, 2013 and 2014 comprises 3 tranches, each with a separate Performance Period of 2, 3 or 4 years.

Awards made for year ending 30 June 2015 also comprise 3 tranches, each with a separate Performance Period of 1, 2 or 3 years.

Amount that can be earned

Executives are eligible to receive LTIP awards in the range of 14% to 24% of FAR.

Vesting

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

The following vesting schedule applies:

Target pool determined by cumulative compound Adjusted EPS growth over 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%

No amount is to be paid or payable by participants in respect of the award of PRs or on acquisition of shares pursuant to the vesting PRs. Note also that PRs do not carry dividend or voting rights.

Unless otherwise determined by the RNC, all unvested PRs held by a participant will lapse in certain circumstances, including if:

- any applicable performance conditions are not satisfied, met or reached by the end of the applicable performance period (or any extended performance period); or
- 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.

If a participant ceases employment in various other circumstances before the end of the performance period applicable to their unvested PRs, then (unless the RNC determines otherwise) only a proportion of those PRs 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.

Change of control

Refer Section 1.5.

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.

2.3 LTIP in detail

Awards were made under the LTIP for the years ending 30 June 2011, 2012, 2013, 2014 and 2015. The details of each grant of PRs under the LTIP affecting the amount of remuneration disclosed in current or future reporting periods are set out in the table below.

GRANT NAME	Grant date	Performance period	Exercise price	Fair value per PR at grant date	% Vested
2011 – Tranche 3	1 October 2010	1 July 2010 to 30 June 2014	$nil	$0.80	50.5%[1]
2012 – Tranche 3	26 June 2012	1 July 2011 to 30 June 2015	$nil	$0.36	0%
2013 – Tranche 2	26 June 2012	1 July 2012 to 30 June 2015	$nil	$0.36	0%
2013 – Tranche 3	26 June 2012	1 July 2012 to 30 June 2016	$nil	$0.36	n/a
2013 – Former CEO Sign-on bonus	27 August 2012	27 August 2012 to 27 August 2014	$nil	$0.46	100%
2014 – Tranche 1[2]	22 November 2013	1 July 2013 to 30 June 2015	$nil	$0.34	0%
2014 – Tranche 2[2]	22 November 2013	1 July 2013 to 30 June 2016	$nil	$0.34	0%
2014 – Tranche 3[2]	22 November 2013	1 July 2013 to 30 June 2017	$nil	$0.34	0%
2014 – Special Performance Incentive	22 November 2013	1 July 2013 to 30 June 2015	$nil	$0.40	0%
2015 – Tranche 1	27 February 2015[3]	1 July 2014 to 30 June 2015	$nil	$0.27	0%
2015 – Tranche 2	27 February 2015[3]	1 July 2014 to 30 June 2016	$nil	$0.27	n/a
2015 – Tranche 3	27 February 2015[3]	1 July 2014 to 30 June 2017	$nil	$0.27	n/a

1. As previously disclosed in the FY14 report, 50.5% of the 2011 – Tranche 3 grant was tested after 30 June 2014 and 50.5% of this grant vested on 27 August 2014.
2. 2014 – Tranches 1 to 3 have now lapsed as a result of Elizabeth Gaines' resignation received on 19 June 2015 (these tranches were granted only to Ms Gaines in the first instance).
3. Performance rights for all executives were granted on 27 February 2015, except for Elizabeth Gaines' rights, which were granted subsequent to the AGM on 22 December 2014. The fair value of PRs granted to Ms Gaines was $0.33. Ms Gaines' performance rights have lapsed following receipt of her resignation.

2.4 Summary of performance rights held under the LTIP

EXECUTIVES AND EXECUTIVE DIRECTORS	Number of PRs at 1 July 2014	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 value of grant yet to vest $	Number of PRs actually vested during the year[3]	Value 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 30 June 2015
E Gaines (CEO & Executive Director)[4]										
2011 Grant	37,500	–	–	–	–	18,945	5,210	18,555	5,103	–
2012 Grant	135,002	–	–	(16,442)	–	–	–	135,002	51,976	–
2013 Grant	201,499	–	–	(28,290)	–	–	–	201,499	77,577	–
2014 Grant	369,162	–	–	(45,185)	–	–	–	369,162	142,127	–
2015 Grant	–	1,111,111	300,000	–	–	–	–	1,111,111	427,778	–
J Macdonald (CFO)										
2015 Grant	–	425,926	115,000	32,008	45,042	–	–	140,556	50,600	285,370
R Carstensen (GM Air Services)										
2011 Grant	27,250	–	–	–	–	13,767	3,786	13,483	3,708	–
2012 Grant	98,103	–	–	(11,948)	–	–	–	98,103	35,317	–
2013 Grant	146,423	–	–	(7,116)	4,481	–	–	96,639	34,790	49,784
2015 Grant	–	296,296	80,000	22,266	31,333	–	–	97,778	35,200	198,518
P Egglestone (Head of Wholesale)										
2011 Grant	45,000	–	–	–	–	7,578	2,084	37,422	10,291	–
2012 Grant	61,314	–	–	(7,468)	–	–	–	61,314	22,073	–
2013 Grant	91,514	–	–	(4,448)	2,800	–	–	60,399	21,744	31,115
2015 Grant	–	277,778	75,000	20,876	29,375	–	–	91,667	33,000	186,111
G Leighton (CEO New Zealand)										
2011 Grant	43,269	–	–	–	–	7,286	2,004	35,983	9,895	–
2012 Grant	54,494	–	–	(6,637)	–	–	–	54,494	19,618	–
2013 Grant	81,334	–	–	(3,953)	2,489	–	–	53,680	19,325	27,654
2015 Grant	–	296,296	80,000	22,267	31,333	–	–	97,778	35,200	198,518
R Gurney[5] (Former CEO & Executive Director)										
Sign-on Grant[5]	815,217	–	–	15,625	–	815,217	224,185	–	–	–

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 by 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.

3 The Performance conditions of the 2011 - Tranche 3 were met with 50.5% vesting. These PRs vested on 27 August 2014. The Performance conditions of 2012 - Tranche 3, 2013 - Tranche 2 and 2015 – Tranche 1 were not met and, following testing, these PRs lapsed.

4 Elizabeth Gaines resigned as CEO & Executive Director on 19 June 2015, resulting in a lapse of all PRs which had not previously lapsed during the year.

5 The conditions of the sign-on grant were met and the grant vested on 27 August 2014.

2.5 Legacy remuneration and other items

Former CEO Rob Gurney sign-on bonus

Rob Gurney was awarded a 'sign-on bonus' when he was appointed Managing Director and Chief Executive Officer effective 27 August 2012 in the form of PRs under the LTIP. The PRs awarded were 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. No performance conditions applied to these PRs as they were granted as an incentive for the now former CEO to join the Company. Mr Gurney resigned as CEO and director on 28 March 2014, though continued to be employed by the Company due to the notice period in his contract. As a result of his continuing employment up until 28 September 2014, the sign-on bonus was satisfied by the purchase of 815,217 fully paid ordinary shares which were awarded to Mr Gurney on 29 August 2014.

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

Following receipt of shareholder approval at the 2014 AGM, CEO Elizabeth Gaines was awarded PRs 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.

Following Ms Gaines' resignation received 19 June 2015, all remaining PRs lapsed.

GM Air Services bonus

The GM Air Services, Russell Carstensen, had a bonus related to delivery of the WoAG contract. The contract was awarded to QBT in December 2014 and therefore Mr Carstensen was entitled to receive the $100,000 bonus in December 2014.

2.6 Executive remuneration (statutory tables)

	Short-term benefits			Long-term benefits	Post-employment benefits		Share-based payments	Termination benefits		
	Salary $	Short-term incentive $	Other $	Leave $	Super-annuation $	Other benefits $	LTIP Share-based payments $	Termination payments $	Total $	Percentage performance related[5] $
E Gaines (CEO & Executive Director)[1,2]										
2015	718,144	–	–	(6,806)	18,783		(89,917)		640,204	0%
2014	646,404	400,000	–	4,669	17,775		36,768		1,105,616	39%
J Macdonald (CFO)[3]										
2015	506,801	–	–	–	18,783		32,008		557,592	6%
R Carstensen (GM Air Services)										
2015	539,182	100,000	–	6,771	18,783		3,202		667,938	15%
2014	516,740	326,600	–	2,981	17,775		(6,116)		857,980	37%
P Egglestone (Head of Wholesale)										
2015	305,917	–	–	14,141	18,783		8,960		347,801	3%
2014	287,474	60,000	–	11,595	17,775		(3,452)		373,392	15%
G Leighton (CEO New Zealand)										
2015	309,904	–	4,588	–	–		11,677		326,169	4%
2014	322,989	100,500	4,466	–	–		(3,268)		424,687	23%
R Gurney (Former CEO & Executive Director)[4]										
2015	233,146	–	–	–	4,696		15,625		253,467	6%
2014	821,283	284,750	–	–	17,775		79,500		1,203,308	30%
2015 TOTAL	**2,613,094**	**100,000**	**4,588**	**14,106**	**79,828**		**(18,445)**		**2,793,171**	
2014 TOTAL	**2,594,890**	**1,171,850**	**4,466**	**19,245**	**71,100**		**103,432**		**3,964,983**	

1 E Gaines resigned as CEO on 19 June 2015. Ms Gaines continues to be employed by the Group until December 2015 as she is serving her contracted notice period.

2 An entity within the consolidated Group has an amount of $101,454 receivable from E Gaines in relation to a previous share option plan. This bears interest at 5.65% 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.

3 J Macdonald was appointed as CFO on 18 August 2014.

4 R Gurney resigned as CEO and director of the Group on 28 March 2014. R Gurney continued to be employed by the Group until 28 September 2014 as he was serving his contracted notice period.

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. For all executives, except for Russell Carstensen, this percentage also represents the value of remuneration that consists of performance rights (as no STIP or other bonus amounts were paid). For Russell Carstensen, the percentage value of remuneration that consisted of performance rights was 0.5%.

EXECUTIVES			% of potential annual bonus earned during the year	% of potential annual bonus forfeited during the year
E Gaines	CEO & Executive Director	2015	0%	100%
		2014	59%	41%
J Macdonald	CFO	2015	0%	100%
R Carstensen	GM Air Services	2015	18%	82%
		2014	60%	40%
P Egglestone	Head of Wholesale	2015	0%	100%
		2014	50%	50%
G Leighton	CEO New Zealand	2015	0%	100%
		2014	100%	0%
R Gurney	Former CEO & Executive Director	2015	0%	100%
		2014	45%	55%

2.7 Executive shareholdings

EXECUTIVES		Number of Shares at 1 July 2014	Received on the vesting of PRs	Other changes during the year	Number of Shares at 30 June 2015
E Gaines	CEO & Executive Director	1,200,373	18,945	–	1,219,318
J Macdonald	CFO	–	–	–	–
R Carstensen	GM Air Services	491,707	13,767	–	505,474
P Egglestone	Head of Wholesale	483,870	7,578	–	491,448
G Leighton	CEO New Zealand	440,576	7,286	–	447,862
R Gurney	Former CEO & Executive Director	–	815,217	–	815,217
TOTAL		**2,616,526**	**862,793**	**–**	**3,479,319**

2.8 Executive 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 the below:

EXECUTIVE		Notice period to be given to KMP	Notice period to be given by Company	Termination payments or benefits payable if termination is by the Company
E Gaines	CEO & Executive Director	6 months	6 months	In accordance with normal statutory entitlements
J Macdonald	CFO (appointed 18 August 2014)	6 months	6 months	In accordance with normal statutory entitlements + 6 months
R Carstensen	GM Air Services	3 months	3 months	In accordance with normal statutory entitlements
P Egglestone	Head of Wholesale	3 months	3 months	In accordance with normal statutory entitlements
G Leighton	CEO New Zealand	3 months	3 months	In accordance with normal statutory entitlements

3 NON-EXECUTIVE DIRECTOR REMUNERATION

3.1 Non-Executive Director remuneration governance

As detailed in section 1.2, the RNC is responsible for reviewing remuneration arrangements and making recommendations to the Board in respect of Directors. In relation to Directors' remuneration arrangements, the Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, at a cost which is acceptable to shareholders. In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct from executive remuneration and is further detailed below.

