
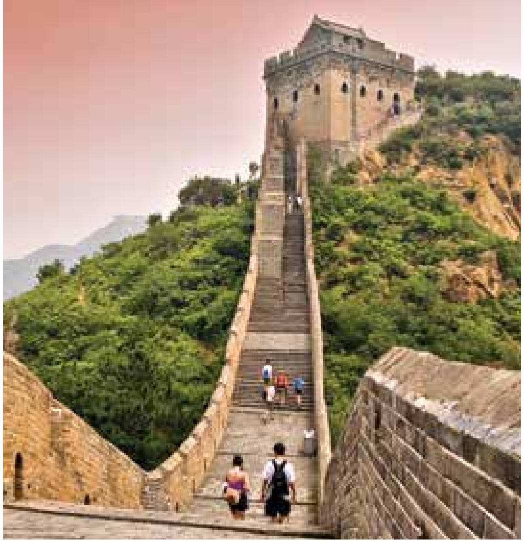


2016 Annual Report

Helloworld Limited

For the year ended 30 June 2016

ABN: 60 091 214 998 **ASX CODE:** HLO




helloworld

CONTENTS

CORPORATE INFORMATION

Directors

Rob Marcolina (Chairman)
Andrew Burnes (Chief Executive Officer)
Cinzia Burnes
Peter Spathis
Andrew Cummins

Company Secretary

Michael Burnett

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Telephone: +61 2 8229 4000
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Auditor

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Stock exchange

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Sydney NSW 2000

ASX code

ASX code: HLO

Share registry

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Investor Services Pty Limited
Yarra Falls
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Telephone:+61 3 9415 5000
Facsimile: +61 3 9473 2500

Website

www.helloworldlimited.com.au

GLOSSARY

The following terms have been used through this Annual Report:

EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment
AGM	Annual General Meeting
AOT	AOT Group Pty Ltd and it's controlled entities
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
EPS	Earnings per share
FAR	Fixed Annual Remuneration
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
FY17	Financial Year ended 30 June 2017
GM	General Manager
Group	The Helloworld Group, comprising Helloworld and its controlled entities
HLO	Helloworld Limited and its controlled entities
HTS	Helloworld Travel Services Holdings Pty Ltd and its subsidiaries
HTSH	Helloworld Travel Services Holdings Pty Ltd
KMP	Key Management Personnel
LTIP	Long Term Incentive Plan
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
TTV	Total Transaction Value

CHAIRMAN'S REPORT

"On behalf of the Board of Directors I am very pleased to present my first report as Chairman of Helloworld Limited."

The financial year ended 30 June 2016 has been one of evolution for Helloworld Limited (Helloworld) with the achievement of a number of key highlights.

The merger of Helloworld Limited with the AOT Group to create the second largest integrated travel distribution business in Australia and New Zealand markets, offering a broader range of products and services and generating increased sales and earnings. The merger exceeded the previously identified $7.6 million of merger synergies with the streamlining and consolidation of various departments.

For the year ended 30 June 2016, Helloworld Limited Group achieved an EBITDA of $25.3 million, an increase of 5.2% from FY2015. TTV increased 8.3% to $5.09 billion for the year ended 30 June 2016.

Revenue from operating activities was $297.9 million, a 6.7% increase on the previous year.

Profit before income tax was $3.5 million for the year ended 30 June 2016, a significant improvement on the prior year loss of $198.4 million. The 2015 loss after tax is stated after non-cash goodwill impairment of $205.3 million.

Basic earnings for the year was a profit of 1.89 cents per share and the Group announced a 2.0 cents per share dividend, the first time a dividend has been provided since 2013.

Further details of the financial performance of the Group are included in the Operating and Financial Review on pages 14 to 23.

Earlier this year *helloworld* was awarded multiple Awards at the Australian Federation of Travel Agents (AFTA) National Travel Industry Awards (NTIA) including the highly coveted 'Best Travel Agency Group (50 outlets or more) and the 'Best Non-Branded Travel Agency Group' for *helloworld* for business. As well as an additional four agent and agency winners at the 2016 NTIA awards in Australia and four at the 2015 TAANZ NTIA awards in New Zealand.

Sunlover Holidays was awarded 'Best Wholesaler – Australian Product' at the Australia 2016 NTIA awards and Go Holidays was awarded the 2015 TAANZ NTIA award for Best Wholesaler in New Zealand.

Looking ahead

Looking ahead, Helloworld Limited has started the new financial year with a strong position and strong opportunities for growth. Under the leadership of CEO and Managing Director Andrew Burnes and Executive Director Cinzia Burnes, the newly created, yet highly experienced senior leadership group will build on recent successes and continue to achieve positive results for our future.

I would like to take this opportunity to congratulate the senior leadership team for their substantial contribution in getting the company into the position we are in now. I would also like to acknowledge my fellow Board Members for their contribution during this time.

Thank you to the shareholders for your continued support. Helloworld Limited is in a strong position to consolidate on the hard work undertaken this year and the board and management team are committed to maximising our potential and growing shareholder value in the years ahead.

We will all be working together to achieve great things for the long-term future of Helloworld Limited.

Rob Marcolina

Chairman
Helloworld Limited
Sydney, 25 August 2016

CHIEF EXECUTIVE OFFICER'S REPORT

"I am very pleased to present my first report as CEO of Helloworld Limited, and the results for the year ended 30 June 2016"

A Year of Evolution

The FY16 year has been a year of change for Helloworld Limited following the merger with the AOT Group on 1 February 2016. AOT brings a long tradition of outstanding financial performance and tight cost management to the Helloworld business and the identified synergies and cost reductions which have been and are being implemented will continue to see improved financial performance for Helloworld in the years ahead. Our retail networks in Australia and New Zealand are strong, our wholesale and inbound businesses are doing very well and our corporate travel businesses are continuing to grow.

In FY17 we will align our bricks and mortar franchise network distribution with our online distribution platforms to create an integrated solution giving our customers the best of both worlds – full service agency advice and protection combined with fully functional and easy to use online tools. Customers will have the choice of in-person (store or phone) or online (web or app) to make their travel bookings in the knowledge that they have the support and back up of our agency network at all times.

The retail segment has seen a stabilisation in network numbers across Australia and New Zealand. Agents are continuing to generate significant transactional value despite the drop in air fares and demand from the travelling public remains strong. Issues surrounding competition from the helloworld.com.au site with our *helloworld* branded agency networks are now over and a change in direction in our advertising and promotions strategy has been very well received by consumers, by our agents and by our supplier partners.

Online Travel Agents (OTA's) can never match the 24/7 service our network offers with over 700 network members in our branded and associate networks in Australia and New Zealand and over 7,000 retail travel consultants crafting, monitoring and managing travel arrangements for over 2 million customers annually.

In our Wholesale division we are focused on expanding our product offering, amalgamating the brochure range and delivering on efficiency with the combined teams from Qantas Holidays, Sunlover Holidays, Viva! Holidays, Go Holidays, Insider Journeys, The Cruise Team and Rail Tickets. Our inbound businesses, with clients in 73 countries, are seeing increased demand globally for our Australian, New Zealand and South Pacific destinations.

Our Travel Management division is also going from strength to strength with increased demand from existing and new clients, strategic tie ups with major technology partners including Amadeus, Serko and Concur and our membership of Global Star.

We were recently recognised at the Australian Federation of Travel Agents (AFTA) National Travel Industry Awards (NTIA) with multiple Awards across our business. 'Best Travel Agency Group' (50 outlets or more) and 'Best Non-Branded Travel Agency Group' for *helloworld* and *helloworld* for business. 'Best Wholesaler – Australian Product' for Sunlover Holidays and in New Zealand, Go Holidays was awarded the 2015 TAANZ NTIA award for 'Best Wholesaler'.

The board has determined that the company will pay a fully franked final dividend of 2.0 cents per share. This is the first dividend since 2013.

Outlook

The outlook for Helloworld is very positive. The fundamentals of the business are sound and we see continued demand in our retail, wholesale/inbound and corporate divisions. Margins are holding and we expect to see some margin improvement in the year ahead. Tighter cost management including delivery on identified synergies and cost savings will deliver much stronger fiscal outcomes for the business. At the same time we have realigned executive remuneration to more appropriate levels and have resumed paying dividends, a welcome outcome for our shareholders.

Our agency networks are pleased with the new developments in the business, particularly in terms of our brand strategies, our revamped advertising strategies and our online activities, which are now fully aligned with the interests of the brand carrying networks.

Suppliers and destination partners are also pleased to see a new focus on delivering sales from our joint marketing initiatives and have re-engaged with the business.

In the corporate travel space, we expect our TTV to continue to grow in the year ahead and to significantly expand this business in the future.

Travel continues to be both a necessity and a pursuit for just about everyone and the demand for our services in the retail, wholesale, inbound and corporate segments continues to grow. As we refine our offerings and align our new digital platforms with our traditional bricks and mortar businesses, we expect to see demand for our fundamental value proposition to significantly increase.

In closing, I would like to thank all the many people and organisations involved in Helloworld Limited, the board, senior leadership group, all our staff, our suppliers, network members and business partners for their commitment and hard work over this period of transition and development.

The future is bright for us all at Helloworld Limited and I look forward to driving our future success in the years ahead.

Andrew Burnes
Chief Executive Officer and Managing Director
Helloworld Limited
Sydney, 25 August 2016

FINANCIAL PERFORMANCE SUMMARY

FOR THE YEAR ENDED 30 JUNE 2016

Summary Group Results

	For the year ended 30 June 2016 $'000	For the year ended 30 June 2015 $'000	Change $'000	Change %
Total transaction value (TTV)[1]	5,087,974	4,696,169	391,805	8.3%
Revenue	297,923	279,223	18,700	6.7%
EBITDA[2]	25,290	24,051	1,239	5.2%
Profit/(loss) before tax	3,450	(198,397)	201,847	101.7%
Profit/(loss) after tax attributable to members	1,699	(201,121)	202,820	100.8%

	For the year ended 30 June 2016 Cents	For the year ended 30 June 2015 Cents	Change Cents	Change %
Basic earnings/(loss) per share	1.89	(273.99)	275.88	100.7%
Diluted earnings/(loss) per share	1.89	(273.99)	275.88	100.7%
Interim dividend per share	-	-	-	N/A
Final dividend per share	2.0	-	2.0	N/A

RECONCILIATION OF EBITDA TO PROFIT/(LOSS) BEFORE INCOME TAX	For the year ended 30 June 2016 $'000	For the year ended 30 June 2015 $'000	Change $'000	Change %
EBITDA	25,290	24,051	1,239	5.2%
Depreciation and amortisation expense	(18,459)	(13,921)	(4,538)	(32.6%)
Impairment of goodwill	-	(205,300)	205,300	100.0%
Finance costs	(3,381)	(3,227)	(154)	(4.8%)
Profit/(loss) before income tax	3,450	(198,397)	201,847	101.7%

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.

2 EBITDA is earnings before interest expense, tax, depreciation, amortisation and impairment. EBITDA is a financial measure which is not prescribed by Australian Accounting Standards but is the measure used by the Board to assess the financial performance of the Group and operating segments.

Shareholder returns

The Board has declared a final dividend of 2.0 cents per share for the 2016 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 2016 and any public announcements made by the Company since that time.

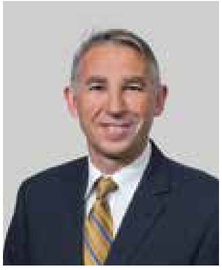
DIRECTORS' REPORT

The Directors of Helloworld Limited (Helloworld) present their Report together with the Financial Statements of the Consolidated Entity (Group) being Helloworld and the entities that it controlled at the end of, or during, the year ended 30 June 2016 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 follows.

As at the date of this report the Board is in the process of finalising the appointment of an independent Chairman and an independent Audit Committee Chairman.



Rob Marcolina

Non-Executive Director and Chairman

Appointment

Mr Marcolina was appointed to the Board on 18 September 2015 and Chairman from 20 November 2015.

Experience and Expertise

Mr Marcolina is Group Executive – Strategy, Transformation and IT with Qantas and has responsibility for driving the overall strategy of the Qantas Group, and its transformation program. Mr Marcolina also has day-to-day responsibility for Qantas' IT systems, including innovation and their ongoing efficiency and effectiveness. He is a member of Qantas' Group Management Committee.

Prior to joining Qantas, Mr Marcolina was a Partner of Bain & Company in Los Angeles and Sydney working across multiple industries and latterly developed a focus on media, technology and telecom businesses.

Mr Marcolina has a Bachelor of Commerce (Economics) from the University of Melbourne and a Master of Business Administration from the Kellogg School of Management at Northwestern University in the USA.

Mr Marcolina is also Chair of Basketball Australia.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

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

Interests in Shares:

- Nil

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 2015. 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, a graduate business degree from the University of Newcastle, and an MBA from Stanford University in the USA.

Other current directorships of listed entities:

- Mantra Group Limited

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

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

Interests in Shares:

- 158,833 fully paid ordinary shares in Helloworld Limited held legally and beneficially in the name of Gladstone Investments Limited.

Peter Spathis

Non-Executive Director

Appointment

Mr Spathis was appointed to the Board on 18 May 2015. He previously served as a director 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 the audit and taxation fields in private practice, he has developed a special interest in 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.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Chairman of the Audit Committee.

Interests in Shares:

- A beneficial interest in 83,333 ordinary shares held by Vortex TV Pty Ltd as trustee for the Consolidated Travel (NSW) Superannuation Fund.

Andrew Burnes

Chief Executive Officer and Managing Director

Appointment

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

Experience and Expertise

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

On 1 November 1987, Mr Burnes founded The Australian Outback Travel Company (The AOT Group) at the age of 26. After the merger of AOT and Helloworld he was appointed Chief Executive Officer and Managing Director of Helloworld Limited on 1 February 2016.

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

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Chief Executive Officer

Interests in Shares:

- A legal and beneficial interest in 12,828,654 fully paid ordinary shares.
- A beneficial interest in 18,480,105 fully paid ordinary shares held by The Burnes Group Pty Ltd as trustee for The Burnes Group Service Trust.

Cinzia Burnes

Group General Manager – Wholesale & Inbound and Executive Director

Appointment

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

Experience and Expertise

Mrs Burnes brings extensive sector and management experience to the Board.

In 1982, she commenced her career in travel and after working as a wholesaler in Italy for 9 years she has played a pivotal role over 26 years in growing AOT from a regional safari operator into one of Australasia's leading travel distribution businesses with 550 staff in 15 locations worldwide with annual revenues in excess of $360 million. The AOT Group was privately owned by Andrew and Cinzia Burnes until its merger with Helloworld Limited on 1 February 2016.

Mrs Burnes was a Director of Tourism Victoria from 2013 to 2015. She has also served as a Board member of Health Services Australia from 2005 to 2007 and the Australian Tourist Commission from 2001 to 2004.

Other current directorships of listed entities:

- Nil

Former directorships of listed entities in the last 3 years:

- Nil

Special Responsibilities:

- Group General Manager – Wholesale & Inbound

Interests in Shares:

- A legal and beneficial interest in 12,638,014 fully paid ordinary shares.
- A beneficial interest in 18,480,105 fully paid ordinary shares held by The Burnes Group Pty Ltd as trustee for The Burnes Group Service Trust.

Michael Burnett

Chief Financial Officer and Company Secretary

Mr Burnett joined Helloworld Limited in April 2016 from the Transurban Group where he had been their Chief Financial Officer in North America since August 2013. Before this role he was Transurban Group's General Manager of Finance for six years. Over his time at Transurban he played key roles in the financial management of the Group including capital and debt management, large acquisitions and mergers, and more recently, the development, restructuring and management of businesses in the USA.

Prior to joining Transurban, Mr Burnett spent three and half years in various global finance roles at CSL Behring. He completed his professional qualifications at PricewaterhouseCoopers in Melbourne, before being seconded to London, where he spent eight years before returning to Melbourne.

Mr Burnett is a Chartered Accountant and holds a Bachelor of Commerce from the University of Melbourne.

Brett Johnson

Former Non-Executive Director and Chairman

Mr Johnson served as a Non-Executive Director from 27 February 2009 until his resignation on 22 January 2016. He was Chairperson from 1 October 2014.

Elizabeth Gaines

Former Executive Director, Chief Financial Officer, Chief Operating Officer and Chief Executive Officer
Ms Gaines resigned on 19 December 2015.

Adrian John

Former Non-Executive Director

Mr John served as a Non-Executive Director from 26 May 2011 until his resignation on 18 September 2015.

James Millar

Former Non-Executive Director

Mr Millar served as a Non-Executive Director from 30 September 2010 until his resignation on 22 January 2016.

Jane McKellar

Former Non-Executive Director

Ms McKellar served as a Non-Executive Director from 17 December 2014 and did not stand for re-election at the company's 2015 Annual General Meeting on 20 November 2015.

Directors' meetings

During the year, 20 meetings of the Board, 5 meetings of the Audit Committee and 2 meetings of the Remuneration and Nominations Committee were held. Attendance at Board and Board Committee Meetings during FY2016 is set out in the table below:

	Board		Audit		Remuneration and Nominations	
DIRECTOR	**A**	**B**	**A**	**B**	**A**	**B**
Rob Marcolina	14	14	3	3	1	1
Andrew Cummins	20	17	3	3	2	2
Peter Spathis	20	20	4	4	-	-
Andrew Burnes	4	4	-	-	-	-
Cinzia Burnes	4	4	-	-	-	-
Brett Johnson	16	15	2	2	1	1
Elizabeth Gaines	10	9	-	-	-	-
Adrian John	6	5	1	1	-	-
James Millar	16	15	2	2	-	-
Jane McKellar	10	10	1	-	1	1

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

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

Committee membership

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

During the year, the members of the Committees were:

Audit Committee

Peter Spathis (Chairman from 19 February 2016, committee member from 20 November 2015)

James Millar (Chairman until 22 January 2016)

Adrian John (until 18 September 2015)

Brett Johnson (until 22 January 2016)

Rob Marcolina (from 19 February 2016)

Andrew Cummins (from 19 February 2016)

Remuneration and Nominations Committee

Andrew Cummins (Chairman)

Brett Johnson (until 22 January 2016)

Jane McKellar (until 20 November 2015)

Rob Marcolina (from 28 April 2016)

Retirement in office of Directors

Mr Andrew Cummins as the longest serving director is retiring by rotation. Being eligible Mr Cummins offers himself for re-election at the 2016 AGM.

In accordance with the Company's Constitution and the ASX Listing Rules, Mrs Cinzia Burnes having been appointed a director by the Board, will automatically retire and stand for election by shareholders at the 2016 AGM.

Dividends

Dividends paid or proposed.

	Cents per share	
Dividends to be paid subsequent to year end		
Fully franked final dividend	2.0	$2.2 m

Since the year end the Directors have resolved to pay a 2.0 cents per fully paid share (2015: nil) fully franked final dividend. The dividend is to be paid during the 2017 financial year out of retained profits at 30 June 2016, but is not recognised as a liability at year end.

Earnings / (loss) per share

Basic earnings / (loss) per share was 1.89c (2015: (273.99c))

Diluted earnings / (loss) per share was 1.89c (2015: (273.99c))

The 2015 loss per share reflects the impairment of goodwill of $205.3 million and has been restated to reflect the 1 for 6 share consolidation undertaken in January 2016.

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 Limited is a leading Australian and New Zealand travel distribution company comprising retail franchise travel businesses, destination management services (for inbound Australian, New Zealand and South Pacific travel), air ticket consolidation, wholesale leisure (domestic and outbound), corporate and online operations. Retail franchise operations include 'Helloworld', Australia's largest network of branded franchised travel agents, in addition to Corporate, Associate and Affiliate networks.

The Group has three main operating segments within its structure, Retail, Wholesale (including Inbound) and Travel Management. Within each of these segments the Group also has an online presence. These operations are located in Australia, New Zealand, Fiji, South East Asia, India, the United States of America, the United Kingdom and Europe.

The Group's brands include Helloworld, helloworld.com.au, Qantas Holidays, Viva! Holidays, AOT Inbound, ATS Pacific, ETA, Insider Journeys, Air Tickets, Sunlover Holidays, GO Holidays, QBT, APX and Qantas Vacations (USA).

OPERATING AND FINANCIAL REVIEW

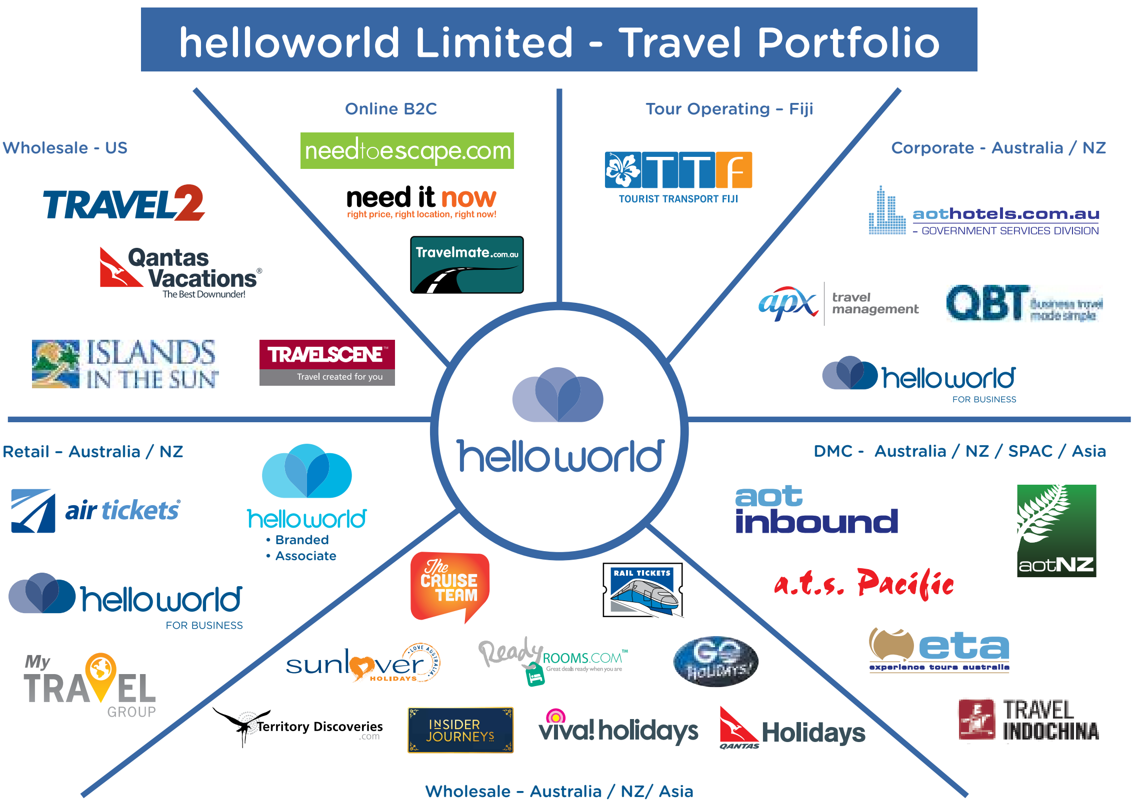
Summary of results

	FY16	FY15	Movement	Movement %
Total Transaction Value (TTV)	$5,088.0m	$4,696.2m	$391.8m	8.3%
Revenue	$297.9m	$279.2m	$18.7m	6.7%
EBITDA	$25.3m	$24.1m	$1.2m	5.2%
Profit / (loss) before income tax expense	$3.5m	($198.4m)	$201.9m	101.7%
Profit / (loss) after tax attributable to members	$1.7m	($201.1m)	$202.8m	100.8%
Basic earnings / (loss) per share	1.89c	(273.99c)	275.88c	100.7%
Diluted earnings / (loss) per share	1.89c	(273.99c)	275.88c	100.7%
Interim dividend	-	-	-	N/A
Final dividend per share	2.0c	-	2.0c	N/A

The Board assesses the performance of the segments based on several measures including TTV, Revenue and EBITDA (being earnings before interest expense, tax, depreciation, amortisation and impairment), Net Profit and associated ratios.

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.

It should be noted that FY16 included several significant one off costs affecting its result including AOT merger costs ($3.8m), Business Transformation Costs ($2.9m) and Redundancy Costs ($1.8m).



Year in Review - Key Highlights

- TTV increased 8.3% to $5.1 billion for the year ended 30 June 2016.
- EBITDA increased 5.1% to $25.3 million for the year ended 30 June 2016.
- Helloworld revenue from operating activities for the year ended 30 June 2016 was $297.9 million, a 6.7% increase on the previous year.
- The Helloworld net result was a profit before income tax of $3.5 million for the year ended 30 June 2016, a significant improvement on the prior year loss of $198.4 million. The 2015 $198.4 million loss after tax is stated after a non-cash goodwill impairment of $205.3 million.
- Basic earnings per share for the year was a profit of 1.89 cents per share.
- The Group announced a 2.0 cents per share dividend for the year ended 30 June 2016, the first dividend since 2013.
- The Group continued to improve the overall performance of the business with key achievements including:
  - The merger of Helloworld and the AOT Group, two complementary businesses, to create the second largest integrated travel distribution business in the Australian and New Zealand markets offering a broader range of products and services and generating increased scale and earnings;
  - Exceeded the previously identified $7.6m of merger synergies with the implementation of those synergies well underway (including streamlining the marketing division and consolidating technology, administration and finance departments and other operating divisions where appropriate);
  - The launch of Helloworld in the New Zealand market and the consolidation of two Australian Helloworld affiliate networks under My Travel Group;
  - Winning both the Best Travel Agency Group (50 outlets or more) and the Best Non Branded Travel Agency Group awards at the 2016 National Travel Industry Awards (NTIA) in Australia as well as an additional four agent and agency award winners at the 2016 NTIA in Australia and four at the 2015 TAANZ NTIA in New Zealand;
  - Significantly increased profitability of the Wholesale and Travel Management segments;
  - Sunlover Holidays winning the Australia 2016 NTIA award for Best Wholesaler – International Product and GO Holidays winning the New Zealand 2015 TAANZ NTIA award for Best Wholesaler;
  - The AOT Inbound business is one of the largest providers of inbound travel services in Australia and has seen strong growth in the financial year, particularly from the strong network of offices in Asia; and
  - QBT fully embedding travel management services for the Whole of Australian Government contract and winning the Northern Territory Government and PwC Australia accounts.

The Group recorded a profit before tax of $3.5 million, compared with a prior year loss of $198.4 million.

At 30 June 2016, the Company held a cash balance of $202.6 million (30 June 2015: $176.1 million) comprised of general cash of $26.2 million (30 June 2015: $27.4 million) and client cash of $176.4 million (30 June 2015: $148.8 million). Helloworld had a positive net cash position and headroom in its debt facilities of $36.1 million. The Company has a strong balance sheet and is positioned for long-term sustainable growth.

On 22 January 2016, the Company's shareholders voted in favour of the proposal to purchase 100% of the shares of AOT Group Limited and its subsidiaries (AOT). On 1 February 2016, the conditions of the share purchase were fulfilled and the Group completed the merger with AOT. AOT is a leading travel services provider with operations in Australia and internationally, operating in the inbound, government and wholesale sectors of the travel industry. The AOT merger integrated two complimentary travel businesses to create a leading integrated travel group in the Australian market offering a broad range of travel products and services.

Total consideration of the transaction comprised $25.0 million cash consideration and the issue of 36,450,001 Helloworld Limited shares issued on 1 February 2016 valued at $87.5 million on that day. The issue of shares increased the shareholding of Andrew Burnes, Cinzia Burnes and The Burnes Group Pty Limited as trustee for The Burnes Group Service Trust in the Company to 40.0% (pre-merger shareholding of 10.2%). Existing shareholders had their shareholding diluted on the allotment of the consideration shares.

Helloworld has continued to make significant investment in consumer marketing, advertising and sponsorship to strategically accelerate Helloworld's brand presence. The investment has increased prompted brand awareness since the February 2014 consumer launch, the momentum sets a solid platform for growth and remains a focus for the business.