3.2 Non-Executive Director remuneration structure

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

Role	Fee	Summary
Chairman	$225,000	The payment of the higher fee to the Chairman recognises the additional time commitment required by him, and also covers all Board Committee fees.
Non–Executive Director	$100,000	Fee paid in recognition of time commitment and service to the Group's Board.
Committee fee	$10,000 (Chairman of Audit Committee receives $25,000)	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 Directors' fees have not increased since 1 July 2011 and there is no intention to increase the individual Director fees for the year ended 30 June 2016. 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 2015 and 30 June 2014 is detailed in the following statutory tables. The process for review of Non-Executive Directors' performance is explained in the Corporate Governance Statement.

3.3 Non-Executive Director remuneration (statutory tables)

NON-EXECUTIVES DIRECTORS	Short-term benefits Cash salary $	Post-employment benefits Super-annuation $	Total $
B Johnson (Chairman)			
2015	182,060	16,690	198,750
2014	109,840	10,160	120,000
A Cummins			
2015	100,457	9,543	110,000
2014	100,686	9,314	110,000
P Spathis			
2015	11,234	1,067	12,301
2014	–	–	–
A John[1]			
2015	110,000	–	110,000
2014	110,000	–	110,000
J M Millar			
2015	114,155	10,845	125,000
2014	114,417	10,583	125,000
J McKellar			
2015	49,964	4,747	54,711
2014	–	–	–
T Dery (Former Chairman)			
2015	51,554	4,696	56,250
2014	207,225	17,775	225,000
S Bennett (Former Director)			
2015	88,498	8,407	96,905
2014	100,686	9,314	110,000
2015 TOTAL	**707,922**	**55,995**	**763,917**
2014 TOTAL	**742,854**	**57,146**	**800,000**

1 Amounts disclosed in the table as salary and fees in relation to A John were paid to Qantas Airways Limited rather than A John and therefore did not attract a superannuation contribution.

3.4 Non-Executive Director shareholdings

EXECUTIVES		Number of Shares at 1 July 2014	Other changes during the year	Number of Shares at 30 June 2015
B Johnson	Chairman	–	200,000	200,000
A Cummins[1]		952,998	–	952,998
P Spathis[2,3]		–	500,000	500,000
A John		–	–	–
J M Millar		40,000	–	40,000
J McKellar[4]		–	–	–
T Dery	Former Chairman	–	–	–
S Bennett[5]	Former Director	50,000	–	50,000
TOTAL		**1,042,998**	**700,000**	**1,742,998**

1 These shares are held legally and beneficially in the name of Gladstone Investments Limited.
2 Mr Spathis was appointed as a director on 18 May 2015.
3 Mr Spathis has a beneficial interest in 500,000 fully paid ordinary shares held legally in the name of Vortex TV Pty Ltd as trustee for the Consolidated Travel (NSW) Superannuation Fund.
4 Ms McKellar was appointed a director on 17 December 2014.
5 Held legally and non-beneficially in the name Invia Custodian P/L – Stephen John Bennett A/c.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors received the declaration of independence on page 41 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 41 and forms part of the Directors' Report for the financial year ended 30 June 2015. Details of the amounts paid to PricewaterhouseCoopers, for audit and non-audit services are set out in note 22 of the Financial Statements on page 95 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.

Brett Johnson

Chairman, Helloworld Limited
Sydney, 28 August, 2015

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Helloworld Limited for the year ended 30 June 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 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
28 August 2015

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 2000
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 the highest standards of ethics and integrity and ensures that senior management run the Group in accordance with these standards. The Board monitors the Company's governance framework and practices to ensure it fulfils its corporate governance obligations.

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

This statement is current at 28 August 2015.

1 Laying solid foundations for management and oversight

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

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

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

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

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

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

To ensure that Non-Executive Directors clearly understand the requirements of their role, formal letters of appointment are provided to them which they are required to countersign to acknowledge and agree their responsibilities and the terms of their appointment. 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 all material, relevant information and documents relating to the Company including the Constitution, group structure, financial statements and the various Board policies and charters and undertake an induction program under which they meet with each member of the Executive Committee (Exco) to further develop their understanding of the business. The Directors are provided with appropriate professional development opportunities to develop and maintain the skills and knowledge needed to perform their roles as directors of the Company effectively, including receiving presentations from external experts in relation economic, regulatory and technology related matters.

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

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

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 2015 was undertaken througout the year 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 resigned on 19 June 2015 and for this reason the CEO review for the year ended 30 June 2015 was not concluded.

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 2015 Annual Report are set out in the Directors' Report on pages 10 to 14.

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

The Company uses a Board Skills Matrix to ensure that its membership includes an appropriate mix of skills, experience and expertise and to assist in identifying the skills most desired in potential candidates for appointment to the Board.

A summary of the skills and experience of the Directors is included below:

Board Skills Matrix	(Number out of 7 directors)
Travel Related Industries	5
Franchise Operations	4
Digital, IT	4
Brand Development, Marketing	3
Governance & Compliance	5
Professional Services	7
Equity, Capital Markets, Mergers & Acquisitions	6
Remuneration, Human Resources	7
Executive Leadership	7
Global Experience	6

More details regarding the Directors' qualifications, special responsibilities, skills and expertise (including the period of office held by each Director) is set out in the Directors' Report on pages 10 to 14.

Director Independence

As at 30 June 2015, based on the factors relevant to assessing the independence of directors included in the ASX CGP, only two Directors, James M Millar and Jane McKellar, 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 and has a material business relationship with HLO as a supplier of product and a customer for distribution services;
- Brett Johnson was until 31 December 2012 an executive of Qantas and, from 1 January 2013 has been paid a retainer by Qantas to be available to undertake certain work unrelated to HLO. Mr Johnson did not perform any work for Qantas during FY15 and the retainer terminates on 31 December 2015. 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 was until February 2015 Chairman of CVC Capital Partners Pan Asian Team. CVC has an indirect majority interest in Europe Voyager NV, a substantial shareholder of HLO;
- Peter Spathis is employed as Chief Financial Officer of Consolidated Travel Pty Ltd, which operates in the travel industry, and the Alysandratos Group of Companies, which includes Sintack Pty Ltd ('Sintack'), a substantial shareholder of HLO; and
- Elizabeth Gaines is CEO of the Company.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 10 to 14.

Independent Decision Making

The Chairman and a majority of the Board are not independent and the Company recognises that these are departures from Recommendations 2.4 and 2.5 of the ASX CGP.

The Board consider that Brett Johnson is the Director best qualified to fulfil the role of Chairman notwithstanding the fact that he is not technically independent. Mr Johnson exercises sound and independent judgement on all matters that come before the Board and acts at all times in the best interests of the Company. Mr Johnson is a shareholder of the Company and in this manner his interests are aligned with the interests of other shareholders.

QH Tours Ltd, Europe Voyager NV and Sintack 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 Chairmanship and 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 in relation to the nomination, appointment and re-election of directors are set out in the Committee's charter, which is available in the Corporate Governance section of the Company's website.

During the reporting period, the following Non-Executive Directors were members of the Remuneration and Nominations Committee:

- A Cummins (Chairman)
- B Johnson
- S Bennett (until 24 February 2015)
- J McKellar (from 24 February 2015)
- T Dery (until 30 September 2014)

The terms of reference, role and responsibility of the Remuneration and Nominations Committee are consistent with ASX CGP 2.1 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 49 in this Corporate Governance Statement under the heading 'Remunerating fairly and responsibly'.

Details of these Directors' qualifications, their attendance at Remuneration and Nominations Committee meetings and the number of meetings held during FY15 are set out in the Directors' Report on pages 10 to 15.

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

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

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 and interviews between the Chairman and individual directors. 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 2014 Board, Committee and Director performance reviews were undertaken in December 2014, in accordance with the process set out above, and a review for 2015 will be undertaken in December 2015.

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 in the discharge of their responsibilities. This Policy reflects the directors' and senior executive's intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Standards of Conduct Policy is available to all employees and is also available in the Corporate Governance section of the Company's website.

Diversity

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

In accordance with the Diversity Policy and ASX CGP, the Board has established the following measurable objectives in relation to gender diversity:

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

For FY15, the Company discloses the following progress against these objectives:

- Jane McKellar was appointed to the Board in December 2014 and the proportion of women directors on the Board has increased from the level reported for FY14;
- At 30 June 2015 the following was recorded:

	Number	%
Number of women on the Board	2	28.6
Proportion of women reporting to the CEO	5	41.7

- The number of women reporting to the CEO has reduced by two due to the exit of two women executives. These roles have not been replaced and no additional executives have been appointed.

Proportion of women in the organisation

There are 1,102 women employees (representing 71.8%) in the Group and 34 women employees (representing 47.2%) who report to the CEO's direct reports.

Gender Pay Equality

In April 2015, the Company conducted an in-depth review of gender pay equality across all roles within the Group and the Board has endorsed a number of proposals to ensure that gender pay equality is enhanced, this includes ongoing analysis and reporting and improvements to Company policies and procedures.

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.

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.

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

- J M Millar (Chairman) (Independent)
- A John
- B Johnson
- P Spathis (appointed in June 2015)
- T Dery (until 30 September 2014)
- S Bennett (from 24 February 2015 until 18 May 2015)

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 4.1, except that, due to the small number of Independent Directors, the Audit Committee does not have a majority of Independent Directors. The members of the Audit Committee 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, 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.

5 Timely and balanced disclosure

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

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

6 Rights of shareholders

The 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 and the HLO Annual Reports since 2007 are posted here.

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

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

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

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

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

7 Recognising and managing risk

The Company has a written policy in place for the oversight and management of its material business risks. The Group takes a proactive approach to risk management. The Board and Audit Committee are primarily responsible for ensuring that risks 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.

Under the Risk Management Policy, the Board is responsible for

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

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

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

The members of the Audit Committee are set out above in section 4 of this Corporate Governance Statement. The composition, operations and responsibilities of the Committee are consistent with ASX CGP 4.1, except that, due to the small number of Independent Directors, the Audit Committee does not have a majority of Independent Directors. The members of the Audit Committee 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, James M Millar.

During the reporting period, the Company undertook a review of the strategic, operational, financial and compliance related risks facing each Business Unit, which included risk workshops with key executives. On the basis of the review, the Company has prepared an updated risk matrix which details the business's key risks, a residual risk rating for each risk and the means by which the risks are managed by the Company. The risk matrix has been reviewed by the Audit Committee and will be reviewed on an annual basis.