During the year, a further thirty (legacy or new) agents converted to the Helloworld networks in Australia.

The New Zealand network reduced as a result of the departure of the majority of the United Travel stores.

The network of high-calibre, high-performing corporate and leisure members and agencies totals has stabilised at approximately 1,600 across Australia and New Zealand.

Helloworld's digital offering, helloworld.com.au, is currently undergoing a complete realignment to ensure the group's retail online presence through the helloworld.com.au site supports the activities and businesses of the retail networks carrying the Helloworld brand. The Company has brought to an end the Orbitz agreement and is independently developing the next generation site together with matching microsites for individual network member agencies. In addition the Company is developing ResWorld, which is being designed specifically as a user interface for consultants to drive greater productivity and greater yield outcomes across the agency networks.

By July 2015, QBT had successfully completed the transition of the Whole of Australian Government (supporting 142 Australian Government Agencies) business secured in the previous year. In the current financial year QBT won the Northern Territory Government and PwC Australia travel business to further achieve revenue growth.

The Wholesale segment continues to refine its model with a continued focus on cost management, margin improvement and product expansion, including new destinations in 2017.

Segment Review

Helloworld 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 branded, Helloworld Associate, Helloworld for Business, and the My Travel Group. The Retail segment includes the online portal helloworld.com.au.

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. Within the wholesale division, the inbound division offers travel services in Australia, New Zealand, Fiji and the Cook Islands to clients in 73 countries worldwide.

Travel Management provides corporate travel management services to corporate and government customers including booking flights and accommodation.

Helloworld operates websites and online distribution platforms through all segments.

The Board assesses the performance of the segments based on measures of TTV, Revenue, Costs, EBITDA and associated ratios. EBITDA is defined as being earnings before interest expense, tax, depreciation, amortisation and impairment. A reconciliation of EBITDA to profit / (loss) before tax is included in note 6 to the Financial Statements. The segment 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, EBITDA margin has been calculated as EBITDA as a percentage of revenue.

Retail Segment

Helloworld operates as the franchisor for multiple retail travel agency networks, including Helloworld branded, Helloworld associate, Helloworld for Business (representing Australia's largest independent Travel Management Company network) and the My Travel Group (MTG – an independent buying network affiliated to the Helloworld Group) in Australia.

Australia

Helloworld is a network of high performing brand-carrying and independent agents. In July 2016 Helloworld Limited won the Award for Best Travel Agency Group (50 outlets or more) and Helloworld for Business won the Award for Best Non Branded Travel Agency Group. This success is strong validation of the strength of Helloworld's network of expert travel agents and the Helloworld franchise model value proposition. The list of Retail NTIA winners is:

- Best Travel Agency Group (50 outlets or more)
  – Helloworld Limited
- Best Non Branded Travel Agency Group
  – Helloworld for business
- Best Travel Agency Retail – Single Location
  – Bicton Travel, WA (3 years running)
- Best Travel Agency Retail – Multi Location
  – Helloworld Hunter Travel Group / RACT Travel, NSW (a member of the Helloworld branded network) (3 years running)
- Best Travel Consultant
  – Sam La Rosa – Show Group Enterprises (a member of the Helloworld for Business network)
- Best Travel Agency Manager – Retail Multi Location
  – Louise Dann, Helloworld Hunter Travel Group, NSW (a member of the Helloworld branded network)

On 4 April 2016 Helloworld Limited launched My Travel Group to consolidate and strengthen the Helloworld affiliate network and Concorde Agency Network (CAN).

Helloworld's digital offering, helloworld.com.au, is being re-launched in September to extend the networks customer offering, to grow the Helloworld networks digital profile and to provide a booking portal to compliment the bricks and mortar service of Helloworld agents. The website offers the convenience of both researching and booking online, an agent finder for customers to locate their nearest Helloworld agent and the most up to date travel offerings.

New Zealand

On 14 February 2016 the Helloworld brand was launched in the New Zealand market. As at 30 June 2016 the New Zealand network numbered 158 with 52 branded and 6 associate agencies, 100 affiliates members and 80 members of "The Travel Brokers" network, Helloworld's home based consultant network in New Zealand.

In the September 2015 TAANZ NTIA Awards the New Zealand business won the following awards:

- Best Brand Retail Multi Location
  – APX Travel Management (2nd year running)
- Best Travel Consultant Corporate
  – Amelia Glubb, APX Travel Management
- Best Travel Agency Manager Corporate
  – Jackie Bell, APX Travel Management
- Best Wholesaler
  – GO Holidays (2nd year running)

In July 2015 Helloworld sold its 50% interest in Harvey World Travel South Africa to the remaining 50% shareholder BidTravel, based in South Africa. Harvey World Travel South Africa reported 72 stores at 30 June 2015.

Air Tickets

Helloworld owns and operates an air ticketing operation, Air Tickets, which services both the Helloworld networks and around 440 independent travel agents in Australia. Air Tickets technology also operates within New Zealand via Helloworld Travel Services (NZ) Ltd.

Air Tickets operates in all Australian states with technology allowing agents to issue tickets 24 hours a day, seven days a week. Air Tickets continues to invest in innovative ticketing technology and is considered one of Australia's leading airfare distribution and ticketing services consolidator. Air Tickets was again recognised as a finalist in the Best Agency Support Service category at the 2016 NTIA awards.

Retail Earnings

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 39 of the Financial Statements.

The Retail segment generated TTV of $3.6 billion for the year ended 30 June 2016, representing an increase of 3.5% compared to the prior year. The Retail segment generated EBITDA before shared services of $33.0 million which is a 3.2% increase on the prior year result of $31.9 million. Revenue decreased by 2.9% to $147.5 million primarily as a result of a reduction in margins earned at Air Tickets. Operating costs decreased by 4.5% to $114.5 million for the year as a result of better cost management. The revenue margin for the year decreased from 4.4% to 4.2% due to the increase in lower revenue generating TTV. The EBITDA margin increased from 21.0% to 22.3% as the decrease in costs exceeded the decrease in revenue. After allocation of shared services net costs, the segment net profit amounted to $6.2 million.

	2016 $'000	2015 $'000	Change $'000	Change %
Total Transaction Value (TTV)	3,550,013	3,429,056	120,957	3.5%
Revenue	147,516	151,933	(4,417)	(2.9%)
Operating expenses	(114,565)	(120,012)	5,447	4.5%
EBITDA before shared services	32,951	31,921	1,030	3.2%
Shared service net costs, depreciation, interest and amortisation	(26,729)	(21,179)	(5,550)	(26.2%)
Net profit excluding impairment	6,222	10,742	(4,520)	(42.1%)
Revenue margin %	4.2%	4.4%	(0.2%)	(4.5%)
EBITDA margin %	22.3%	21.0%	1.3%	6.2%

Wholesale Segment

On 1 February 2016 Helloworld merged with the AOT Group which included the wholesale brands Sunlover Holidays, Territory Discoveries, needitnow.com, Best Rates, Need to Escape, Travelmate and New South Wales Holidays.

Helloworld now operates a range of 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 and Jetstar.
- **Viva! Holidays** sells packages where the flight component is provided by major carriers servicing the Australian outbound market.
- **Sunlover Holidays** is recognised as the leading travel wholesaler selling Australia. Sunlover Holidays distributes and sells Australian leisure products through all major retail chains in Australia and New Zealand.
- **Ready Rooms** provides an online solution for dynamic and traditional wholesale inventory for preferred travel agents to sell to their leisure and corporate customers.
- **Insider Journeys** 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.
- **GO Holidays** is a New Zealand based wholesale business that sells outbound packaged holiday products for destinations around the world.
- **Qantas Vacations** provides customised tour and travel arrangements for visitors from North America to Australia, New Zealand, Fiji and Tahiti.
- **The Cruise Team** is a specialist cruise wholesaler delivering tailor-made cruise packages.
- **Territory Discoveries** is the specialist for Australia's Northern Territory with access to more than 2,500 genuine outback experiences throughout the Top End and Central Australia.
- AOT Hotels is the officially appointed Accommodation Program Manager by the Department of Finance and Deregulation for the Australian Government to exclusively contract and sell all commercial domestic accommodation requirements in Australia for over 100 Federal agencies that operate under the Financial Management and Accountability Act 1997.

The business operates a number of well-known online accommodation and travel portals including needitnow.com. This last minute portal is one of the best last minute accommodation websites in Australia and New Zealand offering over 4,500 hotels. Other portals include Best Rates, Need to Escape, Travelmate and New South Wales Holidays.

In July 2016 Sunlover Holidays won the NTIA Award for Best Wholesaler – Australian Product, with Qantas Holidays and Viva! Holidays also named as finalists.

The focus across the wholesale brands during the year has been on cost containment, margin improvement and product expansion. Major initiatives for the year include the identification of synergy opportunities between the existing Helloworld and AOT wholesale brands to deliver further improved margins and reduced costs.

The Wholesale segment earned revenue commissions and fees from airline, cruise and land partners derived from the sale of packages and travel.

The **AOT Inbound** business is the largest provider of inbound travel services in Australia. The business includes AOT Inbound, AOT New Zealand, ATS Pacific and Experience Tours Australia. These businesses have seen strong growth in the financial year, particularly from the strong network of offices in Asia.

EBITDA before shared services for the Wholesale segment for the year ended 30 June 2016 was $16.6 million representing an increase of 33.6%, with TTV increasing by 20.2% from $667.1 million to $801.8 million. Revenue of $96.7 million increased by 17.5% compared to the prior year with operating costs

	2016 $'000	2015 $'000	Change $'000	Change %
Total Transaction Value (TTV)	801,762	667,135	134,627	20.2%
Revenue	96,689	82,276	14,413	17.5%
Operating expenses	(80,095)	(69,858)	(10,237)	(14.6%)
EBITDA before shared services	16,594	12,418	4,176	33.6%
Shared service net costs, depreciation, interest and amortisation	(20,728)	(13,612)	(7,116)	(52.3%)
Net loss excluding impairment	(4,134)	(1,194)	(2,940)	(246.2%)
Revenue margin %	12.1%	12.3%	(0.2%)	(1.6%)
EBITDA %	17.2%	15.1%	2.1%	13.9%

increasing by 14.6%. After the allocation of shared services net costs, the segment loss amounted to $4.1million. The results include five months trading of the AOT Group business (merged with Helloworld on 1 February 2016).

The revenue margin for the year ended 30 June 2016 was 12.1% (prior year revenue margin was 12.3%). The EBITDA margin increased from 15.1% to 17.2%, a reflection of better cost management and the increased efficiencies coming from the AOT merger.

Travel Management Segment

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

- QBT in Australia
- APX in New Zealand.

QBT in Australia is one of the largest travel management businesses in Australia, arranging business travel for Federal and State government departments, large corporations and SMEs. QBT provides a full travel management service, including a 24-hour booking facility for air, land and cars for corporate customers, and offers online corporate travel bookings through a choice of online booking tools and state-of-the-art reporting and expense management. QBT is 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 and the commencement of services to the Northern Territory Government and PwC in 2016.

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$14billion 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 Travel Management 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 2015 and is a finalist in the same category in the 2016 awards. Members of its team were also winners of Best Agency Manager – Corporate and Best Travel Consultant – Corporate in 2015. 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 to June 2017.

TTV attributable to the Travel Management segment increased by 22.7% to $736.2 million for the year ended 30 June 2016. The growth in TTV primarily reflects the appointment of QBT as the sole provider of travel management services to the Whole of Australian Government from the start of 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 as sole provider is also the key driver of the Travel Management segment's revenue increase of 22.7% from the prior year.

Operating expenses in the Travel Management segment increased by $3.4 million or 9.5% during the year as a result of the business growth but contained by productivity improvements. The Travel Management segment has continued to invest in innovative technology in order to drive efficiency and automation through the business.

The Travel Management segment generated EBITDA before shared services of $11.1 million which is a 112.9% increase on the prior year of $5.2 million. After the allocation of shared services net costs, the segment net profit amounted to $1.4 million.

The revenue margin remained consistent at 6.9%, whist the EBITDA margin increased substantially from 12.7% to 22.0%.

	2016 $'000	2015 $'000	Change $'000	Change %
Total Transaction Value (TTV)	736,199	599,978	136,221	22.7%
Revenue	50,440	41,148	9,292	22.6%
Operating expenses	(39,330)	(35,930)	(3,400)	(9.5%)
EBITDA before shared services	11,110	5,218	5,892	112.9%
Shared service net costs, depreciation, interest and amortisation	(9,748)	(7,863)	(1,885)	(24.0%)
Net profit/(loss) excluding impairment	1,362	(2,645)	4,007	151.5%
Revenue margin %	6.9%	6.9%	-	-
EBITDA %	22.0%	12.7%	9.3%	73.2%

Shared Services

The Shared Services segment within Helloworld entails Executive Management, IT, Systems, Finance, HR and Payroll departments.

There is no TTV attributable to these departments. Revenue decreased by $0.6 million mainly due to lower interest rates on cash and cash equivalents. Operating expenses increased by $9.3 million or 31.6% mainly due to the inclusion of AOT shared services costs of $4.2m for the five month period ended 30 June 2016, one off merger costs of $3.8m resulting from the merger transaction and additional synergy related one off costs incurred in the current year.

The shared services costs will be continually reviewed for future synergy benefits, process efficiencies, and cost reductions.

Each operating division now has a proportion of the shared service costs allocated to the division based on revenue.

	2016 $'000	2015 $'000	Change $'000	Change %
Total Transaction Value (TTV)	-	-	-	-
Revenue	3,278	3,866	(588)	(15.2%)
Operating expenses	(38,643)	(29,372)	(9,271)	(31.6%)
Net expenses	(35,365)	(25,506)	(9,859)	(38.7%)
Depreciation, amortisation and interest expense	(21,840)	(17,148)	(4,692)	(27.4%)
Net costs excluding impairment	(57,205)	(42,654)	(14,551)	(34.1%)

Outlook

While market uncertainties continue, disruptors make a lot of noise and consumer sentiment fluctuates, Helloworld remains focused on delivering value for shareholders, for agents, for our supplier partners and most particularly for our customers in the retail and corporate travel sectors.

After a somewhat turbulent start, Helloworld is now on track to roll out an aligned "clicks and mortar" strategy across our retail distribution networks.

Bolstering Helloworld through technology, training, product and profile supported by the omni-channel strategy is Helloworld's priority. Helloworld has already made great progress in positioning its agents and business for success through a growth in revenue from enhanced advertising and product offerings, a focus on cost containment, productivity gains and margin optimisation.

The merger of Helloworld and the AOT Group has allowed senior management to assess and identify a series of operational and financial synergies. The benefits of these synergies are expected to be continued to be realised in the financial year ending 30 June 2017 and beyond. 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.

For the year ending 30 June 2017 Helloworld expects to significantly improve its current year performance, reflecting a full year including AOT results and additional cost synergy benefits.

Business Risks

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

Demand risk

Helloworld may be affected by fluctuating levels of demand for the travel services offered. Travel demand is always sensitive relative to disposable consumer income, which in turn is influenced by many variables including changes in interest rates and mortgage repayments, levels of unemployment, the fundamental price of travel in its own right (including any impact that arises from increases in the cost of oil or changes in foreign exchange rates), bowser petrol price shocks, consumer confidence and the buoyancy of the stock market.

Travel demand can also be affected by certain events that can affect travellers' preparedness to travel, including pandemics, terrorism incidents, natural disasters, civil unrest and wars.

To the extent possible, Helloworld 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, Helloworld has a hedging policy and enters into forward exchange contracts based on expected future cash flows.

Key customers and suppliers

Changes in key customers and suppliers could have an impact on the financial results of Helloworld. Helloworld mitigates this risk by ensuring, where possible, formal agreements are in place and by working closely with key customers and suppliers to ensure that Helloworld responds to any changes in their economic circumstances or business requirements.

Technological advances

Advances in technology means that Helloworld is always modifying the way it does business. Technological advances could have an impact on the financial results should Helloworld not continue to invest in systems development. Helloworld mitigates this risk by continuing to commit significant resources to systems development as is demonstrated by the ongoing investment in technology.

Reliance on key personnel

The continued success of Helloworld will, in part, be reliant on the future performance, abilities and expertise of its key personnel. The ability to retain and attract key people is important to the Group's success.

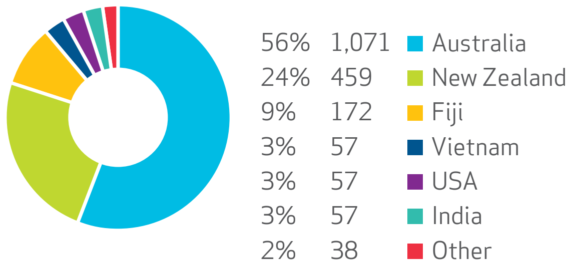
People

As at 30 June 2016, Helloworld had 1,911 Full Time Equivalent (FTE) employees. This is an increase of 437 from the 1,474 FTE at 30 June 2015. The increase has been driven by the merger with AOT, partially offset by a reduction as a result of synergy implementation.

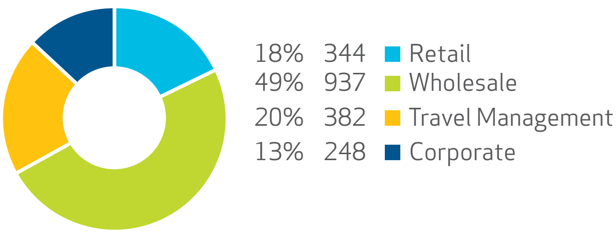
Employee expenditure for the year ended 30 June 2016 increased by 10.0% or $12.2m. Combining Helloworld and AOT employee expenditure for both FY15 and FY16 on a like for like basis and excluding one off costs in FY16, the employee expenditure for the year ended 30 June 2016 decreased by 1.0% or $1.2m.

While the majority of the Group's employees are based in either Australia, New Zealand or Fiji, the Group has employees in Vietnam, the United States of America, India, Cambodia, Laos, China, Continental Europe and the United Kingdom. The regional analysis and breakdown by segment is as below

FTE Breakdown by Country



FTE Breakdown by Segment



Review of financial condition

Capital structure

At 30 June 2016 Helloworld had 109,838,418 shares on issue of which the Executive Directors Andrew Burnes and Cinzia Burnes, along with their Director related entities, own 40.0%, Sintack Pty Limited hold 19.6%, QH Tours Limited (a subsidiary of Qantas Airways Limited) holds 19.3%, with the remaining 21.1% being held by other shareholders including management.

On 29 January 2016 Helloworld underwent a 1 for 6 share consolidation exercise whereby the existing 440,330,198 shares were reduced to 73,388,417. Subsequently on 1 February 2016 an additional 36,450,001 shares were issued as part of the merger with the AOT Group.

Liquidity and funding

The Group maintains a strong balance sheet with net assets of $267.2 million and a positive net cash position at 30 June 2016.

At 30 June 2016 the Group has long term debt of $46.4 million (2015: $23.2 million), net of $1.2 million of deferred borrowing costs (2015: $1.6 million) and remaining headroom available in the finance facilities of $36.1 million (2015: $60.8m). The increase in long term debt, and decline in facility headroom, is due primarily to the costs and consideration required for the merger with the AOT Group.

Total cash as at 30 June 2016 for the Group was $202.6 million (2015: $176.1 million). General cash at 30 June 2016 was $26.2 million compared to $27.4 million at 30 June 2015.

Net cash inflow from operating activities was $2.3 million (2015: inflow $4.7 million).

On-market share buy-back program

On 27 August 2015 an on-market share buy-back program initiated on 27 August 2014 concluded. The program was established to acquire up to 2.5% of the Company's issued share capital. A total of 218,374 ordinary shares (or 0.05%) of the Company's issued share capital was acquired and were subsequently cancelled.

Significant events after the balance date

With the exception of the items listed below, the Directors are not aware of any matter or circumstance that has arisen in the interval between 30 June 2016 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.

Final Dividend

The Directors have resolved to pay a 2.0 cents per fully paid share (2015: nil) fully franked final dividend.

Likely developments

The Group's focus in the 2017 year will be the continued integration of the Helloworld and AOT Group. Continued focus will be on growing revenues and margins and right sizing the cost base of the organisation.

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 reasonably incurred by the Director or executive officer in connection with;

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

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

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

Insurance premiums

The Company has paid insurance premiums of $110,991 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 Limited's Remuneration Report for 2016.

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

Company performance and remuneration outcomes in 2016

As a result of company performance being below target in 2016, the Board determined that no Short Term Incentive Plan (STIP) payment would be awarded to executive Key Management Personnel for 2016 notwithstanding that in some instances, executives achieved satisfactory outcomes related to business unit objectives.

Further to this, none of the Long Term Incentive Plan (LTIP) grants with performance periods ended 30 June 2016 met their relevant EPS targets and, as a result, none of these performance rights will vest.

Changes to executive remuneration in 2017

2016 has been a transformational year for the business, and for the Executives within it, and the Board has implemented changes to remuneration strategy. One key factor has been to right size the level of Executive remuneration for an organisation of our size and ensure the remuneration framework drives performance and aligns executive reward with shareholders' interests.

As a result of the review, the Board has:

- Right sized the level and mix of remuneration for the CEO and other KMPs.
- Approved a 1.75% fixed increase to remuneration for all eligible employees to recognise movement in the cost of living. Eligibility includes those employees not covered by a collective agreement.
- Created a Results Based Performance Incentive (RBPI) Plan to be implemented to a targeted group of senior leaders, linked to key threshold targets including achievement of Group results, Divisional profitability and individual KPIs.
- Created a LTIP program, consisting of a loan-based Share Plan to be implemented to a targeted group of senior executives, directly linked to Total Shareholder Return (TSR).

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

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 2016 Annual General Meeting.

Yours faithfully

Andrew Cummins

Chairman of the Remuneration and
Nominations Committee

REMUNERATION REPORT (AUDITED)

This 2016 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 Helloworld Group (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	
Rob Marcolina (appointed 18 September 2015)	Non-Executive Director and Chairman (appointed 20 November 2015)
Andrew Cummins	Non-Executive Director
Peter Spathis	Non-Executive Director
Executive Directors	
Andrew Burnes (appointed 1 February 2016)	Chief Executive Officer and Managing Director
Cinzia Burnes (appointed 1 February 2016)	Group General Manager – Wholesale & Inbound and Executive Director
Executive KMP	
Michael Burnett (appointed 11 April 2016)	Chief Financial Officer and Company Secretary
Russell Carstensen	Group General Manager - Air Tickets and QBT
Former Non-Executive Directors	
Brett Johnson (resigned 22 January 2016)	Former Chairperson and Non-Executive Director
Adrian John (resigned 18 September 2015)	Former Non-Executive Director
James Millar (resigned 22 January 2016)	Former Non-Executive Director
Jane McKellar (resigned 20 November 2015)	Former Non-Executive Director
Former Executive Directors	
Elizabeth Gaines (resigned 19 December 2015)	Former Chief Executive Officer and Executive Director
Former Executive KMP	
Jenny Macdonald (resigned 28 April 2016)	Former Chief Financial Officer
Peter Egglestone (replaced as a KMP by Cinzia Burnes on 1 February 2016)	Former Head of Wholesale
Greig Leighton (resigned 31 December 2015)	Former Chief Executive Officer, New Zealand

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.

Helloworld has undertaken an internal review of the executive remuneration to ensure it is in line with current market practices.

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;
- directly linking executive rewards to shareholder value; and
- establish appropriate, demanding performance hurdles in relation to variable executive remuneration.

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

- Fixed Annual Remuneration (FAR)

Set to attract, retain and motivate the right talent to deliver on the Group's strategy, the Board takes 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.

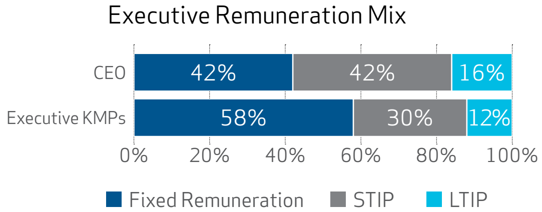
- Long Term Incentive ('at risk' remuneration)

The 'at risk' components for certain KMPs are based on the Groups performance against Total Shareholder Return metrics (threshold) and key financial and non-financial measures. More detail on the 'at risk' remuneration components and their link to company performance is included in section 2 of this report.

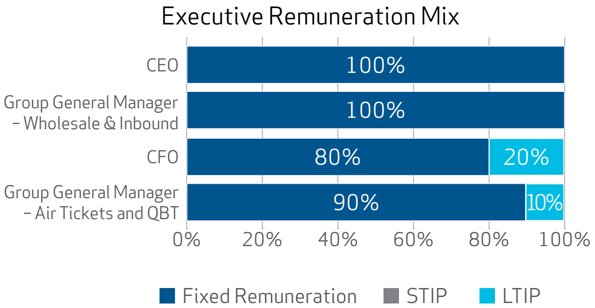
1.4 Executive remuneration mix

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 FY16 remuneration components at the start of the year is as below:



Whilst this target mix was appropriate at the beginning of the financial year, due to the transitional nature of the Group throughout the year, including changes in executives and KMPs, the above target is considered no longer relevant, and the current target mix is:



1.5 Remuneration changes for 2017

The STIP and LTIP policies underwent a review and some significant changes to the schemes for FY2017 have been made and are detailed below.

Short Term Incentive Plan (STIP) – 2017 Award

The previous STIP plan will cease to exist. STIP has been removed for the CEO and KMPs. A select group of senior leaders will now participate in a Results Based Performance Incentive (RBPI) that is linked to a threshold target of the achievement of Group results. If this is achieved, then the senior leader will be judged against divisional profitability and individual KPIs. No KMP will take part in the RBPI in FY2017.

Long Term Incentive Plan (LTIP) – 2017 Award

Following a review of current practices, a new program has been established and targeted to a group of executives and senior leaders within the business. Key criteria for the LTIP scheme are as follows:

- LTIP allocations are limited to key executives and senior leaders reporting to the CEO or senior leaders who are considered critical to the ongoing success of the Group;
- LTIP replaces STIP for the CFO and Group General Manager – Air Tickets and QBT and other senior leaders reporting to the CEO;
- The threshold performance criteria is directly linked to Total Shareholder Return (TSR) and provides reward on successful marked improvement of Helloworld's return to shareholders over a three year period;
- The executive or senior leader will need to meet individual KPIs as determined by the Board and CEO over the three year period; and
- The initial allocation is for a three year period (it is currently not envisaged that participants who receive a grant in 2017 will receive further grants prior to the 2017 grant vesting or expiring).

This scheme replaces the previous program which was in place for a certain number of Helloworld executives.

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

The key attributes included in the design of the plan are as follows;

Type of Scheme	Loan Funded Scheme
Scheme Commencement	1 July 2016
Scheme measurement and vesting date	1 July 2019
Share VWAP at Scheme Commencement	$3.00 per share
Performance Criteria	Must meet both; - TSR (based on share price), and - Individual KPIs
50% Vesting	$4.50 share price / TSR of 14% pa
100% Vesting	$5.50 share price / TSR of 22% pa
KPIs	Determined by the CEO periodically and the achievement of these KPIs would be at the sole discretion of the CEO and Board
Loan	A loan will be given to the participant equal to share value at the scheme commencement and the number of shares issued. The loan is repaid to the company on the sale of vested shares.

Legacy LTIP Performance Right

One KMP is still a participant in the legacy LTIP Performance Right (PR) shareholding scheme. The 2015 Tranche 3 PRs are due to lapse or vest in the Performance Period ending 30 June 2017 (refer Section 2.3).

Refer to note 37 Share-based Payments in the Financial Statements for further details on the PR scheme.

Change in control

The change in control policy in the legacy LTIP scheme provides that all of a participant's PRs will vest even if applicable performance conditions have not been satisfied at that time. For the FY17 scheme, the Board will have sole discretion about what happens to the shares on a change of control event.