The Company has also established an Executive Risk Governance Committee comprised of members of the Executive Committee and other senior managers with responsibility for assisting the Board to ensure that robust risk management exists across the organisation. The Committee ensures that a sufficient level of risk analysis is applied to critical decisions and provides assurance to the Board that risk processes at all levels are effective and compliant with the Company's Risk Management Policy.

The Company's Executive Committee (Exco) also plays a role in identifying, assessing, monitoring and managing risks.

The risk management performance of the Executive Risk Governance Committee and Exco are monitored by the Audit Committee.

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

The Board has also received from the CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Information in relation to the economic, environmental and social sustainability risks facing the Company and the manner in which these are managed are included in the Operating and Financial Review on pages 16 to 24 of the Annual Report.

Internal Audit

The internal audit program is an important element of the Company's risk management processes. While the Company does not have an in-house internal audit function, it engages independent, expert consultants to conduct internal audit work on its behalf on a case by case basis. The consultants engaged are those considered on the basis of their skill set to best able to undertake a particular audit. Areas of focus for internal audits are identified by reference to the Company's risk matrix.

The findings and recommendations generated by the internal audits are evaluated and reviewed by the Executive Risk Governance Committee and Audit Committee.

During the reporting period, internal audits of the following business functions in Australia and New Zealand were conducted by external consultants who reported to the Audit Committee:

- Payroll; and
- Treasury and foreign exchange accounting.

The objective of the internal audits in both cases was the evaluation of the design and operating effectiveness of the internal controls in place to ensure that the functions are managed effectively and efficiently and in accordance with contractual terms, legal and regulatory requirements.

The outcomes of the internal audits conducted during the reporting period, have been used to drive improvements in the risk management and internal control processes applying to the business functions audited.

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 and Nominations Committee to assist the Board in the discharge of its duties in relation to remuneration.

The Non-Executive Directors who were members of the Remuneration and Nominations Committee during the reporting period are set above in section 2 of this Corporate Governance Statement.

The Remuneration and Nominations Committee charter is available in the Corporate Governance section of the Company's website. The composition of the Committee is a departure from ASX CGP 8.1 on the basis that the Remuneration and 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 and 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.

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

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

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 $'000	2014 $'000
REVENUE	4	**279,223**	**291,671**
EXPENSES			
Employee benefits expenses	4	(122,191)	(132,527)
Advertising, selling, and marketing expenses		(75,551)	(66,578)
Communication and technology expenses		(19,139)	(18,160)
Occupancy and rental expenses		(12,788)	(13,908)
Operating expenses		(26,005)	(39,470)
Depreciation and amortisation expense	4	(13,921)	(14,032)
Impairment of goodwill	4	(205,300)	(59,500)
Gain/(loss) on disposal of investments	31	340	(5,473)
Share of profits of associates accounted for using the equity method	12	162	165
OPERATING LOSS		**(195,170)**	**(57,812)**
Finance expense	5	(3,227)	(3,354)
LOSS BEFORE INCOME TAX EXPENSE		**(198,397)**	**(61,166)**
Income tax expense	7	(2,714)	(2,077)
LOSS AFTER INCOME TAX EXPENSE		**(201,111)**	**(63,243)**
LESS PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**(10)**	**(104)**
LOSS ATTRIBUTABLE TO OWNERS OF HELLOWORLD LIMITED		**(201,121)**	**(63,347)**

LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF HELLOWORLD LIMITED		Cents	Cents
Basic loss per share (cents)	9	(45.66)	(14.38)
Diluted loss per share (cents)	9	(45.66)	(14.38)

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 $'000	2014 $'000
LOSS AFTER INCOME TAX EXPENSE		**(201,111)**	**(63,243)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Change in fair value of cash flow hedges	21(d)	1,639	(2,457)
Income tax on cash flow hedges	7(c)	(492)	873
Exchange differences on translation of foreign operations	21(d)	280	1,283
Exchange differences on entities disposed of taken to profit	21(d)	–	725
Items that will not be reclassified to profit or loss			
Defined benefit plan actuarial gain	16	521	2,080
Deferred tax expense on defined benefit plan	7(c)	(344)	(494)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**1,604**	**2,010**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(199,507)**	**(61,233)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR IS ATTRIBUTABLE TO:			
Owners of Helloworld Limited		(199,517)	(61,337)
Non-controlling interests		10	104
		(199,507)	**(61,233)**

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	Note	CONSOLIDATED 2015 $'000	2014 $'000
CURRENT ASSETS			
Cash and cash equivalents	10	176,141	184,320
Trade and other receivables	11	104,869	105,470
Inventories		93	109
Derivative financial instruments	24	1,627	–
Income tax receivable		305	–
TOTAL CURRENT ASSETS		**283,035**	**289,899**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	12	460	942
Investment properties		175	175
Property, plant and equipment	13	16,916	20,506
Intangible assets	14	161,404	360,481
Deferred tax asset	15	5,242	7,205
Defined benefit plan	16	3,062	2,910
Other non-current assets		802	1,121
TOTAL NON-CURRENT ASSETS		**188,061**	**393,340**
TOTAL ASSETS		**471,096**	**683,239**
CURRENT LIABILITIES			
Trade and other payables	17	183,609	197,382
Borrowings	18	–	892
Provisions	19	13,051	12,752
Deferred revenue	20	69,294	66,019
Derivative financial instruments	24	37	2,710
Income tax payable		–	19
TOTAL CURRENT LIABILITIES		**265,991**	**279,774**
NON-CURRENT LIABILITIES			
Borrowings	18	23,245	23,345
Deferred tax liability	15	295	–
Provisions	19	1,430	1,370
Other non-current liabilities		2,659	1,762
TOTAL NON-CURRENT LIABILITIES		**27,629**	**26,477**
TOTAL LIABILITIES		**293,620**	**306,251**
NET ASSETS		**177,476**	**376,988**
EQUITY			
Issued capital	21	278,755	278,822
Reserves	21	161,636	160,164
Accumulated losses	21	(263,014)	(62,070)
Equity attributable to the owners of Helloworld Limited		**177,377**	**376,916**
Non-controlling interest		99	72
TOTAL EQUITY		**177,476**	**376,988**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

CONSOLIDATED $'000	Issued capital $'000	Reserves $'000	Retained Profits/ (Accumulated Losses) $'000	Total $'000	Non-controlling Interests $'000	Total Equity $'000
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 YEAR	**–**	**424**	**(61,761)**	**(61,337)**	**104**	**(61,233)**
Transactions with owners in their capacity as owners net of tax:						
Dividends paid[1]	–	–	(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**
Balance at 1 July 2014	**278,822**	**160,164**	**(62,070)**	**376,916**	**72**	**376,988**
(Loss)/profit after income tax	–	–	(201,121)	(201,121)	10	(201,111)
Other comprehensive income	–	1,427	177	1,604	–	1,604
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR	**–**	**1,427**	**(200,944)**	**(199,517)**	**10**	**(199,507)**
Transactions with owners in their capacity as owners net of tax:						
Long term incentive plan						
Shares purchased on market	–	(45)	–	(45)	–	(45)
Expensed during the year	–	90	–	90	–	90
Share buy-back program	(67)	–	–	(67)	–	(67)
Transactions with non-controlling interests:						
Acquisitions	–	–	–	–	37	37
Return of capital	–	–	–	–	(20)	(20)
BALANCE AT 30 JUNE 2015	**278,755**	**161,636**	**(263,014)**	**177,377**	**99**	**177,476**

1 Dividends were paid from the retained earnings of the parent company, Helloworld Limited.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Note	CONSOLIDATED 2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,511,880	2,731,200
Payments to suppliers (inclusive of GST)		(2,507,646)	(2,757,048)
Interest received		4,362	5,073
Interest paid		(2,533)	(2,350)
Income taxes paid		(1,350)	(7,720)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	23	**4,713**	**(30,845)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,853)	(3,696)
Payments for intangibles		(11,797)	(9,331)
Payments for investments in controlled entities		–	(1,786)
Proceeds from disposals of investments, net of client cash disposed		2,105	(3,016)
Proceeds from disposal of property, plant and equipment		60	200
Proceeds from disposal of intangibles		–	84
Dividends paid to minority shareholder		–	(324)
Contributions from minority shareholder		17	8
Dividends received from associates		574	48
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(11,894)**	**(17,813)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,008	3,675
Repayment of borrowings		(1,900)	(4,963)
Purchase of shares on market		(105)	(246)
Dividends paid	8	–	(2,203)
Borrowing costs paid and capitalised		(68)	(1,143)
NET CASH USED IN FINANCING ACTIVITIES		**(1,065)**	**(4,880)**
Net decrease in cash and cash equivalents		(8,246)	(53,538)
Cash and cash equivalents at the beginning of the financial year		184,320	234,934
Effects of exchange rate changes on cash and cash equivalents		67	2,924
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	**176,141**	**184,320**

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

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

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 2015 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").

The financial statements of the Group for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 28 August 2015. 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:

- 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

The consolidated financial statements are presented in Australian dollars, which is the Group's 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, judgements 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 corporate 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 16.

(iv) Accounting for the GST legal case

The Group was previously involved in a legal case with the Australian Taxation Office in relation to a GST matter, which was resolved in October 2014. 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 JTL), 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 2015 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 its annual reporting period commencing 1 July 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- Interpretation 21 Levies
- AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)
- Annual Improvements to IFRSs 2010-2012 Cycle.

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 2015 reporting period and have not been early adopted by the Group. The following accounting standards are most relevant to the Group:

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 the year ended 30 June 2019. The Group has not yet decided when to adopt AASB 9 and has not yet determined the potential effect of the standard.

AASB 15 Revenue from Contracts with Customers

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 Revenue, which covers contracts for goods and services and AASB 111 Construction Contracts, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The notion of control in AASB 15 replaces the existing notion of risks and rewards.

The standard is applicable to reporting periods ending 30 June 2018. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application without restating the comparative period. The Group will only need to apply the new rules to existing contracts that are not completed as of the date of initial application.

The Group has not yet decided when to adopt AASB 15 and has not yet determined the potential impact of the standard.

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

(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 the Company'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 recognised in the income statement in the year in which they occur, 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 exchanges 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 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 of the reporting date;
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates, which approximate the rate at the date of the transaction; 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 are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss. 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 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 detailed booking information and is reviewed in light of current 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. 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 to 60 days. They are presented as current assets unless collection is not expected within 12 months from the reporting date. Bad debts are written off as incurred. Non-current receivables are carried at the present value of future net cash inflows expected to be received.

Collectability of 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) 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.

(i) 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.

(j) Leases

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased 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.

(k) 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.

(l) 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 or loss 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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. These 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 applied prospectively.

(i) Goodwill

All business combinations are accounted for by applying the acquisition method, including those using the reverse acquisition accounting method. 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.

(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. Once in use, software and website development costs are depreciated over 2.5 to 5 years.

(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. 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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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).

(s) 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.

(t) 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 corporate 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 into 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 corporate 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.

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.

(u) 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.

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.

(v) 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.

(w) 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.

(x) 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.

(y) 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.

(z) 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 year'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.