2 EXECUTIVE REMUNERATION

2.1 Company performance and remuneration outcomes for 2016

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

	2016 $'000	2015 $'000	2014 $'000	2013 $'000
Net profit / (loss) after tax (NPAT)	1,676	(201,111)	(63,243)	16,360
Earnings before interest expense, tax, depreciation and amortisation (and impairment in FY15) (EBITDA)	25,290	24,051	40,561	54,141

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

	2016	2015	2014	2013
Earnings / (loss) per share (EPS cents)	1.89	(273.99)	(86.28)	22.08
Total dividends declared (cents per share)	2.00	-	-	9.00
Opening share price at 1 July ($)	2.16	1.68	1.98	2.22
Closing share price at 30 June ($)	3.08	2.16	1.68	1.98

In January 2016 the Company undertook a 1 for 6 share consolidation exercise. The above has been restated as though the consolidation had occurred at 30 June 2015.

The Group's results for the 2016 financial year represented an increase in EBITDA compared to the previous year, however the Group did not achieve the Board approved operating budget.

As a result of the shortfall in EBITDA, the Board determined with the exception of the below, Executives would not receive any short term incentive payments for the financial year ended 30 June 2016. This is notwithstanding the fact that a number of other executives achieved satisfactory outcomes relating to individual objectives.

Russell Carstensen was awarded STIP for 2015 in recognition of the successful transition of the Whole of Australian Government into the QBT business. This was awarded after the publication of the FY15 results and therefore has been accounted for and disclosed in FY16. In addition, certain former executives recieved a bonus for the completion of the AOT merger. These are all disclosed in table 2.6 below.

In addition, performance conditions for LTIP grants with a performance period ended 30 June 2016 (Tranche 3 of the FY13 Performance Rights (PRs) and Tranche 2 of the FY15 PRs) were not met and, following testing, these PRs lapsed.

The 2017 executive remuneration expense is anticipated to be substantially reduced from 2016, both as a result of reduced KMP members and as a result of salary realignment.

2.2 Executive remuneration structure in 2016

With the exception of Russell Carstensen no STIP has been paid for in FY16 due to the transitional nature of the year and the change in senior management.

2.3 LTIP in detail

Awards were made under the LTIP for the years ended 30 June 2011 to 30 June 2015 inclusive however none were made in the year ended 30 June 2016. 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[1]	% Vested
FY15					
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 – Former CEO Sign-on Bonus	27 August 2012	27 August 2012 to 27 August 2014	$nil	$0.46	100%
2014 – Tranche 1	22 November 2013	1 July 2013 to 30 June 2015	$nil	$0.34	0%
2014 – Tranche 2	22 November 2013	1 July 2013 to 30 June 2016	$nil	$0.34	0%
2014 – Tranche 3	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	1 July 2014 to 30 June 2015	$nil	$0.27	0%
FY16					
2013 – Tranche 3	26 June 2012	1 July 2012 to 30 June 2016	$nil	$0.36	0%
2015 – Tranche 2	27 February 2015	1 July 2014 to 30 June 2016	$nil	$0.27	0%
FY17					
2015 – Tranche 3	27 February 2015	1 July 2014 to 30 June 2017	$nil	$0.27	n/a

1 The above fair value at grant date is prior to the 1 for 6 share consolidation.

2.4 Summary of performance rights held under the LTIP

	Executive and Grant						
	J Macdonald 2015 Grant	R Carstensen 2013 Grant	R Carstensen 2015 Grant	P Egglestone 2013 Grant	P Egglestone 2015 Grant	G Leighton 2013 Grant	G Leighton 2015 Grant
Number of PRs at 30 June 2015	285,370	49,784	198,518	31,115	186,111	27,654	198,518
Number of PRs lapsed during the year	(285,370)	(49,784)	(97,777)	(31,115)	(186,111)	(27,654)	(198,518)
Number of PRs lapsed during the year following the 1 for 6 share consolidation	-	-	(84,445)	-	-	-	-
Number of PRs at 30 June 2016	-	-	16,790	-	-	-	-
Value of PRs that lapsed at lapse date ($)	(77,050)	(17,922)	(26,400)	(11,201)	(50,250)	(9,955)	(35,467)

The value of PRs at grant date is 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. Fair values at grant date are calculated by taking into account the share price on grant date and the exercise price.

The value of PRs expensed and shown as remuneration during the year is calculated in accordance with AASB 2 Share-based Payment. This amount is shown as a component of current year remuneration.

2.5 LTIP for 2017

A new LTIP has been implemented for the 2017 financial year, refer section 1.5 for details of the scheme.

The allocation of the LTIP to eligible KMP will be determined during the 2017 financial year.

2.6 Executive remuneration

	Short term benefits			Long term benefits	Post-employment benefits		Share based payments	Termination benefits		
	Salary ($)	STIP ($)	Other ($)	Leave ($)	Super-annuation ($)	Other benefits ($)	LTIP ($)	Termination payments ($)	Total ($)	Performance related percentage
A Burnes (CEO and Managing Director) Appointed 1 February 2016										
2016	202,873	-	-	3,165	8,045	-	-	-	214,083	0%
C Burnes (Group General Manager – Wholesale & Inbound and Executive Director) Appointed 1 February 2016										
2016	202,873	-	-	3,165	8,045	-	-	-	214,083	0%
M Burnett (CFO) Appointed 11 April 2016										
2016	95,952	-	-	-	4,023	-	-	-	99,975	0%
R Carstensen (Group General Manager – Air Services and QBT)										
2016	549,541	233,855	-	28,459	19,308	-	(44,322)	-	786,841	24%
2015	539,182	100,000	-	6,771	18,783	-	3,202	-	667,938	15%
E Gaines (Former CEO and Executive Director) Resigned 19 December 2015										
2016	299,217	-	187,883	(15,955)	14,481	-	-	51,978	537,604	0%
2015	718,144	-	-	(6,806)	18,783	-	(89,917)	-	640,204	-14%
J Macdonald (Former CFO) Resigned 28 April 2016										
2016	440,158	-	168,881	-	17,699	-	(77,050)	143,535	693,223	-11%
2015	506,801	-	-	-	18,783	-	32,008	-	557,592	6%
P Egglestone (Former Head of Wholesale) Replaced as a KMP by C Burnes on 1 February 2016)										
2016	163,892	-	968	-	11,263	-	(61,451)	-	114,672	-54%
2015	305,917	-	-	14,141	18,783	-	8,960	-	347,801	3%
G Leighton (Former CEO New Zealand) Resigned 31 December 2015										
2016	163,524	-	-	-	-	-	(36,355)	224,016	351,185	-10%
2015	309,904	-	4,588	-	-	-	11,677	-	326,169	4%
2016 TOTAL	**2,118,030**	**233,855**	**357,732**	**18,834**	**82,864**	**-**	**(219,178)**	**419,529**	**3,011,666**	
2015 TOTAL	**2,379,948**	**100,000**	**4,588**	**14,106**	**75,132**	**-**	**(34,070)**	**-**	**2,539,704**	

Former Chief Executive Officer, Elizabeth Gaines, was awarded a bonus in FY16 in relation to the completion of the merger with the AOT Group. Former Chief Financial Officer, Jenny Macdonald, was awarded two bonuses in FY16, one was in relation to additional duties performed, and one was in relation to the completion of the merger with the AOT Group. These are disclosed as "other - short term benefits" above.

The Group General Manager – Air Tickets and QBT, Russell Carstensen, was awarded a FY15 STIP that was paid in FY16. This was not included in the FY15 Remuneration table (as it had not been approved at the date the 2015 Annual Report was released) and consequently this amount is included in the 2016 STIP in the table above. In addition, Russell Carstensen's base salary has been recalibrated as a part of the review of executive remuneration and will be $450,000 per annum from 1 September 2016.

The proportion of remuneration that is performance based is calculated as the sum of the STIP bonus, LTIP share-based payment and other bonus amounts as a proportion of total remuneration.

The proportion of the cash bonus paid/payable or forfeited for the annual bonus is as follows:

	% of potential annual bonus earned during the year		% of potential annual bonus forfeited during the year	
	2016	2015	2016	2015
Name				
Executive Directors:				
A Burnes	-	-	-	-
C Burnes	-	-	-	-
E Gaines	0%	0%	100%	100%
Other Key Management Personnel:				
M Burnett	-	-	-	-
R Carstensen	0%	18%	100%	82%
J Macdonald	0%	0%	100%	100%
P Egglestone	0%	0%	100%	100%
G Leighton	0%	0%	100%	100%

2.7 Executive shareholdings

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

Executive	Number of shares at 1 July 2015	Disposals	Impact of share consolidation 1 February 2016	Removal as no longer KMP	Shares held at date of appointment	Number of shares at 30 June 2016
A Burnes	-	-	-	-	12,828,654	12,828,654
C Burnes	-	-	-	-	12,638,014	12,638,014
The Burnes Group Pty Limited as trustee for The Burnes Group Service Trust	-	-	-	-	18,480,105	18,480,105
M Burnett	-	-	-	-	-	-
R Carstensen	505,474	-	(421,228)	-	-	84,246
E Gaines (Former CEO and Executive Director)	1,219,318	(1,211,020)	(6,915)	(1,383)	-	-
J Macdonald (Former CFO)	-	-	-	-	-	-
P Egglestone (Former Head of Wholesale)	491,448	(291,448)	(166,667)	(33,333)	-	-
G Leighton (Former CEO, New Zealand)	447,862	-	(373,218)	(74,644)	-	-
TOTAL	**2,664,012**	**(1,502,468)**	**(968,028)**	**(109,360)**	**43,946,773**	**44,031,019**

A Burnes and C Burnes each have a beneficial interest in The Burnes Group Pty Limited which acts as the Trustee of The Burnes Group Service Trust.

2.8 Executive service agreements

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

EXECUTIVE		Notice period to be given by KMP	Notice period to be given by the Company	Termination payments or benefits payable if termination is by the Company
A Burnes	CEO and Managing Director (appointed 1 February 2016)	6 months	6 months	In accordance with normal statutory entitlements
C Burnes	Group General Manager – Wholesale & Inbound and Executive Director (appointed 1 February 2016)	6 months	6 months	In accordance with normal statutory entitlements
M Burnett	CFO (appointed 11 April 2016)	6 months	6 months	In accordance with normal statutory entitlements
R Carstensen	Group General Manager, Air Services & QBT	3 months	3 months	In accordance with normal statutory entitlements

3 NON-EXECUTIVE 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 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 required by Directors who serve on one or more Committees.

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

The Directors' fees have not increased since 1 July 2011 and there is no intention to increase the individual director fees for the year ending 30 June 2017. Non-Executive Directors do not receive any performance related remuneration or retirement allowances. The remuneration of Non-Executive Directors for the years ended 30 June 2016 and 30 June 2015 is detailed in the statutory tables below. The process for review of Non-Executive Directors' performance is explained in the Corporate Governance Statement.

3.3 Non-Executive Director remuneration

NON-EXECUTIVE DIRECTOR	Short-term benefits Cash salary ($)	Other ($)	Post-employment benefits Superannuation ($)	Total ($)
R Marcolina (Chairman)				
2016	87,083	-	-	87,083
A Cummins				
2016	100,457	-	9,543	110,000
2015	100,457	-	9,543	110,000
P Spathis				
2016	97,032	-	9,218	106,250
2015	11,234	-	1,067	12,301
B Johnson (Former Chairman)				
2016	100,455	180,000	10,260	290,715
2015	182,060	-	16,690	198,750
A John (Former Non-Executive Director)				
2016	22,917	-		22,917
2015	110,000	-	-	110,000
J Millar (Former Non-Executive Director)				
2016	64,326	-	6,111	70,437
2015	114,155	-	10,845	125,000
J McKellar (Former Non-Executive Director)				
2016	38,052	-	3,615	41,667
2015	49,964	-	4,747	54,711
2016 TOTAL	**510,322**	**180,000**	**38,747**	**729,069**
2015 TOTAL	**567,870**	**-**	**42,892**	**610,762**

B Johnson was paid an additional one off payment of $180,000 in recognition of his additional contribution to the Group during the leadership transition.

3.4 Non-Executive Director shareholdings

NON-EXECUTIVE DIRECTOR	Number of shares at 1 July 2015	Impact of 1 for 6 Share Consolidation	Other changes during the year	Number of shares at 30 June 2016
R Marcolina (Chairman)	-		-	-
A Cummins (Shares held legally and beneficially in the name of Gladstone Investments Limited)	952,998	(794,165)	-	158,833
P Spathis (Has a beneficial interest in fully paid ordinary shares held legally in the name of Vortex TV Pty Ltd as trustee for the Consolidated Travel (NSW) Superannuation Fund)	500,000	(416,667)	-	83,333
B Johnson (Former Chairman)	200,000	(166,667)	(33,333)	-
A John (Former Non-Executive Director)	-	-	-	-
J Millar (Former Non-Executive Director)	40,000	(33,333)	(6,667)	-
J McKellar (Former Non-Executive Director)	-	-	-	-
TOTAL	**1,692,998**	**(1,410,832)**	**(40,000)**	**242,166**

This concludes the remuneration report, which has been audited.

Auditor Independence

The Directors received the declaration of independence on page 38 from PricewaterhouseCoopers, the auditor of Helloworld. 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 38 and forms part of the Directors' Report for the financial year ended 30 June 2016. Details of the amounts paid to PricewaterhouseCoopers, for audit and non-audit services are set out in note 27 of the Financial Statements on page 74 of the Financial Report.

Rounding

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

Made in accordance with a resolution of the Directors.

Rob Marcolina

Chairman
Helloworld Limited
Sydney, 25 August 2016

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Helloworld Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. 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.

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
25 August 2016

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CORPORATE GOVERNANCE STATEMENT

Overview

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

This statement has been approved by the Board and outlines the main corporate governance practices employed by the Board of Helloworld. Helloworld 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 25 August 2016.