(aa) 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.

(ab) 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 the Company.

(ii) Tax consolidation legislation

The Company 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(t)(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	
	2015 $'000	2014 $'000
(a) Revenue		
Rendering of services	273,354	285,707
Finance income	4,362	5,073
Rents and sub-lease rentals	662	106
Other revenue	845	785
TOTAL REVENUE	**279,223**	**291,671**

	CONSOLIDATED	
	2015 $'000	2014 $'000
(b) Expenses		
Depreciation (note 13)	(5,928)	(5,763)
Amortisation (note 14)	(7,993)	(8,269)
Impairment losses on trade receivables	(138)	(207)
Net foreign exchange loss	(2,910)	(1,136)
Defined contribution superannuation expense	(6,415)	(7,057)
Defined benefit superannuation expense (note 16)	(776)	(922)
Employee benefits expense excluding superannuation	(115,000)	(124,548)
Business transformation costs	(2,101)	(15,847)
Former CEO resignation/retirement costs	(233)	(608)
Impairment of goodwill (note 14)	(205,300)	(59,500)
Costs relating to GST matter (note 7(g))	(617)	(2,738)
Net gain / (loss) on disposal of investments	340	(5,473)

5. Finance income and expense

	CONSOLIDATED	
	2015 $'000	2014 $'000
Recognised in profit or loss		
Finance income recognised in revenue	4,362	5,073
Finance expenses	(3,227)	(3,354)
NET FINANCE INCOME RECOGNISED IN PROFIT OR LOSS	**1,135**	**1,719**

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 for business,* the Concord Agency Network, Harvey World Travel, United Travel and The Travel Brokers. 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 2015					
TTV	3,429,056	667,135	599,978	–	4,696,169
Total segment revenue	151,933	82,276	41,148	3,866	279,223
Operating expenses	(120,039)	(69,148)	(35,898)	(26,683)	(251,768)
ADJUSTED EBITDAI	**31,894**	**13,128**	**5,250**	**(22,817)**	**27,455**
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**

(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 $208,809,627 (2014: $222,866,359), and the total revenue from external customers in other countries is $70,413,267 (2014: $68,804,272). 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 before income tax is provided as follows:

	CONSOLIDATED	
	2015 $'000	2014 $'000
ADJUSTED EBITDAI	**27,455**	**40,561**
Gain/(loss) on disposal of investments	340	(5,473)
Business transformation costs	(2,101)	(15,847)
Share-based payments	(83)	(115)
Actuarial adjustment on defined benefit pension	(710)	–
Costs relating to GST matter (note 7(g))	(617)	(2,738)
Costs relating to disposal of investments	–	(60)
Former CEO resignation/retirement costs	(233)	(608)
EBITDAI	**24,051**	**15,720**
Depreciation	(5,928)	(5,763)
Amortisation	(7,993)	(8,269)
Impairment of goodwill	(205,300)	(59,500)
Finance costs	(3,227)	(3,354)
LOSS BEFORE INCOME TAX	**(198,397)**	**(61,166)**

(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 $147,024,379 (2014: $349,928,856), and the total of these non-current assets located in other countries is $32,734,117 (2014: $33,298,377). 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 Consolidated Financial Statements. Under the current management reporting framework, total liabilities are not allocated to a specific reporting segment or geographic location.

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

During the year ended 30 June 2015 there have been no changes in the measurement methods used to determine reported segment Adjusted EBITDAI.

7. Income tax

	CONSOLIDATED 2015 $'000	2014 $'000

(a) Income tax expense

The major components of income tax expense recognised in the income statement are:

	2015 $'000	2014 $'000
CURRENT TAX EXPENSE		
Current income tax expense	2,504	2,132
Adjustments in respect of current tax expense of previous years	(1,536)	(248)
DEFERRED INCOME TAX		
Relating to origination and reversal of temporary differences	1,746	193
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	**2,714**	**2,077**
Deferred income tax expense included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 15)	2,155	(44)
(Decrease)/increase in deferred tax liabilities (note 15)	(409)	237
	1,746	**193**

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

	2015 $'000	2014 $'000
LOSS BEFORE INCOME TAX EXPENSE	**(198,397)**	**(61,166)**
Prima facie income tax credit at 30% (2014: 30%)	(59,519)	(18,350)
Add/(deduct):		
Non-deductible (taxable) items:		
Amortisation	376	673
(Gain)/loss on disposal of investments	(102)	1,650
Impairment of goodwill	61,590	17,850
Assessable debt forgiveness between group members	–	445
Current year tax losses not recognised	60	221
Prior year tax losses recognised	–	(247)
Under/(over) provision in prior years	248	(248)
Other	61	83
INCOME TAX EXPENSE REPORTED IN THE INCOME STATEMENT	**2,714**	**2,077**

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

	2015 $'000	2014 $'000
Cash flow hedges	492	(873)
Defined benefit pension – actuarial gains	344	494
	836	**(379)**

(d) Tax losses

	2015 $'000	2014 $'000
Unused tax losses for which no deferred tax asset has been recognised	1,217	586
Potential tax benefit @ 30%	**365**	**176**

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 is $24,772 of deferred tax (2014: $nil) recognised directly in equity.

(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. This matter was heard in Federal Court on 26 June 2012 and judgement on the case received on 15 April 2013. The decision that was handed down did not have a material impact on the Group's earnings.

An appeal was lodged on 5 June 2013 and the matter was heard on 20 November 2013. The appeal judgement was received on 27 March 2014 and found in favour of the Commissioner. The Group lodged an application for special leave to appeal to the High Court of Australia, which was refused on 17 October 2014. Subject to the final determination of interest, costs and penalties, this matter is now concluded. Legal expenses and other associated costs in relation to this matter continue to be expensed as incurred as disclosed in note 4.

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. There is no material ongoing impact on the Consolidated Income Statement of the Group as a consequence of this decision given the Group no longer operates an inbound travel business.

8. Dividends paid and proposed

(a) Final dividend

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
PRIOR YEAR FINAL DIVIDEND		
Fully franked dividend (0.5 cents per share, paid 4 October 2013)	–	2,203
	–	**2,203**

(b) Franking credits

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
The franked portions of any future dividends paid after 30 June 2015 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 2016. The amount of franking credits available for the subsequent financial years are:		
Franking credits available at the reporting date based on a tax rate of 30%	29,702	30,229
Franking credits that will arise from income tax (receivable)/ payable as at year end	(843)	485
	28,859	**30,714**

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 2015, 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 2015.

The tax rate at which dividends will be franked is 30%. The level of franking is expected to be 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 2015 was based on the loss attributable to ordinary shareholders of $201.1 million (2014: loss of $63.3 million) and a weighted average number of ordinary shares outstanding of 440,430,578 (2014: 440,418,163).

	CONSOLIDATED	
	2015 cents	2014 cents
(a) Basic loss per share		
Total basic loss per share from continuing operations attributable to ordinary equity holders of the Company	(45.66)	(14.38)
(b) Diluted loss per share		
Total diluted loss per share from continuing operations attributable to ordinary equity holders of the Company	(45.66)	(14.38)

	CONSOLIDATED	
	2015 $'000	2014 $'000
(c) Reconciliations of loss used in calculating loss per share		
Net loss for the year from continuing operations attributable to the ordinary equity holders of the Company	(201,121)	(63,347)
(d) Weighted average number of shares used as the denominator		
Weighted average number of shares used as the denominator in calculating basic loss per share	440,430,578	440,418,163
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	–	–
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted loss per share	440,430,578	440,418,163

For the year ended 30 June 2015, the Company had a weighted average number of potential ordinary shares of 4,083,908 (2014: 6,122,096) that could potentially dilute basic EPS in the future, but were not included in the calculation of EPS because they were antidilutive.

(e) Information concerning the classification of securities

The Company has 440,330,198 fully paid ordinary shares on issue.

10. Cash and cash equivalents

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Cash at bank and on hand	27,365	28,469
Client cash	148,776	155,851
CASH AND CASH EQUIVALENTS IN THE STATEMENTS OF CASH FLOWS	**176,141**	**184,320**

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

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 Group.

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

11. Trade and other receivables

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Trade receivables	53,587	52,722
Less: Provision for impairment of receivables	(635)	(795)
	52,952	**51,927**
Accrued income	31,227	35,338
Prepayments	15,362	12,207
Other receivables	5,328	5,998
	51,917	**53,543**
	104,869	**105,470**

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	
	2015 $'000	2014 $'000
Investment in associates	514	1,580
Provision for diminution in value	(54)	(638)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**460**	**942**

Refer to note 28 for further information on investments in associates.

(a) Movements in carrying amounts

	CONSOLIDATED	
	2015 $'000	2014 $'000
CARRYING AMOUNT AT THE BEGINNING OF THE FINANCIAL YEAR	**942**	**821**
Share of profits after income tax	162	165
Dividends received/receivable	(574)	(48)
Other movements	(2)	4
Decreases due to change in ownership interest	(68)	–
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**460**	**942**

(b) 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 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 business 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**
BALANCE AT 1 JULY 2014	–	13,316	7,190	20,506
Additions	–	2,476	217	2,693
Disposals	–	(55)	(3)	(58)
Foreign currency differences	–	18	(65)	(47)
Transfers in/(out)	–	(315)	65	(250)
Depreciation charge (note 4)	–	(4,028)	(1,900)	(5,928)
BALANCE AT 30 JUNE 2015	**–**	**11,412**	**5,504**	**16,916**
AT 30 JUNE 2015				
Cost	–	23,953	12,768	36,721
Accumulated depreciation	–	(12,541)	(7,264)	(19,805)
NET BOOK AMOUNT	**–**	**11,412**	**5,504**	**16,916**

Non-current assets pledged as security

Refer to note 18 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 2013						
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[2] (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**
BALANCE AT 1 JULY 2014	**236,501**	**97,400**	**1,525**	**3,249**	**21,806**	**360,481**
Additions	–	–	59	–	12,286	12,345
Additions through business combinations	1,740	–	–	–	–	1,740
Impairment charge[2] (note 4)	(205,300)	–	–	–	–	(205,300)
Foreign currency differences	(410)	–	–	–	291	(119)
Transfers in/(out)	–	–	250	–	–	250
Amortisation charge (note 4)	–	–	(1,028)	(563)	(6,402)	(7,993)
BALANCE AT 30 JUNE 2015	**32,531**	**97,400**	**806**	**2,686**	**27,981**	**161,404**
AT 30 JUNE 2015						
Cost	326,536	97,400	3,529	5,561	45,866	478,892
Accumulated amortisation and impairment	(294,005)	–	(2,723)	(2,875)	(17,885)	(317,488)
NET BOOK AMOUNT	**32,531**	**97,400**	**806**	**2,686**	**27,981**	**161,404**

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 For the year ended 30 June 2014, the carrying value of the Retail segment goodwill has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. For the year ended 30 June 2015, the carrying value of the Retail segment and the Wholesale segment goodwill have been reduced to their recoverable amounts through the recognition of an impairment loss against goodwill. These items have been disclosed as a separate item in the Consolidated Income Statement.

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 the Retail segment. Indefinite life Brand names have all been directly allocated to the Retail segment.

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

	CONSOLIDATED	
	2015 $'000	2014 $'000
Retail	22,597	169,473
Wholesale	9,934	67,028
	32,531	**236,501**

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 internal segment level projections for the next 5 financial years and a steady-state terminal value calculation at the end of year 5 which has equivalent revenue and operating expense growth of 2%. Internal revenue and operating expense growth projections have been benchmarked against travel industry forecasts and general economic projections where available.

Although not the primary measure to assess the recoverable amount of a CGU, the Group also assessed the recoverable amount based on a fair value less cost of disposal. The fair value was measured having regard to two large parcels of shares traded between shareholders in the second half of the financial year. These trades were priced between 36 to 39 cents per share and effectively value the Group at approximately $159 million to $172 million.

Key assumptions used for value-in-use calculations

The post-tax cash flows have been discounted at a post-tax rate of 10.9% (2014: 10.9%) 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: 4.4% (2014: 5.0%)
- Equity market risk premium: 6.0% (2014: 6.0%)
- Beta: 1.2 (2014: 1.2)
- Pre-tax cost of debt: 4.8% (2014: 4.9%)
- Long-term debt ratio: 25% (2014: 25%)
- Business-specific risk premium: 2.0% (2014: 1.5%)

The equivalent pre-tax discount rate for the Retail segment was 14.5% (2014: 14.2%) and for the Wholesale segment was 14.2% (2014: 14.3%).

Average nominal revenue growth projections over the forecast period approximate industry growth rates, with forecast growth rates for Retail of 3.0% and Wholesale of 2.0% and inflationary increases of 2.0% to 2.4% for operating expenses.

The recoverable amount of the assets for the Retail segment after the goodwill impairment of $147.8 million was $131.8 million. The impairment charge was a result of a reassessment of forecast earnings following a re-evaluation of market growth assumptions. For the year ended 30 June 2014, the carrying value of the assets was $277.4 million, subsequent to an impairment charge of $59.5 million.

The recoverable amount of the assets for the Wholesale segment after the goodwill impairment of $57.5 million was $22.0 million. The impairment charge was a result of a reassessment of forecast earnings following a re-evaluation of market growth assumptions. For the year ended 30 June 2014, the carrying value of the assets was $75.8 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 from 2.0% to 1.5%
Retail Segment	Increase in impairment of $13.2m	Increase in impairment of $8.5m	Increase in impairment of $5.4m
Wholesale Segment	Increase in impairment of $2.2m	Increase in impairment of $1.4m	Increase in impairment of $0.9m

Franchise System

The Franchise System is an indefinite life intangible asset entirely allocated to the Retail segment. A description of the nature of the Franchise System asset is contained in note 3(l)(iv).

The recoverable amount has been assessed at 30 June 2015 using an excess earnings calculation, which is consistent with the methodology originally used to value the asset.

For the year ended 30 June 2015, the recoverable amount of the Franchise System was estimated to be $110.7 million (2014: $125.7 million). This exceeds the carrying amount at 30 June 2015 by $13.3 million (2014: $28.3 million).

- Post-tax discount rate: 10.9% (2014: 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 5 years in the forecast period and then 0% per annum growth thereafter.
- Terminal growth rate: 0% (2014: 0%)
- EBITDA margin: 14.4% (2014: 16.3%)
- Capital charges: range from -0.5% to 1.2% (2014: -0.6% to 1.2%)

The equivalent pre-tax discount rate for the Franchise System was 15.9% (2014: 16.4%).

Impact of possible changes in key assumptions:

The assumptions used in the excess earnings calculation are the most sensitive to the revenue growth projections and then 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 to 0% per annum; or
- The discount rate would need to increase to 12.2% post-tax

15. Deferred tax assets and liabilities

Deferred income tax at 30 June relates to the following:

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
(a) Deferred tax assets		
Employee benefits	3,410	4,061
Payables and accruals	11,541	13,336
Tax losses	2,174	1,841
Property, plant and equipment	159	313
Other	1,129	1,408
GROSS DEFERRED TAX ASSETS	**18,413**	**20,959**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(13,171)	(13,754)
NET DEFERRED TAX ASSETS	**5,242**	**7,205**
Deferred tax assets expected to be recovered within 12 months	14,345	12,601
Deferred tax assets expected to be recovered after more than 12 months	4,068	8,358
	18,413	**20,959**
(b) Deferred tax liabilities		
Accrued income	(10,123)	(12,057)
Defined benefit asset	(918)	(873)
Other	(2,425)	(824)
GROSS DEFERRED TAX LIABILITIES	**(13,466)**	**(13,754)**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	13,171	13,754
NET DEFERRED TAX LIABILITIES	**(295)**	**-**
Deferred tax liabilities expected to be settled within 12 months	(9,688)	(9,820)
Deferred tax liabilities expected to be settled after more than 12 months	(3,778)	(3,934)
	(13,466)	**(13,754)**

(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 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
AT 30 JUNE 2014	**4,061**	**13,336**	**313**	**1,841**	**1,408**	**20,959**
AT 1 JULY 2014	4,061	13,336	313	1,841	1,408	20,959
(Charged)/credited:						
– to profit or loss	(651)	(1,795)	(154)	333	112	(2,155)
– to other comprehensive income	–	–	–	–	(416)	(416)
– direct to equity	–	–	–	–	25	25
AT 30 JUNE 2015	**3,410**	**11,541**	**159**	**2,174**	**1,129**	**18,413**

	Accrued income $'000	Defined benefit asset $'000	Other $'000	Total $'000
DEFERRED TAX LIABILITIES				
At 1 July 2013	11,229	378	1,913	13,520
Charged/(credited):				
– to profit or loss	828	–	(591)	237
– to other comprehensive income	–	495	(498)	(3)
AT 30 JUNE 2014	**12,057**	**873**	**824**	**13,754**
AT 1 JULY 2014	12,057	873	824	13,754
Charged/(credited):				
– to profit or loss	(1,934)	–	1,525	(409)
– to other comprehensive income	–	45	76	121
AT 30 JUNE 2015	**10,123**	**918**	**2,425**	**13,466**

16. 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.

	CONSOLIDATED	
	2015 $'000	2014 $'000
CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation	10,200	11,799
Current service cost	854	976
Interest cost	441	462
Member contributions	151	152
Actuarial gains from changes in financial assumptions	(753)	–
Actuarial losses/(gains) from other changes	901	(842)
Payments from the plan	(1,736)	(2,347)
CLOSING DEFINED BENEFIT OBLIGATION	**10,058**	**10,200**
CHANGES IN THE FAIR VALUE OF PLAN ASSETS		
Opening fair value of plan assets	13,110	13,059
Interest income	519	516
Return on plan assets (excluding interest income)	669	1,238
Employer contributions	407	492
Member contributions	151	152
Payments from the plan	(1,736)	(2,347)
CLOSING FAIR VALUE OF PLAN ASSETS	**13,120**	**13,110**
EXPENSE RECOGNISED IN THE CONSOLIDATED INCOME STATEMENT		
Current service cost	854	976
Interest cost	441	462
Interest income	(519)	(516)
TOTAL INCLUDED IN EMPLOYEE BENEFITS EXPENSE	**776**	**922**
ACTUAL RETURN GAIN ON PLAN ASSETS	**669**	**1,238**
Actuarial gains recognised during the year	521	2,080
Cumulative actuarial gains recognised	4,406	3,885
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AT BEGINNING OF YEAR	**2,910**	**1,260**
Amount recognised in the statement of comprehensive income	521	2,080
Total expense	(776)	(922)
Employer contributions	407	492
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AT END OF YEAR	**3,062**	**2,910**

GROUP PLAN ASSETS COMPRISE:	CONSOLIDATED 2015 %	2014 %
International equities	35.1	31.3
Australian equities	27.2	29.8
Property	21.9	18.1
Fixed interest, cash and indexed bonds	10.5	12.1
Private equity	3.3	3.3
Cash	2.0	5.4
	100.0	**100.0**

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION	CONSOLIDATED 2015 $'000	2014 $'000
Fair value of plan assets	13,120	13,110
Present value of defined benefit obligation	(10,058)	(10,200)
RECOGNISED ASSET IN THE STATEMENT OF FINANCIAL POSITION	**3,062**	**2,910**

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	4.50%	4.00%
Expected rate of salary increases	3.50%	3.50%

	IMPACT ON DEFINED BENEFIT OBLIGATIONS					
	Increase in assumption		Decrease in assumption		Change in assumption	
	2015	2014	2015	2014	2015	2014
Discount rate	Decrease by 3.8%	Decrease by 4.2%	Increase by 3.9%	Increase by 4.4%	0.25%	0.25%
Salary growth rate	Increase by 3.9%	Increase by 4.3%	Decrease by 3.8%	Decrease by 4.2%	0.25%	0.25%

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 year) 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 year.

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 corporate bond yields at each reporting 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 corporate bond rates during the prevailing year), 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 30 June 2014 (reported on 25 March 2015). The next actuarial valuation will be as at 30 June 2017 and is expected to be completed by 31 December 2017.

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 reported on 25 March 2015, the estimated net employer contributions will be approximately $400,000 for the year ending 30 June 2016 (2015: $470,000).

The weighted average duration of the defined benefit obligation of the plan is estimated to be approximately 12 years (2014: 12 years). A breakdown of plan liabilities by duration is as follows:

DEFINED BENEFIT OBLIGATION MATURITY ANALYSIS	30 June 2015	30 June 2014
Less than 5 years	22.6%	23.1%
Between 5 - 10 years	17.2%	16.0%
Between 10 - 20 years	43.5%	39.9%
Over 20 years	16.7%	21.0%
TOTAL	**100.0%**	**100.0%**

17. Trade and other payables

	CONSOLIDATED 2015 $'000	2014 $'000
Trade payables	128,296	125,572
Accruals	34,821	34,885
Other payables	20,492	36,925
	183,609	**197,382**

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.

18. Borrowings

	CONSOLIDATED 2015 $'000	2014 $'000
CURRENT		
Unsecured financing	–	892
NON-CURRENT		
Secured bank loan	24,861	25,319
Less: deferred borrowings costs	(1,616)	(1,974)
NET NON-CURRENT INTEREST BEARING LIABILITIES	**23,245**	**23,345**

Financing arrangements

The following lines of credit were available at balance date:

	Maturity	CONSOLIDATED 2015 $'000	2014 $'000
TOTAL FACILITIES			
Secured bank loan – AUD	17/04/2019	32,100	32,100
Secured bank loan – AUD[1]	Amortising	15,000	15,000
Secured bank loan – NZD $10m	17/04/2019	8,861	9,319
Secured multi-option credit facilities – multi currency[2]	17/04/2019	40,000	40,000
		95,961	**96,419**
USED AT THE REPORTING DATE			
Secured bank loan – AUD		16,000	16,000
Secured bank loan – AUD[1]		–	–
Secured bank loan – NZD $10m		8,861	9,319
Secured multi-option credit facilities – multi currency[2]		10,345	9,928
		35,206	**35,247**
UNUSED AT BALANCE DATE			
Secured bank loan – AUD		16,100	16,100
Secured bank loan – AUD[1]		15,000	15,000
Secured bank loan – NZD $10m		–	–
Secured multi-option credit facilities – multi currency[2]		29,655	30,072
		60,755	**61,172**

1 $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 $4.0 million amortised on April 2019.