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

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

- Setting the strategic direction of the Company and monitoring the implementation of that strategy by management;
- Oversight of the Company, including its control and accountability systems;
- Appointing and removing the CEO, CFO and Company Secretary;
- Board and Executive Management development and succession planning;
- Approving the annual operating budget;
- Approving and monitoring the progress of major capital expenditure, capital management and acquisitions/ divestitures;
- Monitoring compliance with legal, tax and regulatory obligations;
- Reviewing and ratifying systems of risk management, governance, internal compliance and controls, code of 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.

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 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 previous CEO, Elizabeth Gaines, resigned on 19 June 2015 and concluded her role at the company in December 2015. For this reason her performance was not formally reviewed during the period of the year ended 30 June 2016 during which she was CEO. The current CEO, Andrew Burnes, commenced as CEO on 2 February 2016 and his performance will be reviewed later in 2016.

The CEO undertakes an annual review of the performance of their direct reports against key performance indicators and provides a report to the Remuneration and Nominations Committee for further consideration.

The formal Senior Executive review for the year ended 30 June 2016 was not conducted due to a change of CEO in the second half of the year however senior executive performance was discussed on a regular and ongoing basis.

2 Structure of the Board

Board composition

The Directors determine the composition and size of the Board in accordance with the Company's Constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently five Directors appointed to the Board. The skills, experience and expertise of each Director and their period of office at the date of the 2016 Annual Report are set out in the Directors' Report on pages 9 to 12.

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

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

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

Further detail 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 9 to 12.

Director Independence

As at 30 June 2016, based on the factors relevant to assessing the independence of directors included in the ASX CGP, only one Director, Andrew Cummins, is deemed to be independent. Mr Cummins was until February 2015, Chairman of CVC Capital Partners Pan-Asian Team, and while CVC has an indirect majority interest in Europe Voyager NV, Europe Voyager NV ceased to be a shareholder of the company on 20 June 2016.

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

- Rob Marcolina is an executive of Qantas, the ultimate holding company of QH Tours Ltd, a substantial shareholder of Helloworld and a company having a material business relationship with Helloworld as a supplier of product and a customer for distribution services;
- Peter Spathis is employed as Chief Financial Officer of Consolidated Travel Pty Ltd, which operates in the travel industry, and within the Alysandratos Group of Companies, which includes Sintack Pty Ltd ('Sintack'), a substantial shareholder of Helloworld; and
- Andrew Burnes is the Company's Chief Executive Officer and Managing Director, and a substantial shareholder of the Company.
- Cinzia Burnes is the Company's Group General Manager, Wholesale and Inbound and a substantial shareholder of the Company.

The length of each Directors' tenure as a director is set out in the Directors' Report on pages 9 to 12.

Independent Decision Making

During the reporting period, the role of Chairman was held by Brett Johnson until 20 November 2015 and from that date by Rob Marcolina. Mr Marcolina is not independent and the Company recognises that this is a departure from ASX CGP 2.4.

The Board considered Mr Marcolina the director best qualified to fulfil the role as acting Chairman notwithstanding he was not independent, whilst undertaking the process of appointing an independent Chairman. Mr Marcolina exercised sound and independent judgement on matters coming before the Board and acted at all times in the best interests of the Company.

As at the date of this Statement the Board is in the process of finalising the appointment of an independent Chairman and an independent Audit Committee Chairman.

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

QH Tours Ltd 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. Europe Voyager NV nominated Andrew Cummins to the Board but ceased to be a shareholder of the Company on 20 June 2016. Mr Cummins remains on the Board as an independent director.

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 Chairman 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 Director providing an element of balance as well as making a considerable contribution in his 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 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)
- R Marcolina (from 28 April 2016)
- B Johnson (until 22 January 2016)
- J McKellar (until 20 November 2015)

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 currently only consists of two members, rather than three, as required by Helloworld's own charter, and does not have a majority of Independent Directors. 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 45 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 FY16 are set out in the Directors' Report on pages 9 to 13.

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

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

Board performance

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

Due to the Company's impending merger with the AOT Group, the Board and Committee performance review scheduled to be undertaken in December 2015 was postponed and commenced in June 2016 and completed in July 2016. The outcomes from this Board and Committee performance review were:

- The Board will increase its exposure to the company's operations through the scheduling of a future Board meeting at a company operation such as an agency, store or call centre.
- The Board will undertake regular detailed reviews of particular parts of the business and meet with senior management and staff of that business to obtain greater insight into the factors which drive the performance of the business.
- The next Board performance evaluation will be conducted early in 2017 to benefit from the insights of the new independent directors.

Due to the appointment of the Chairman and a number of new Directors during the year, it was considered that deferral of individual Director performance evaluations until the 2017 year would generate a more valuable result. Accordingly the company did not comply with Corporate Governance Council recommendation 1.6.

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 and the terms are consistent with ASX CGP3.

In accordance with this 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 females 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 females reporting to the CEO should not fall below the current levels unless a transparent process fails to succeed in attracting suitable women candidates; and
- Helloworld 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.

2016 has been a transformational year within Helloworld, and as at 30 June 2016, a selection process was underway to fill current Board vacancies. This has impacted the proportion of females on the Board and reporting to the CEO and therefore, these levels have fallen below that of 30 June 2015.

Proportion of women in the organisation

There are 1,391 female employees in the Group representing 69.9 % of the workforce. In addition, there are 39 female employees representing 48.2 % of the workforce who report to the CEO and CEO's direct reports. There is one female on the Board which represents 20% of the Board.

Share trading

A Share Trading Policy is in place for directors, senior executives and employees. The 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 Helloworld 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:

- Peter Spathis (member from June 2015 and Chairman from 19 February 2016)
- Rob Marcolina (from 19 February 2016)
- Andrew Cummins (from 19 February 2016)
- James Millar (Chairman until 22 January 2016)
- Brett Johnson (until 22 January 2016)
- Adrian John (until 18 September 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.

Until 22 January 2016, the Committee was chaired by James Millar, an Independent Director who is not the Chairman of Helloworld. From 22 January 2016 until the end of the reporting period, Peter Spathis, a non-independent director served as the Committee's acting Chairman. The Company recognises that this is a departure from Recommendation 4.1 of the ASX CGP. However, the Board considers that on the basis of his skills and professional background, Peter Spathis was the director best qualified to fulfil the role of Acting Chairman given the composition of the Board post the completion of the merger with the AOT Group, notwithstanding that he is not independent.

As at the date of this Statement the Board is in the process of finalising the appointment of an independent Audit Committee Chairman.

Details of these Directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report on pages 9 to 13.

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 Helloworld Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at Annual General Meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the Annual Report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website and the Helloworld 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 endeavour to respond to queries from shareholders and analysts for information in relation to the Company, provided the information requested is not price sensitive.

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

7 Recognising and managing risk

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

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

- Overseeing and approving the establishment and implementation of the Company's risk management, internal controls and compliance systems; 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.

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

The Company has 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 Senior Leadership Team (SLT) also plays a role in identifying, assessing, monitoring and managing risks.

The risk management performance of the Executive Risk Governance Committee and SLT 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 during the year.

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 14 to 23 of the Annual Report.

Internal Audit

An internal audit program is an important element of the Company's risk management processes. While the Company does not have an in-house internal audit function, it engages independent, expert 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, an internal audit of the Company's Payment Card Industry (PCI) Data Security Standard compliance project was conducted by an external consultant who reported to the Audit Committee.

The objective of this internal audit was to provide a review of the Company's PCI compliance project with a specific focus on the project scope, approach, schedule, resources and key compliance and technical requirements and identify key risks to the project in meeting the compliance deadline. The outcome of the internal audit was used to drive improvements in the Company's PCI compliance project.

8 Remunerating fairly and responsibly

The Helloworld 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.

Details of the Non-Executive Directors who were members of the Remuneration and Nominations Committee during the reporting period are set out in Remuneration and Nominations Committee section 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 9 to 13.

Executive management

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

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.

Following a review of current practices, a new Long Term Incentive Plan (LTIP) has been established and targeted to a group of executives and senior leaders within the business. LTIP allocations are limited to key executives and senior leaders who are considered critical to the ongoing success of the Group.

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $'000	2015 $'000
REVENUE	3	**297,923**	**279,223**
EXPENSES			
Employee benefits expenses	4	(134,425)	(122,191)
Advertising and marketing expenses		(39,355)	(40,773)
Selling expenses		(31,549)	(34,778)
Communications and technology expenses		(19,917)	(19,139)
Occupancy and rental expenses		(14,065)	(12,788)
Operating expenses		(33,701)	(26,005)
Profit on disposal of investments	36	379	340
Share of profit of associates accounted for using the equity method	12	-	162
Earnings before interest, tax, depreciation, amortisation and impairment (EBITDA)		25,290	24,051
Finance expense	5	(3,381)	(3,227)
Depreciation and amortisation expense	4	(18,459)	(13,921)
Impairment of goodwill	4	-	(205,300)
PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE		**3,450**	**(198,397)**
Income tax expense	7	(1,774)	(2,714)
PROFIT/(LOSS) AFTER INCOME TAX EXPENSE FOR THE YEAR		**1,676**	**(201,111)**
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial gain/(loss)	16	(2,405)	521
Deferred tax benefit/(expense) on defined benefit plan	7	722	(344)
Items that may be reclassified subsequently to profit or loss			
Change in fair value of cash flow hedges	25	(826)	1,639
Income tax benefit/(expense) on cash flow hedges	25	220	(492)
Exchange differences on translation of foreign operations	25	2,329	280
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		**40**	**1,604**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**1,716**	**(199,507)**
PROFIT/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(23)	10
Owners of Helloworld Limited		1,699	(201,121)
		1,676	**(201,111)**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR IS ATTRIBUTABLE TO:			
Non-controlling interest		(23)	10
Owners of Helloworld Limited		1,739	(199,517)
		1,716	**(199,507)**
		Cents	Cents
Basic earnings/(loss) per share	9	**1.89**	**(273.99)**
Diluted earnings/(loss) per share	9	**1.89**	**(273.99)**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2016

	Note	CONSOLIDATED 2016 $'000	2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	10	202,621	176,141
Trade and other receivables	11	134,233	104,869
Inventories		191	93
Derivative financial instruments	29	-	1,627
Income tax receivable		-	305
TOTAL CURRENT ASSETS		**337,045**	**283,035**
NON-CURRENT ASSETS			
Investments accounted for using the equity method	12	1,563	460
Investment properties		175	175
Property, plant and equipment	13	19,560	16,916
Intangible assets	14	285,856	161,404
Deferred tax asset	15	1,203	5,242
Defined benefit plan	16	-	3,062
Other non-current assets		196	802
TOTAL NON-CURRENT ASSETS		**308,553**	**188,061**
TOTAL ASSETS		**645,598**	**471,096**
CURRENT LIABILITIES			
Trade and other payables	17	220,783	183,609
Borrowings	18	287	-
Provisions	19	13,830	13,051
Deferred revenue	20	82,967	69,294
Derivative financial instruments	29	1,526	37
Income tax payable		1,419	-
TOTAL CURRENT LIABILITIES		**320,812**	**265,991**
NON-CURRENT LIABILITIES			
Borrowings	21	46,352	23,245
Deferred tax liabilities	22	3,576	295
Provisions	23	3,233	1,430
Other non-current liabilities		4,007	2,659
TOTAL NON-CURRENT LIABILITIES		**57,168**	**27,629**
TOTAL LIABILITIES		**377,980**	**293,620**
NET ASSETS		**267,618**	**177,476**
EQUITY			
Issued capital	24	366,235	278,755
Reserves	25	163,051	161,636
Accumulated losses	26	(262,998)	(263,014)
Equity attributable to the owners of Helloworld Limited		**266,288**	**177,377**
Non-controlling interest		1,330	99
TOTAL EQUITY		**267,618**	**177,476**

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 2016

Consolidated	Issued capital $'000	Reserves $'000	Accumulated Losses $'000	Non-controlling Interests $'000	Total Equity $'000
BALANCE AT 1 JULY 2014	**278,822**	**160,164**	**(62,070)**	**72**	**376,988**
Profit/(loss) after income tax expense	-	-	(201,121)	10	(201,111)
Other comprehensive income	-	1,427	177	-	1,604
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**-**	**1,427**	**(200,944)**	**10**	**(199,507)**
Transactions with owners in their capacity as owners net of tax:					
Long term incentive plan:					
Shares purchased on market	-	(45)	-	-	(45)
Expensed during the year	-	90	-	-	90
Share buy-back program	(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)**	**99**	**177,476**

Consolidated	Issued capital $'000	Reserves $'000	Accumulated Losses $'000	Non-controlling Interests $'000	Total Equity $'000
BALANCE AT 1 JULY 2015	**278,755**	**161,636**	**(263,014)**	**99**	**177,476**
Profit/(loss) after income tax expense	-	-	1,699	(23)	1,676
Other comprehensive income/(loss)	-	1,723	(1,683)	-	40
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**-**	**1,723**	**16**	**(23)**	**1,716**
Transactions with owners in their capacity as owners net of tax:					
Long term incentive plan:					
Expensed during the year	-	(308)	-	-	(308)
Issue of new shares	87,480	-	-	-	87,480
Transactions with non-controlling interest:					
Acquisitions	-	-	-	1,254	1,254
BALANCE AT 30 JUNE 2016	**366,235**	**163,051**	**(262,998)**	**1,330**	**267,618**

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 2016

	Note	CONSOLIDATED 2016 $'000	2015 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		2,617,955	2,511,880
Payments to suppliers (inclusive of GST)		(2,616,053)	(2,507,646)
Interest received		3,638	4,362
Interest paid		(2,953)	(2,533)
Income taxes paid		(271)	(1,350)
NET CASH FROM OPERATING ACTIVITIES	28	**2,316**	**4,713**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(6,014)	(2,853)
Payments for intangibles		(10,444)	(11,797)
Proceeds from disposals of investments, net of client cash disposed		739	2,105
Net cash acquired from acquisition of controlled entities	36	15,040	-
Payments for acquisitions of stores		(736)	-
Proceeds from disposal of property, plant and equipment		188	60
Contributions from minority shareholder		-	17
Dividends received from associates		-	574
NET CASH USED IN INVESTING ACTIVITIES		**(1,227)**	**(11,894)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		32,000	1,008
Repayment of borrowings		(10,000)	(1,900)
Purchase of shares on market		-	(105)
Borrowing costs paid and capitalised		-	(68)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES		**22,000**	**(1,065)**
Net increase/(decrease) in cash and cash equivalents		23,089	(8,246)
Cash and cash equivalents at the beginning of the financial year		176,141	184,320
Effects of exchange rate changes on cash and cash equivalents		3,391	67
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	10	**202,621**	**176,141**

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 (the Company) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the ASX.