2 Multi-option facilities at 30 June 2015 and 30 June 2014 used entirely for Bank Guarantees and Letters of Credit.

(a) Secured liabilities and assets pledged as security

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

	CONSOLIDATED	
	2015 $'000	2014 $'000
Secured bank loan	**24,861**	**25,319**

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, as detailed in note 30. These entities do not operate as licensed travel agents and are not subject to any other external regulation preventing them from providing encumbrances.

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

(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.

19. Provisions

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
CURRENT		
Employee benefits – annual leave	4,949	4,797
Employee benefits – long service leave	4,671	4,121
Lease make good	1,353	1,394
Restructuring	925	1,130
Onerous lease contracts	57	187
Other	1,096	1,123
	13,051	**12,752**
NON-CURRENT		
Employee benefits – long service leave	1,041	981
Onerous lease contracts	389	389
	1,430	**1,370**

(a) Movements in provisions

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

	CONSOLIDATED				
	Lease make good $'000	Restructuring $'000	Onerous lease contracts $'000	Other $'000	Total $'000
NET BOOK AMOUNT					
Balance at 1 July 2014	1,394	1,130	576	1,123	4,223
Provisions charged to income statement	–	22	–	308	330
Unused amounts released to income statement	(2)	–	(175)	(151)	(328)
Unwind of discount	–	–	48	–	48
Payments made/transfers from provision	(39)	(227)	–	(175)	(441)
Foreign currency differences	–	–	(3)	(9)	(12)
BALANCE AT 30 JUNE 2015	**1,353**	**925**	**446**	**1,096**	**3,820**
Current	1,353	925	57	1,096	3,431
Non-current	–	–	389	–	389
TOTAL	**1,353**	**925**	**446**	**1,096**	**3,820**

(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 year.

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(i). 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.

(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	
	2015 $'000	2014 $'000
Deferred revenue	69,294	66,019
	69,294	**66,019**

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

21. Capital and reserves

(a) Shares on issue

	CONSOLIDATED	
	Number of Shares	$'000
AS AT 30 JUNE 2015		
Fully paid ordinary shares of Helloworld Limited	440,356,334	278,763
Less: shares bought back, not yet cancelled	(26,136)	(8)
CONTRIBUTED EQUITY	**440,330,198**	**278,755**
AS AT 30 JUNE 2014		
Fully paid ordinary shares of Helloworld Limited	440,548,572	278,822
CONTRIBUTED EQUITY	**440,548,572**	**278,822**

HLO Ordinary Shares

Holders of ordinary shares in HLO are entitled to receive dividends as declared from time to and 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 on liquidation. There is only one class of share on issues in HLO.

(b) Movements in shares on issue

	CONSOLIDATED	
	Number of Shares	$'000
OPENING BALANCE 1 JULY 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**
On market buy-back and share cancelation 15 December 2014	(192,238)	(59)
On market buy-back of shares held by the Company but not yet cancelled	(26,136)	(8)
BALANCE 30 JUNE 2015	**440,330,198**	**278,755**

(c) Accumulated losses

	CONSOLIDATED	
	2015 $'000	2014 $'000
(ACCUMULATED LOSSES) / RETAINED PROFITS AT THE BEGINNING OF THE FINANCIAL YEAR	**(62,070)**	**1,894**
Loss after income tax expense for the year	(201,121)	(63,347)
Dividends paid (note 8)	–	(2,203)
Actuarial gain on defined benefit plans, net of tax	177	1,586
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(263,014)**	**(62,070)**

(d) Other reserves

RESERVES		
Foreign currency translation reserve	2,485	2,205
Hedging reserve	1,057	(90)
Predecessor accounting reserve	156,400	156,400
Share-based payment reserve	1,694	1,895
Share-based payment trust reserve	–	(246)
	161,636	**160,164**

Movements:

FOREIGN CURRENCY TRANSLATION RESERVE		
BALANCE 1 JULY	2,205	197
Currency translation differences arising during the year	280	1,283
Amounts reclassified to profit or loss on disposal of net investment in foreign operations	–	725
BALANCE 30 JUNE	**2,485**	**2,205**

HEDGING RESERVE		
BALANCE 1 JULY	(90)	1,494
Revaluation – gross	1,639	(2,457)
Deferred tax	(492)	873
BALANCE 30 JUNE	**1,057**	**(90)**

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	1,895	1,808
Share-based payment expense	90	87
Transfer from share-based payment trust reserve	(291)	–
BALANCE 30 JUNE	**1,694**	**1,895**

SHARE-BASED PAYMENT TRUST RESERVE		
BALANCE 1 JULY	(246)	–
On market purchases of shares	(45)	(246)
Transfer from share-based payment trust reserve	291	–
BALANCE 30 JUNE	**–**	**(246)**

Nature and currency 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(s). 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(w). 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 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.

22. 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 2015 $	2014 $
AUDIT SERVICES		
Auditor of the Company – PricewaterhouseCoopers (PwC) Australia		
– Audit and review of Financial Statements	775,000	710,000
– Related practices of PwC Australia	156,103	157,089
– Non – PwC audit firms	36,730	18,245
	967,833	**885,334**
OTHER SERVICES		
Auditor of the Company – PwC Australia		
– Taxation compliance services	105,350	62,000
– Other services	91,600	100,237
	196,950	**162,237**
RELATED PRACTICES OF PwC AUSTRALIA		
– Tax	58,364	65,364
– Other	93,854	30,560
	152,218	**95,924**
TOTAL AUDITORS' REMUNERATION	**1,317,001**	**1,143,495**

23. Reconciliation of Loss after income tax to net cash from/(used in) operating activities

	CONSOLIDATED	
	2015 $'000	2014 $'000
LOSS AFTER INCOME TAX EXPENSE FOR THE YEAR	**(201,121)**	**(63,347)**
Adjustments for:		
Depreciation and amortisation	13,921	14,032
Non-controlling interests	10	104
Gain on sale of non-current assets	(29)	(7)
Impairment losses on trade receivables	138	207
Share of profit in associates	(162)	(165)
Share based payments expense	83	115
(Gain/)loss on disposal of investments	(340)	5,473
Amortisation of borrowing costs	450	–
Impairment of goodwill	205,300	59,500
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(830)	2,308
(Increase)/decrease in other financial assets	(2,660)	3,410
Decrease in trade and other payables	(11,990)	(45,781)
Increase/(decrease) in other provisions	299	(1,611)
Increase in other non-current liabilities	281	560
Movements in tax balances	1,363	(5,643)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**4,713**	**(30,845)**

There were no non cash financing and investing activities undertaken during the year (2014: 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	
	2015 $'000	2014 $'000
FINANCIAL ASSETS		
Cash and cash equivalents	176,141	184,320
Trade receivables	52,952	51,927
Derivative financial instruments	1,627	–
	230,720	**236,247**
FINANCIAL LIABILITIES		
Trade and other payables (excludes accruals)	148,788	162,497
Interest bearing liabilities	24,861	26,211
Derivative financial instruments	37	2,710
	173,686	**191,418**
CONTINGENT FINANCIAL LIABILITIES		
Bank Guarantees and Letters of Credit	10,345	9,928
	10,345	**9,928**

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 18) and cash and cash equivalents (outlined in note 10) on the basis of expected cash flows. Financing arrangements are outlined in note 18.

The following table summarises the contractual undiscounted cash flows of financial liabilities as at 30 June 2015 and 30 June 2014.

	CONSOLIDATED								
	Carrying amount	Contractual cash flows							
2015	$'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	148,788	148,788	–	–	–	–	–	–	148,788
Interest bearing liabilities – secured[1]	24,861	1,507	1,469	2,328	2,241	26,827	–	–	34,372
Interest bearing liabilities – unsecured	–	–	–	–	–	–	–	–	–
Bank Guarantees and Letters of Credit	–	3,342	3,499	697	289	866	1,210	442	10,345
DERIVATIVE FINANCIAL LIABILITIES									
Interest rate swaps	37	37	–	–	–	–	–	–	37
	173,686	**153,674**	**4,968**	**3,025**	**2,530**	**27,693**	**1,210**	**442**	**193,542**

	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**

1 Excludes deferred borrowing costs

Details on the interest bearing liabilities and facilities, including maturity dates are contained in note 18.

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 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 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 2015, 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.

	AUD EQUIVALENT	
CURRENCY	2015 $'000	2014 $'000
USD	(2,899)	(2,325)
EUR	(1,666)	(1,240)
GBP	(908)	(337)
FJD	(2,577)	(1,661)
NZD	(325)	(195)
Other currencies	(4,240)	(1,571)
NET TOTAL FOREIGN CURRENCY EXPOSURE LIABILITY	**(12,615)**	**(7,329)**

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 2015. This analysis also assumes that all other variables, including interest rates, remain constant.

	CONSOLIDATED	
	2015 $'000	2014 $'000
10% increase	2,017	1,837
10% decrease	(2,465)	(2,245)

(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 $62.0 million (2014: $66.0 million) paying a weighted average fixed rate of 2.72% per annum (2014: 3.27%). 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 (2014: 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 conducts transactions with the following major types of counterparties:

- Trade debtor counterparties: the credit risk is the recognised amount, net of any impairment loss. As at 30 June 2015, this amounted to $53.0 million (2014: $51.9 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 supplier 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	
	2015 $'000	2014 $'000
Neither past due nor impaired	47,476	44,965
Past due 1 – 30 days	2,960	2,612
Past due 31 – 60 days	1,695	1,003
Past due 61 – 90 days	507	791
Past due 91 – 120 days	243	1,149
More than 120 days	71	1,407
TOTAL	**52,952**	**51,927**

As at 30 June 2015, trade receivables of $5.5m million (2014: $7.0 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	
	2015 $'000	2014 $'000
Neither past due nor impaired	10	14
Past due 1 – 30 days	–	7
Past due 31 – 60 days	58	8
Past due 61 – 90 days	277	377
Past due 91 – 120 days	5	9
More than 120 days	285	380
TOTAL	**635**	**795**

Movements in the allowance for impairment losses in respect of trade receivables are as follows:

	CONSOLIDATED	
	2015 $'000	2014 $'000
BALANCE AT 1 JULY	795	918
Additional provisions recognised	138	207
Writeback of provision	(221)	(299)
Receivables written off during the year as uncollectable	(61)	(62)
Foreign currency differences	(16)	31
BALANCE AT 30 JUNE	**635**	**795**

An allowance for impairment losses is made when there is objective evidence that a trade receivable is impaired. In the current year an additional $0.1 million (2014: $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 at 30 June:

MAXIMUM CREDIT RISK EXPOSURE	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
Cash and cash equivalents	176,141	184,320
Trade and other receivables	104,869	105,470
	281,010	**289,790**

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.

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

	2015		2014	
CONSOLIDATED	CARRYING AMOUNT $'000	NET FAIR VALUE $'000	CARRYING AMOUNT $'000	NET FAIR VALUE $'000
ASSETS				
Cash and cash equivalents	176,141	176,141	184,320	184,320
Trade and other receivables	104,869	104,869	105,470	105,470
	281,010	**281,010**	**289,790**	**289,790**
LIABILITIES				
Trade creditors	128,296	128,296	125,572	125,572
Other payables	20,492	20,492	36,925	36,925
Interest bearing liabilities - current	–	–	892	892
Interest bearing liabilities – non-current	23,245	24,861	23,345	25,319
	172,033	**173,649**	**186,734**	**188,708**

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.

CONSOLIDATED 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
ASSETS				
Net derivative financial assets	–	1,590	–	1,590
Total assets	**–**	**1,590**	**–**	**1,590**

CONSOLIDATED 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
LIABILITIES				
Net derivative financial liabilities	–	2,710	–	2,710
Total liabilities	**–**	**2,710**	**–**	**2,710**

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 other 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

Lease commitments - as lessee

Non-cancellable operating lease rentals are payable as follows:

	CONSOLIDATED	
	2015 $'000	2014 $'000
Within one year	6,817	7,925
One to five years	10,661	15,407
More than five years	26	148
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT YEAR END	**17,504**	**23,480**

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 $10.5 million in the year (2014: $11.5 million).

Lease commitments - 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	
	2015 $'000	2014 $'000
Within one year	848	636
One to five years	1,257	1,245
AGGREGATE LEASE INCOME CONTRACTED FOR AT YEAR END	**2,105**	**1,881**

The Group recognised lease rental income of $0.7 million (2014: $0.1 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 2015 bank guarantees and letters of credit totalling $10.3 million (2014: $9.9 million).

Contingencies

There are no significant contingent liabilities.

GST Claim before the Federal Court of Australia

The Group was previously involved in a legal case in relation to a GST matter, which was concluded in October 2014. 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 28.9% of the ordinary shares of HLO and Europe Voyager NV holds 23.3% 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. 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. At the time of the Merger, UBS Australia Holdings Limited (UBSAHL) was also able appoint a Board member, and at 30 June 2014 held 17.9% of ordinary shares of HLO and were therefore considered to have significant influence at that time. As at 30 June 2015, UBSAHL held 7.0% of ordinary shares and had no Board members appointed, and therefore no longer possessed significant influence over HLO as at 30 June 2015.

As at 30 June 2015, Sintack Pty Ltd is also considered to have significant influence over the Group, holding 19.5% of the ordinary shares of HLO and having one Director on the Board of HLO. There are no restrictions on changing Board members. Sintack Pty Ltd was not part of the initial Merger agreement.

(d) Key management personnel compensation

	CONSOLIDATED	
	2015 $	2015 $
Short term employee benefits	3,425,604	4,514,060
Long term employee benefits	14,106	19,245
Share-based payment benefits	(18,445)	103,432
Post-employment benefits	135,823	128,246
	3,557,088	**4,764,983**

Detailed remuneration disclosures are provided in the remuneration report on pages 26 to 39.

(e) Transactions with related parties

The following transactions were carried out with related parties:

	CONSOLIDATED 2015 $'000	CONSOLIDATED 2014 $'000
TRADING TRANSACTIONS		
(i) Revenue derived from:		
Associates of the Group	124	119
Entities with significant influence over the Group[1]	54,783	57,277
Other related parties[3]	26	–
(ii) Expenses incurred as a result of transactions with:		
Entities with significant influence over the Group[1]	2,220	2,294
Other related parties[3]	5	–
(iii) Dividends received from:		
Associates of the Group	574	48
YEAR END BALANCES		
(i) Assets:		
Associates of the Group	11	1,431
Entities with significant influence over the Group[1]	7,966	12,684
(ii) Liabilities:		
Associates of the Group	6	1,422
Entities with significant influence over the Group[1]	3,516	3,951
TRANSACTIONS ASSOCIATED WITH THE MERGER		
(i) Payments for employee related statutory entitlements[2] to:		
Entities with significant influence over the Group[1]	7,948	11,319

1 QH Tours Limited (a wholly owned subsidiary of Qantas Airways Limited) holds 28.9% of the ordinary shares of HLO and Europe Voyager NV holds 23.3% of the ordinary shares of HLO. Sintack Pty Ltd held 19.5% of the ordinary shares of HLO at 30 June 2015 and is considered to have significant influence from 18 May 2015 when a Director representing the entity was appointed.

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 2015

P Spathis was reappointed as a Director of HLO on 18 May 2015 (he was previously a director during the period 30 June 2002 to 28 November 2012). P Spathis represents Sintack Pty Ltd, which holds 19.5% of the ordinary shares of HLO. P Spathis is a corporate executive with Consolidated Travel Pty Limited. Sintack Pty Ltd 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 Ltd. HLO held a sub-lease agreement with Consolidated Travel Pty Limited during the year for which $0.02 million of income was received.

Year ended 30 June 2015 and year ended 30 June 2014

A Cummins is a director of STS UK Holdco II Limited, STS UK Holdco I Pty 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 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 STS UK Holdco II Limited and Mantra Group Limited are included in part (e).

E Gaines was a director of Global Voyager Holdings Pty Limited and STS UK Holdco I Pty Limited until 9 September 2014 and of Global Voyager Group Admin Pty Limited until 26 November 2014. These entities are controlled by Europe Voyager NV, also a shareholder and deemed to have significant influence over HLO. In addition, E Gaines was a director of Mantra Group Limited (formerly Mantra Group Holdings I Pty Limited) which EV Hospitality NV is deemed to have significant influence over until 26 November 2014. 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).

(g) Transactions with key management personnel

Transactions with key management personnel are outlined in the Remuneration Report on pages 26 to 39.

(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 18.

27. Particulars in relation to controlled entities as at 30 June 2015

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.

				Helloworld Group Ownership Interest	
CONTROLLED ENTITIES	Note	ABN/ACN	Country of incorporation	2015 %	2014 %
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	2	30 098 029 362	Australia	100	100
JTG Corporate Pty Limited	2	128 834 588	Australia	100	100
Helloworld Services Pty Limited	2	85 124 719 508	Australia	100	100
National Cruise Centre Pty Limited	2	86 135 179 485	Australia	100	100
Helloworld Group Pty Limited	2	47 108 306 243	Australia	100	100
QBT Pty Limited	2	50 128 382 187	Australia	100	100
Qantas Holidays Limited		24 003 836 459	Australia	100	100
ACN 139 386 520	2	72 139 386 520	Australia	100	100
Travelworld Pty Limited	2	81 074 285 224	Australia	100	100
Retail Travel Investments Pty Limited	2	094 188 100	Australia	100	100
Harvey World Travel Group Pty Limited	2	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	2	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
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	2	095 507 010	Australia	100	100
World Aviation Systems (Australia) Pty Limited	2	003 237 189	Australia	100	100
Global Aviation Services Pty Limited	2	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
Harvey World Travel New Zealand Limited		NZ#563 846	New Zealand	100	100
Retail Travel Investments (NZ) Limited		NZ# 115 681	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		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		003 683 967	Australia	100	100
Travelscene Holidays Pty Limited	2	111 606 743	Australia	100	100
Concorde International Travel Inc.			USA	100	100
Stella Travel Services USA Inc.			USA	100	100

CONTROLLED ENTITIES	Note	ABN/ACN	Country of incorporation	Helloworld Group Ownership Interest 2015 %	2014 %
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	3	NZ# 3982078	New Zealand	–	100
Travel Indochina Vietnam Co. Ltd			Vietnam	95	95
Travel Indochina Lao Co Limited			Laos	70	70
Advanced Applications (UK) Limited		UK# 067 33115	UK	100	100
Helloworld Franchising Pty Limited	2	164 402 304	Australia	100	100
Helloworld Digital Pty Limited	2	164 402 215	Australia	100	100
Helloworld IP Pty Limited	2	164 402 288	Australia	100	100
Insider Journeys Limited	4	09367296	UK	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] QBT (NZ) Limited was deregistered on 20 January 2015.

[4] Insider Journeys Limited was incorporated on 24 December 2014.

Transactions with non-controlling interests

There were no other transactions with non-controlling interests during the year, 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 2015 %	2014 %
Harvey World Travel Southern Africa (Pty) Limited	1	SA# 1981/00 1738/07	South Africa	50	50
Merraford Pty Limited	2	100 625 581	Australia	–	25
Maridore Pty Limited	3	100 625 572	Australia	–	30
Resortpac Pty Limited	4	064 579 273	Australia	–	30
Vallane Pty Limited	5	100 625 643	Australia	–	39
Fine Travel Pty Limited	6	109 344 587	Australia	–	30
Travel Co Investments Pty Limited	7	110 761 923	Australia	–	49
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 Harvey World Travel Southern Africa (Pty) Limited on 10 July 2015.

[2] The Group disposed of its investment in Merraford Pty Limited on 1 December 2014.

[3] The Group disposed of its investment in Maridore Pty Limited on 30 April 2015.

[4] The Group disposed of its investment in Resortpac Pty Limited on 9 January 2015.

[5] The Group disposed of its investment in Vallane Pty Limited on 12 December 2014.

[6] The Group disposed of its investment in Fine Travel Pty Limited on 8 July 2014.

[7] The Group disposed of its investment in Travel Co Investments Pty Limited on 22 December 2014.

29. Parent entity information

As at, and throughout the financial year ended 30 June 2015, the legal parent company of the Group was Helloworld Limited.

	COMPANY	
	2015 $'000	2014 $'000
RESULT OF THE PARENT ENTITY		
Loss after income tax	(168,249)	(105,056)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(168,249)**	**(105,056)**
FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	72,901	62,509
Non-current assets	150,992	323,155
TOTAL ASSETS	**223,893**	**385,664**
Current liabilities	48,318	41,852
Non-current liabilities	–	1
TOTAL LIABILITIES	**48,318**	**41,853**
NET ASSETS	**175,575**	**343,811**
EQUITY		
Issued capital	435,688	435,755
Share-based payments reserve	1,598	1,764
Share-based payment trust reserve	–	(246)
Accumulated losses	(261,711)	(93,462)
TOTAL EQUITY	**175,575**	**343,811**

An impairment review was undertaken at 30 June 2015. The loss for the year includes impairment of $172.4 million ($2014: 104.0 million) 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 liabilities in respect of its subsidiaries

The parent entity has entered into a tax funding agreement with the effect that the Company guarantees tax liabilities of other entities in the tax consolidated group. As at 30 June 2015 the tax consolidated group had a tax receivable due of $0.8 million (2014: $0.3 million).

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 2015 (2014: 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 STSH and HLO, Stella Travel Services Group Pty Ltd, Aus STS Holdco II 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.

On 15 June 2015, Helloworld Franchising Pty Limited, Helloworld IP Pty Limited, Helloworld Digital Pty Limited, Helloworld Group Pty Limited, Global Aviation Services Pty Limited, Retail Travel Investments Pty Limited, Harvey World Travel Group Pty Limited, Harvey World Travel International Pty Limited, Best Flights Pty Limited, and World Aviation Systems (Australia) Pty Limited were added to the Deed. Jetset Pty Limited, Travelworld Pty Limited, and QBT Pty Limited were also re-admitted to the Closed Group on this date.