The financial statements of the Group for the year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 25 August 2016. 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. Helloworld 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 ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with the instrument, 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 to 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.

(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 Helloworld. 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 39(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.

On 29 February 2016 the Helloworld managed defined benefit superannuation scheme was closed. The remaining members of the scheme agreed to transfer to an Australian Super accumulation fund. The assets and liabilities under this plan have been settled and derecognised from our Statement of Financial Position.

3. Revenue

	CONSOLIDATED	
	2016 $'000	2015 $'000
Rendering of services	292,378	273,354
Rents and sub-lease rentals	643	662
Finance income	3,638	4,362
Other revenue	1,264	845
REVENUE	**297,923**	**279,223**

4. Expenses

	CONSOLIDATED	
	2016 $'000	2015 $'000
PROFIT/(LOSS) BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Depreciation (note 13)	(8,102)	(5,928)
Amortisation (note 14)	(10,357)	(7,993)
Impairment of goodwill (note 14)	-	(205,300)
Impairment losses on trade receivables	(169)	(138)
Defined contribution superannuation expense	(7,482)	(6,415)
Defined benefit superannuation expense (note 16)	(640)	(776)
Employee benefits expense excluding superannuation	(126,303)	(115,000)
AOT merger costs	(3,822)	-
Business transformation costs	(2,904)	(1,638)
Redundancy costs	(1,801)	(39)
Recovery/(costs) relating to GST legal dispute	1,775	(617)

5. Finance income and expense

	CONSOLIDATED	
	2016 $'000	2015 $'000
RECOGNISED IN PROFIT OR LOSS		
Finance income recognised in revenue	3,638	4,362
Finance expenses	(3,381)	(3,227)
NET FINANCE INCOME RECOGNISED IN PROFIT OR LOSS	**257**	**1,135**

6. Operating segments

(a) Description of segments

The Group has identified the following three operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer and the Board, the Chief Operating Decision Makers (CODM), 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 branded, Helloworld Associate, Helloworld for Business, and the My Travel Group. The Retail segment includes the online portal helloworld.com.au.

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. Within the wholesale division, the inbound division offers travel services in Australia, New Zealand, Fiji and the Cook Islands to clients in 73 countries worldwide.

Travel Management provides travel management services to corporate and government customers including the booking of flights and accommodation.

Corporate charges are fully allocated to operating segments.

There are no changes to the operating segments from prior year. On 1 February 2016, Helloworld merged with the AOT Group and its controlled entities (AOT). The operating segments of AOT have been included in the wholesale segment.

The Board assess the performance of the operating segments based on a measure of EBITDA (earnings before interest expense, tax, depreciation, amortisation and impairment). Interest income on client funds is included within segment revenue and EBITDA according to Group accounting policy.

(b) Segment information provided to the Board

	Retail $'000	Wholesale $'000	Travel Management $'000	Corporate Unallocated $'000	Consolidated $'000
YEAR ENDED 30 JUNE 2016					
Segment revenue	147,516	96,689	50,440	3,278	297,923
Operating expenses	(114,565)	(80,095)	(39,330)	(38,643)	(272,633)
EBITDA BEFORE SHARED SERVICES	**32,951**	**16,594**	**11,110**	**(35,365)**	**25,290**
Shared services net costs	(16,416)	(12,925)	(6,024)	35,365	-
EBITDA	**16,535**	**3,669**	**5,086**	**-**	**25,290**
Depreciation, amortisation and interest expense	(10,313)	(7,803)	(3,724)	-	(21,840)
NET PROFIT/(LOSS) BEFORE TAX	**6,222**	**(4,134)**	**1,362**	**-**	**3,450**
YEAR ENDED 30 JUNE 2015					
Segment revenue	151,933	82,276	41,148	3,866	279,223
Operating expenses	(120,012)	(69,858)	(35,930)	(29,372)	(255,172)
EBITDA BEFORE SHARED SERVICES	**31,921**	**12,418**	**5,218**	**(25,506)**	**24,051**
Shared services net costs	(12,584)	(8,169)	(4,753)	25,506	-
EBITDA	**19,337**	**4,249**	**465**	**-**	**24,051**
Depreciation, amortisation and interest expense	(8,595)	(5,443)	(3,110)	-	(17,148)
Impairment expense	(147,800)	(57,500)	-	-	(205,300)
NET PROFIT/(LOSS) BEFORE TAX	**(137,058)**	**(58,694)**	**(2,645)**	**-**	**(198,397)**

(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 $228.3 million (2015: $208.8 million), and the total revenue from external customers in other countries is $69.6 million (2015: $70.4 million). 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 31.

(ii) EBITDA

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

	CONSOLIDATED	
	2016 $'000	2015 $'000
EBITDA	25,290	24,051
Depreciation	(8,102)	(5,928)
Amortisation	(10,357)	(7,993)
Impairment of goodwill	-	(205,300)
Finance costs	(3,381)	(3,227)
PROFIT/(LOSS) BEFORE TAX	**3,450**	**(198,397)**

(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 $261.6 million (2015: $147.0 million), and the total of these non-current assets located in other countries is $45.7 million (2015: $32.7 million). 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 2016, we have reported segment EBITDA in our segment analysis. Comparative information has been restated in the segment note to align with the current year results as reported to the Board.

7. Income tax expense

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

(a) Income tax expense

	CONSOLIDATED	
	2016 $'000	2015 $'000
CURRENT INCOME TAX EXPENSE		
Current income tax expense	1,546	2,504
Deferred income tax - relating to the origination and reversal of temporary differences	504	1,746
Adjustment in respect of current tax expense of previous year	(276)	(1,536)
INCOME TAX EXPENSE REPORTED IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**1,774**	**2,714**
Deferred tax included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets (note 15)	(795)	2,155
Increase/(decrease) in deferred tax liabilities (note 22)	1,299	(409)
Deferred income tax - relating to the origination and reversal of temporary differences	**504**	**1,746**

(b) Reconciliation between income tax expense and profit/(loss) before income tax

PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE	**3,450**	**(198,397)**
Tax at the statutory tax rate of 30%	1,035	(59,519)
Add/(deduct):		
Current year tax losses not recognised	113	60
Amortisation	64	376
(Gain)/loss on disposal of investments	(108)	(102)
Impairment of goodwill	-	61,590
Merger costs not deductible	1,142	-
Differences in overseas tax rates	(163)	(117)
(Over)/under provision in prior year	(186)	248
Other	(123)	178
INCOME TAX EXPENSE REPORTED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	**1,774**	**2,714**

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

Cash flow hedges	(220)	492
Defined benefit pension - actuarial gains/(losses)	(722)	344
	(942)	**836**

(d) Tax losses not recognised

Unused tax losses for which no deferred tax asset has been recognised	1,733	1,217
Potential tax benefit at statutory tax rates	**520**	**365**

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 no deferred tax recognised directly in equity (2015: $24,772).

(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.

8. Dividends paid and proposed

(a) Dividends

There were no dividends paid during the financial year (2015: nil).

Since year-end, the directors have resolved to pay a 2.0 cents per paid share (2015: 0.0 cents) fully franked final dividend. The dividend of $2,197,000 is to be paid during the 2017 financial year out of retained profits at 30 June 2016, but is not recognised as a liability at year-end.

(b) Franking credits

The franked portions of any future dividends paid after 30 June 2016 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 2017. The amount of franking credits available for the subsequent financial years are:

	CONSOLIDATED	
	2016 $'000	2015 $'000
Franking credits available at the reporting date based on a tax rate of 30%	27,614	29,702
Franking credits that will arise from income tax payable/(receivable) as at year end	747	(843)
Franking credits that will be utilised from the payment of the dividends declared subsequent to the reporting date based on a tax rate of 30%	(941)	-
	27,420	**28,859**

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

The calculation of basic EPS for the year ended 30 June 2016 was based on its profit attributable to ordinary shareholders of $1.7 million (2015: loss of $201.1 million) and a weighted average number of ordinary shares outstanding of 88,867,177 (2015: 73,405,096).

The weighted average number of ordinary shares for the prior year has been restated to reflect the 1 for 6 share consolidation completed in January 2016 arising from the AOT merger.

(a) Basic earnings/(loss) per share

	CONSOLIDATED	
	2016 cents	2015 cents
Total basic earnings/(loss) per share from continuing operations attributable to ordinary equity holders of the Company	1.89	(273.99)

(b) Diluted earnings/(loss) per share

Total diluted earnings/(loss) per share from continuing operations attributable to ordinary equity holders of the Company	1.89	(273.99)

(c) Reconciliation of earnings/(loss) used in calculating earnings/(loss) per share

	CONSOLIDATED	
	2016 $'000	2015 $'000
Profit/(loss) after income tax	1,676	(201,111)
Non-controlling interest	23	(10)
NET PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY	**1,699**	**(201,121)**

(d) Weighted average number of shares used as the denominator

	2016	2015
	Number of shares	**Number of shares**
Weighted average number of shares used as the denominator in calculating basic earnings/(loss) per share	**88,867,177**	**73,405,096**
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings/(loss) per share	**88,867,177**	**73,405,096**

For the year ended 30 June 2016, the Company had a weighted average number of potential ordinary shares of 413,118 (2015: 687,056) 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

As at 30 June 2016, Helloworld has 109,838,418 (2015: 440,330,198) fully paid ordinary shares on issue. On 29 January 2016, there was a 1 for 6 share consolidation and the restated prior year fully paid ordinary shares on issue would have been 73,388,417.

10. Cash and cash equivalents

	CONSOLIDATED	
	2016 $'000	**2015 $'000**
Cash at bank and on hand	26,201	27,365
Client cash	176,420	148,776
CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS	**202,621**	**176,141**

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.

11. Trade and other receivables

	CONSOLIDATED	
	2016 $'000	2015 $'000
Trade receivables	67,308	53,587
Less: Provision for impairment of receivables	(701)	(635)
	66,607	**52,952**
Accrued income	36,077	31,227
Prepayments	14,967	15,362
Other receivables	16,582	5,328
	67,626	**51,917**
TRADE AND OTHER RECEIVABLES	**134,233**	**104,869**

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

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 29.

12. Investments accounted for using the equity method

	CONSOLIDATED	
	2016 $'000	2015 $'000
Investment in associates	1,617	514
Provision for diminution in value	(54)	(54)
CARRYING AMOUNT AT END OF FINANCIAL YEAR	**1,563**	**460**

Refer to note 33 for further information on interests in associates.

(a) Movement in carrying amounts

	CONSOLIDATED	
	2016 $'000	2015 $'000
Carrying amount at the beginning of the financial year	460	942
Share of profits after income tax	-	162
Increase due to associates acquired from business combinations	1,727	-
Dividends received/receivable	-	(574)
Decrease due to change in ownership interest	(640)	(68)
Other movements	16	(2)
CARRYING AMOUNT AT END OF THE FINANCIAL YEAR	**1,563**	**460**

(b) Contingent liabilities of associates

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

(c) Disposal of associate

On 10 July 2015, the Group disposed of its investment in Harvey World Travel Southern Africa (Pty) Limited for a consideration of $0.7m. The disposal resulted in a profit before tax of $0.4 million in the period.

13. Property, plant and equipment

AT 30 JUNE 2014	Land and buildings $'000	Office Equipment $'000	Leasehold Improvements $'000	Total $'000
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)
Transfer 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**
BALANCE AT 1 JULY 2015	**-**	**11,412**	**5,504**	**16,916**
Additions	-	3,067	2,531	5,598
Additions through business combinations	607	4,120	464	5,191
Disposals	-	(135)	(198)	(333)
Foreign currency differences	-	184	106	290
Depreciation charge (note 4)	(4)	(5,550)	(2,548)	(8,102)
BALANCE AT 30 JUNE 2016	**603**	**13,098**	**5,859**	**19,560**
AT 30 JUNE 2016				
Cost	607	21,486	8,355	30,448
Accumulated Depreciation	(4)	(8,388)	(2,496)	(10,888)
NET BOOK AMOUNT	**603**	**13,098**	**5,859**	**19,560**

14. Intangible assets

	Goodwill	Franchise systems	Agent network	Supplier agreements	Brand names	Trademarks	Software website and other [1]	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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)
Transfer 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**
BALANCE AT 1 JULY 2015	**32,531**	**97,400**	**-**	**-**	**806**	**2,686**	**27,981**	**161,404**
Additions	-		-	-	14	-	10,675	10,689
Additions through business combinations	106,607	-	8,310	2,634	-	-	4,273	121,824
Foreign currency differences	2,110	-	-	-	-	-	186	2,296
Amortisation charge (note 4)	-	-	-	(160)	(61)	(562)	(9,574)	(10,357)
BALANCE AT 30 JUNE 2016	**141,248**	**97,400**	**8,310**	**2,474**	**759**	**2,124**	**33,541**	**285,856**
AT 30 JUNE 2016								
Cost	435,536	97,400	8,310	2,634	3,542	5,561	55,729	608,712
Accumulated amortisation and impairment	(294,288)	-	-	(160)	(2,783)	(3,437)	(22,188)	(322,856)
NET BOOK AMOUNT	**141,248**	**97,400**	**8,310**	**2,474**	**759**	**2,124**	**33,541**	**285,856**

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 2015, the carrying value of the Retail segment and the Wholesale segment goodwill has been reduced to their recoverable amounts through the recognition of impairment loss against goodwill.