The Closed Group 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

	2015 $'000	2014 $'000
CLOSED GROUP INCOME STATEMENT		
REVENUE	58,387	17,234
Employee benefits expenses	(34,935)	(14,728)
Advertising, selling and marketing expenses	(20,396)	(6,997)
Communication and technology expenses	(5,736)	(1,152)
Occupancy and rental expenses	(3,895)	(955)
Operating expenses	(15,384)	(26,780)
Impairment of investments	(137,400)	–
Depreciation and amortisation	(1,234)	(1,153)
Loss on disposal of investments	(89)	(8,146)
OPERATING LOSS	**(160,682)**	**(42,677)**
Finance expense	(2,625)	(2,484)
LOSS BEFORE INCOME TAX	**(163,307)**	**(45,161)**
Income tax benefit	10,868	11,711
LOSS AFTER INCOME TAX	**(152,439)**	**(33,450)**
Closed Group statement of comprehensive income		
LOSS AFTER INCOME TAX	**(152,439)**	**(33,450)**
OTHER COMPREHENSIVE INCOME		
Items that may be reclassified to profit or loss:		
Change in fair value of cash flow hedges net of income tax	85	114
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	**85**	**114**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX	**(152,354)**	**(33,336)**
Summary of movements in Closed Group retained earnings		
(ACCUMULATED LOSSES)/RETAINED EARNINGS AT THE BEGINNING OF THE FINANCIAL YEAR	**(28,313)**	**7,340**
Retained earnings transferred in due to changes in Closed Group	42,821	–
Current year loss	(152,439)	(33,450)
Dividends paid	–	(2,203)
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(137,931)**	**(28,313)**

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

	2015 $'000	2014 $'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7,467	5,386
Trade and other receivables	317,344	203,268
Income tax receivable	843	299
TOTAL CURRENT ASSETS	**325,654**	**208,953**
NON-CURRENT ASSETS		
Property, plant and equipment	560	520
Intangible assets	4,408	1,213
Investments	182,202	358,274
Deferred tax assets	5,073	5,697
Other non-current assets	450	632
TOTAL NON-CURRENT ASSETS	**192,693**	**366,336**
TOTAL ASSETS	**518,347**	**575,289**
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	454,865	382,008
Borrowings	–	892
Derivative financial instruments	37	159
Deferred revenue	102	50
Provisions	6,246	4,414
TOTAL CURRENT LIABILITIES	**461,250**	**387,523**
NON-CURRENT LIABILITIES		
Borrowings	14,384	14,026
Provisions	731	601
Deferred tax liabilities	602	1,449
Other non-current liabilities	2,656	1,762
TOTAL NON-CURRENT LIABILITIES	**18,373**	**17,838**
TOTAL LIABILITIES	**479,623**	**405,361**
NET ASSETS	**38,724**	**169,928**
EQUITY		
Contributed equity	174,880	196,839
Other reserves	1,775	1,402
Accumulated losses	(137,931)	(28,313)
TOTAL EQUITY	**38,724**	**169,928**

31. Business acquisitions and disposals

(a) Acquisition of company owned stores

During the year the Group acquired the assets of two businesses for a combined consideration of $1.7 million. As a result of the aquisitions the Group recognised $1.7 million of intangible assets representing the goodwill acquired on purchase of the businesses.

(b) Disposal of the Inbound operations in the prior year

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 comparative figures 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)**

The disposal was finalised during the year ended 30 June 2015 resulting in a profit before tax of $340,000 being recognised in the Consolidated Income Statement in the current year.

(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 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.

(c) Acquisition of Advanced Applications (UK) Limited in the prior year

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 (PR) 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 PRs to be granted to each eligible employee and the amount payable by the holder of a PR on exercise. The current intention is that participants will not be required to pay any amount in respect of the award of PRs or on acquisition of shares pursuant to the exercise or conversion of PRs.

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 PRs to vest, and may determine the performance period over which any such condition must be satisfied.

If an Award of PRs specified any performance conditions, the PR will not vest and become a vested PR 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 PRs 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 PRs will vest and become Vested PRs 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.

As outlined in the Remuneration Report, the Board is reviewing this policy in the year ended 2016.

Lapse of PRs

Unless otherwise determined by the Plan Committee, all unvested PRs 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 PRs 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 PRs, then (unless the Plan Committee determines otherwise) only a proportion of those PRs 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, 30 June 2014 and 30 June 2015

The PRs granted for the years ending 30 June 2011, 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015 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 PRs. The Adjusted EPS performance targets are set by management and approved by the Board. They are determined by reference to cumulative basic Adjusted EPS, aggregated over the applicable performance period, measured against a specified Adjusted EPS target approved by the RNC.

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 PRs 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 and Performance Conditions 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 (CEO) effective 27 August 2012. The vesting date of the PRs was the second anniversary of R Gurney's commencement date, that is, 27 August 2014. There were no performance conditions related to these rights as they were granted as an incentive for the CEO to join the Company. The PRs vested on 27 August 2014 and he was granted 815,217 shares which were purchased on market by the Group.

Set out below are summaries of 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	Exercised during the year	Lapsed during the year	Balance at the end of the year	Vested and exercisable at end of the year
				$	Number of shares					
2015-1[2]	27-Feb-15[3]	1-Jul-14	30-Jun-15	$0.00	–	1,582,778	–	(1,582,778)	–	–
2015-2	27-Feb-15[3]	1-Jul-14	30-Jun-16	$0.00	–	1,582,778	–	(397,223)	1,185,555	–
2015-3	27-Feb-15[3]	1-Jul-14	30-Jun-17	$0.00	–	1,630,741	–	(409,259)	1,221,482	–
2014-1[2]	22-Nov-13	1-Jul-13	30-Jun-15	$0.00	121,823	–	–	(121,823)	–	–
2014-2[2]	22-Nov-13	1-Jul-13	30-Jun-16	$0.00	121,823	–	–	(121,823)	–	–
2014-3[2]	22-Nov-13	1-Jul-13	30-Jun-17	$0.00	125,516	–	–	(125,516)	–	–
Former CEO's Sign-on bonus	27-Aug-12	27-Aug-12	27-Aug-14	$0.00	815,217	–	(815,217)	–	–	–
2013-1[2]	26-Jun-12	1-Jul-12	30-Jun-14	$0.00	474,380	–	–	(474,380)	–	–
2013-2[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	–	–	(360,324)	378,117	–
2012-1	26-Jun-12	1-Jul-11	30-Jun-13	$0.00	–	–	–	–	–	–
2012-2[2]	26-Jun-12	1-Jul-11	30-Jun-14	$0.00	474.381	–	–	(474,381)	–	–
2012-3[2]	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	–	–	–	–	–	–
2011-3[3]	1-Oct-10	1-Jul-10	30-Jun-14	$0.00	287,740	–	(145,366)	(142,374)	–	–
TOTAL					**4,397,463**	**4,796,297**	**(960,583)**	**(5,448,023)**	**2,785,154**	**–**
WEIGHTED AVERAGE EXERCISE PRICE					**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**

1 Vested PRs automatically convert when performance targets are met and vesting date is realised. The PRs are not subject to an exercise price.

2 The performance conditions for 2011-3 were met with 50.5% vesting on 27 August 2014. The performance conditions for the 2012-2 and 2013-1 were not met and, following testing, these PRs lapsed. The performance conditions for the 2012-3, 2013-2, and 2015-1 tranches were not met and, following testing, these PRs lapsed. Tranches 2014-1, 2014-2, and 2014-3 are considered to have lapsed prior to 30 June 2015 as a result of Elizabeth Gaines' resignation.

3 The PRs for all executives were granted on 27 February 2015, except for Elizabeth Gaines' rights, which were granted subsequent to the AGM on 22 December 2014.

During the period 960,583 (2014: 594,991) PRs converted into ordinary shares. These shares were purchased by the Group on the open market at a weighted average price of 30 cents per share.

The weighted average remaining contractual life of PRs outstanding at the end of the year was 1.44 years.

Fair value of PRs granted

The assessed fair value at grant date of PRs granted during the year ended 30 June 2015 was:

- 2015 Tranches 1, 2, and 3, 27 cents per share

Fair value of PRs granted

The assessed fair value at grant date of PRs granted during the year ended 30 June 2014 was:

- 2014 Tranches 1, 2, and 3, 34 cents per share
- Former CEO Special Performance Incentive, 40 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 year as part of employee benefits expense were $0.1 million (2014: $0.1 million).

33. Events after the reporting period

No matter or circumstance has arisen since 30 June 2015 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial statements and notes that are set out on pages 50 to 119 and the Remuneration report in the Directors' Report set out on pages 26 to 39, 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 2015 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.

Brett Johnson
Chairman, Helloworld Limited
Sydney, 28 August, 2015

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 2015, the consolidated income statement and 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 Helloworld Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled at 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 2000
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 opinion.

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 2015 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*.

(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 26 to 39 of the directors' report for the year ended 30 June 2015. 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 2015, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
28 August 2015

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 11 August 2015.

(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	133	58,445	0.01
1,001 – 5,000	263	749,784	0.17
5,001 – 10,000	152	1,274,837	0.29
10,001 – 100,000	304	9,423,391	2.14
100,001 and over	74	428,849,877	97.39
TOTAL	**926**	**440,356,334**	**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 11 August 2015 was 180 holders holding 120,443 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 11 AUGUST 2015

ORDINARY SHAREHOLDERS	Number of Shares	%
Q H TOURS LTD	127,340,726	28.92
EUROPE VOYAGER NV	102,568,377	23.30
SINTACK PTY LTD	86,040,096	19.54
THE BURNES GROUP PTY LTD	31,000,000	7.04
UBS AUSTRALIA HOLDINGS PTY LIMITED	30,632,738	6.96
AOT GROUP LIMITED	13,980,629	3.18
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,278,584	1.20
J P MORGAN NOMINEES AUSTRALIA LIMITED	4,808,678	1.09
CITICORP NOMINEES PTY LIMITED	4,070,330	0.92
EDWRITE PTY LTD	1,815,251	0.41
ELIZABETH ANNE GAINES	1,219,318	0.28
BERNE NO 132 NOMINEES PTY LTD	1,195,300	0.27
JUST SUPER CO PTY LTD	1,173,886	0.27
ZARN NOMINEES PTY LTD	1,165,782	0.26
MR CRAIG GRAEME CHAPMAN	1,000,000	0.23
CHESTERS NOMINEES PTY LTD	800,000	0.18
GOLDEN VENTURE PTY LTD	602,230	0.14
MRS DANA ANDREA ROSENZWEIG	580,000	0.13
MR LEO DIMOS + MRS HELEN DIMOS	550,000	0.12
HERITAGE CARE PTY LTD	538,681	0.12
	416,360,606	**94.56**

(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	28.92
Europe Voyager NV	102,568,377	23.30
Sintack Pty Ltd	88,013,982	19.99
The Burnes Group Pty Ltd	44,980,629	10.21
UBS Australia Holdings Pty Ltd	30,632,738	6.96

(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. The buyback concluded on 27 August 2015. A total of 218,374 ordinary shares or 0.05% of the Company's issued share capital was acquired by the Company under the buyback and cancelled.

(e) On-market purchases of securities for employee incentive scheme

The Company purchased 146,336 ordinary shares on-market during the reporting period to satisfy the vesting of performance rights under its Long Term Incentive Plan.

The average price per ordinary share paid by the Company for these shares was $0.30.

(f) Details of restricted securities

The Company has 8,298 ordinary shares subject to escrow and transfer restrictions. These restrictions relate to an historical share option plan and an associated loan from an entity with the consolidated group to the Chief Executive Officer. The restrictions will cease on repayment of the loan.

THIS PAGE INTENTIONALLY LEFT BLANK

helloworld

helloworldlimited.com.au