Impairment tests for goodwill and other indefinite life intangibles

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	
	2016 $'000	2015 $'000
Retail	24,063	22,597
Wholesale	117,185	9,934
	141,248	**32,531**

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 the value-in-use calculations. These calculations use cash flow projections based on the board approved budget for the next financial year, internal segment level projections covering the subsequent 4 years and a steady-state terminal value calculations at the end of year 5.

The impairment test undertaken for the year ended 30 June 2016 supported the carrying value of goodwill for both the retail and wholesale business segments and the overall group goodwill.

The impairment test undertaken for the year ended 30 June 2015 required a prior year goodwill impairment charge of $147.8 million to be recorded for the retail business segment and a goodwill impairment charge of $57.5 million was recorded for the wholesale business segment. The prior year impairment charge was a result of the reassessment of forecast earnings following a re-evaluation of the market growth assumptions.

Key assumptions used for value-in-use calculations

Internal segment level projections indicate that operating cash flows are expected to grow at 5.0% for both retail and wholesale segments over the forecast period. The terminal value calculations have an equivalent revenue and operating expense growth assumption of 2.0%, in line with inflation expectations. Revenue and operating expense growth projections have been benchmarked against travel industry forecasts and general economic projections where available.

The post-tax cash flows have been discounted at a post-tax rate of 10.3% (2015: 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).

The equivalent pre-tax discount rate for the retail segment was 13.6% (2015: 14.5%) and for the wholesale segment was 13.7% (2015: 14.2%).

Impact of possible change 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.

For the retail segment, the cash flow growth would need to decline to below 3.0% per annum for an impairment to be recorded. There are no other reasonable possible assumption changes per the sensitivity analysis that would cause the retail segment carrying value to exceed its recoverable amount as at 30 June 2016.

For the wholesale segment, there are no reasonable possible assumption changes per the sensitivity analysis that would cause the wholesale segment carrying value to exceed its recoverable amount as at 30 June 2016.

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 39(l)(iv).

The recoverable amount has been assessed at 30 June 2016 using an excess earnings calculation, which is consistent with the methodology originally used to value the asset. Based on the review undertaken as at 30 June 2016, the recoverable amount of the Franchise System exceeds it carrying value. No impairment charge has been recorded for the Franchise System in either the current or prior financial year.

Key assumptions used in excess earnings calculations

Operating cash flows are expected to grow at 5.0% for the forecast period. The terminal value calculations have an equivalent revenue and operating expense growth assumptions of 2.0% in line with inflation expectations. Revenue and operating expense growth projections have been benchmarked against travel industry forecasts and general economic projections where available.

The post-tax cash flows have been discounted at a post-tax rate of 10.3% (2015: 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).

The equivalent pre-tax discount rate was 14.2% (2015:15.9%).

Other key assumptions used include EBITDA margin of 13.8% (2015: 14.4%) and capital charges that range from -0.4% to 1.1% (2015: -0.5% to 1.2%).

Impact of possible changes in key assumptions

The assumptions used in the excess earnings calculation are the most sensitive to revenue growth projections and 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 below 1.0% per annum; or
- discount rate would need to increase to 12.3% post-tax.

15. Deferred tax asset

(a) Deferred tax assets

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
Tax losses	2,424	2,174
Property, plant and equipment	616	159
Employee benefits	4,228	3,410
Payables and accruals	12,359	11,541
Other	1,200	1,129
GROSS DEFERRED TAX ASSETS	**20,827**	**18,413**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(19,624)	(13,171)
NET DEFERRED TAX ASSETS	**1,203**	**5,242**
Amount expected to be recovered within 12 months	14,333	14,345
Amount expected to be recovered after more than 12 months	6,494	4,068
	20,827	**18,413**

(b) 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 2014	4,061	13,336	313	1,841	1,408	**20,959**
(Charged)/credited						
- to profit or loss	(652)	(1,795)	(154)	333	113	(2,155)
- to other comprehensive income	-	-	-	-	(416)	(416)
- directly to equity	-	-	-	-	25	25
AT 30 JUNE 2015	**3,409**	**11,541**	**159**	**2,174**	**1,130**	**18,413**
AT 1 JULY 2015	3,409	11,541	159	2,174	1,130	**18,413**
(Charged)/credited						
- to profit or loss	(89)	759	456	250	(581)	795
- to other comprehensive income					169	169
Acquisitions via business combination	908	59	1	-	482	1,450
AT 30 JUNE 2016	**4,228**	**12,359**	**616**	**2,424**	**1,200**	**20,827**

16. Defined benefit plan

Previously, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply 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, Helloworld assumed responsibility for the plan assets and plan liabilities for these members in the Defined Benefit Plan controlled and managed by Helloworld.

This Defined Benefit Plan has been wound up effective from 29 February 2016 with all the assets and liabilities under this plan settled and derecognised from the Statement of Financial Position. The remaining members of the scheme agreed to transfer to an Australian Super accumulation fund.

The following sets out details in respect of the defined benefit section up to the closure of the Plan on the 29 February 2016. The expense recognised in relation to the defined contribution plan is disclosed in note 4.

	CONSOLIDATED	
	2016 $'000	2015 $'000
CHANGES IN THE PRESENT VALUE OF DEFINED BENEFIT OBLIGATION		
Opening defined benefit obligation	10,058	10,200
Current service cost	512	854
Interest cost	324	441
Past service cost	192	-
Member contributions	112	151
Actuarial losses from other changes	1,208	901
Actuarial losses/(gains) from changes in financial assumptions	941	(753)
Payments from the plan	(2,061)	(1,736)
Settlements	(11,286)	-
CLOSING DEFINED BENEFIT OBLIGATION	**-**	**10,058**
CHANGES IN THE FAIR VALUE OF PLAN ASSETS:		
Opening fair value of plan assets	13,120	13,110
Return on plan assets	132	1,188
Contributions by entities in the Group	(17)	407
Member contributions	112	151
Payments from the plan	(2,061)	(1,736)
Settlements	(11,286)	-
CLOSING FAIR VALUE OF PLAN ASSETS	**-**	**13,120**

	CONSOLIDATED	
EXPENSE RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2016 $'000	2015 $'000
Current service cost	512	854
Interest cost	324	441
Past service cost	192	-
Interest income	(388)	(519)
TOTAL INCLUDED IN EMPLOYEE BENEFITS EXPENSE	**640**	**776**

	CONSOLIDATED	
	2016 $'000	2015 $'000
ACTUAL RETURN GAIN ON PLAN ASSETS		
Actuarial (losses)/gains recognised during the year	(2,405)	521
Cumulative actuarial gains recognised	2,001	4,406

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AT BEGINNING OF THE YEAR	**3,062**	**2,910**
Amount recognised in the statement of comprehensive income	(2,405)	521
Total expense	(640)	(776)
Employer contributions	(17)	407
TOTAL AMOUNT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION AT END OF THE YEAR	**-**	**3,062**

	CONSOLIDATED 2016 %	CONSOLIDATED 2015 %
GROUP PLAN ASSETS COMPRISE OF:		
Property	-	21.9%
International equities	-	35.1%
Australian equities	-	27.2%
Fixed interest, cash and indexed bonds	-	10.5%
Cash	-	2.0%
Private equity	-	3.3%
	-	**100.00%**

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Fair value of plan assets	-	13,120
Present value of defined benefit obligation	-	(10,058)
RECOGNISED ASSET IN THE STATEMENT OF FINANCIAL POSITION	**-**	**3,062**

Significant actuarial assumptions and sensitivity

The significant actuarial assumptions used (expressed as weighted averages) were as follows:

	CONSOLIDATED 2016 %	CONSOLIDATED 2015 %
Discount rate	3.8%	4.5%
Future salary increases	3.8%	3.5%

In the prior year, sensitivity analysis was performed around changes to key assumptions, however in the current year as the plan has been closed, no sensitivity analysis has been performed. The plan exposed Helloworld to interest rate risk, investment risk and inflation risk. These risks no longer exist with the plan closure.

Defined benefit asset and employer contributions

During the financial year, the Group made contributions to the plan which provides defined benefit amounts for employees upon retirement. Before the plan was closed, employees were entitled to retirement benefits determined, at least in part, by reference to a formula based on years of membership and salary levels.

The Group monitored the plan asset balance on an annual basis and contributed in line with the Plan actuary's recommendation in the most recent actuarial valuation as at 30 June 2014 (reported on 25 March 2015) as well as subsequent actuarial advice. The plan closed effective 29 February 2016 and thereafter defined benefits ceased to be provided to all employees. From that date all employer contributions have been made for all employees to defined contribution arrangements.

17. Trade and other payables

	CONSOLIDATED	
	2016 $'000	2015 $'000
Trade payables	165,587	128,296
Accruals	34,163	34,821
Other payables	21,033	20,492
TRADE AND OTHER PAYABLES	**220,783**	**183,609**

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

Foreign exchange risk

Details regarding foreign exchange risk exposure are disclosed in note 29.

18. Current borrowings

	CONSOLIDATED	
	2016 $'000	2015 $'000
Unsecured financing	287	-
CURRENT BORROWINGS	**287**	**-**

Refer to note 29 for further information on financial risk management.

19. Current provisions

	CONSOLIDATED	
	2016 $'000	2015 $'000
Employee benefits - annual leave	6,132	4,949
Employee benefits - long service leave	4,435	4,671
Lease make good	944	1,353
Straight line rent provision	942	912
Onerous lease contracts	492	57
Restructuring	662	925
Other	223	184
CURRENT PROVISIONS	**13,830**	**13,051**

(a) Movement in provisions

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

	CONSOLIDATED					
	Lease make good $'000	Restructuring $'000	Onerous lease contracts $'000	Rent Straight Line $'000	Other Provisions $'000	Total $'000
CONSOLIDATED - 2016						
Balance at 1 July 2015	1,353	925	446	912	184	3,820
Provision charged to statement of profit or loss	(30)	276	481	551	32	1,310
Unused amounts released to statement of profit or loss	(61)	-	-	(342)	(4)	(407)
Payments made/transfers from provision	(391)	(539)	(95)	(239)	-	(1,264)
Additions through business combinations	76	-	-	58	-	134
Other	(3)	-	-	2	11	10
BALANCE AT 30 JUNE 2016	**944**	**662**	**832**	**942**	**223**	**3,603**
Current	944	662	492	942	223	3,263
Non-current	-	-	340	-	-	340
BALANCE AT 30 JUNE 2016	**944**	**662**	**832**	**942**	**223**	**3,603**

(b) Nature and timing of provisions

Lease make good

A provision is recognised in respect of existing lease contracts for the estimated present value of expenditure required to complete dismantling and site restoration obligations under those contracts at balance date. Future dismantling and restoration costs are reviewed annually. Any changes are reflected in the present value of the lease make good provision at the end of the reporting period.

The amount of the provision of the future lease make good costs is capitalised and amortised in accordance with the policy set out in note 39(j). 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.

The provision represents the present value of the estimated costs, net of any sub-lease revenue that will be incurred until the end of the lease terms where the obligation is expected to exceed the economic benefit to be received.

Restructuring

Restructuring provisions are recognised as an expense when the Group has made a commitment to restructure a part of the business. All payments are expected to be settled within the next accounting period.

Rent straight line

A provision for straight lining rent is recognised when the operating rental expense exceed the amount paid. The provision represents operating lease incentives received. The incentives are allocated to profit or loss in such a manner that the rent expense is recognised on a straight-line basis over the lease term.

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	
	2016 $'000	2015 $'000
DEFERRED REVENUE	**82,967**	**69,294**

Details on the deferred revenue accounting policy are contained in note 39(r).

21. Non-current borrowings

	CONSOLIDATED	
	2016 $'000	2015 $'000
Secured bank loan	47,542	24,861
Less: deferred borrowings costs	(1,190)	(1,616)
NON-CURRENT BORROWINGS	**46,352**	**23,245**

Financing arrangements

The following lines of credit were available at the balance date:

	CONSOLIDATED	
	2016 $'000	2015 $'000
TOTAL FACILITIES		
Secured bank loan – AUD[1]	32,100	32,100
Secured bank loan - AUD[2]	14,000	15,000
Secured bank loan - NZD $10m[1]	9,542	8,861
Secured multi-option credit facilities - multi-currency[3]	40,000	40,000
	95,642	**95,961**
USED AT THE REPORTING DATE		
Secured bank loan - AUD[1]	24,000	16,000
Secured bank loan - AUD[2]	14,000	-
Secured bank loan - NZD $10m[1]	9,542	8,861
Secured multi-option credit facilities - multi-currency[3]	11,979	10,345
	59,521	**35,206**
UNUSED AT THE REPORTING DATE		
Secured bank loan - AUD[1]	8,100	16,100
Secured bank loan - AUD[2]	-	15,000
Secured bank loan - NZD $10m[1]	-	-
Secured multi-option credit facilities - multi-currency[3]	28,021	29,655
	36,121	**60,755**

1 AUD $32.1m secured loan and NZD $10m secured loan will mature on 17 April 2019.

2 $14 million secured loan matures on 17 April 2019. In the prior year this tranche was an amortising tranche but this has been converted to bullet tranche as of 27th January 2016.

3 Multi-option facilities at 30 June 2016 and 30 June 2015 used entirely for bank guarantees and letters of credit. Multi-option credit facility will mature on 17 April 2019 and can be drawn down at any time prior to maturity.

a) Secured liabilities and assets pledged as security

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

	CONSOLIDATED	
	2016 $'000	2015 $'000
Secured bank loan	**47,542**	**24,861**

(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 29.

(d) Risk exposures

Information about the Group's exposure to interest rate and foreign currency changes is provided in note 29.

22. Deferred tax liabilities

(a) Deferred tax liabilities

	CONSOLIDATED	
	2016 $'000	2015 $'000
Accrued income	18,171	10,123
Defined benefit asset	-	918
Other	5,028	2,425
GROSS DEFERRED TAX LIABILITIES	**23,199**	**13,466**
Set-off of deferred tax assets and liabilities pursuant to set-off provisions	(19,623)	(13,171)
NET DEFERRED TAX LIABILITIES	**3,576**	**295**
Deferred tax liabilities expected to be settled within 12 months	11,365	9,688
Deferred tax liabilities expected to be settled after more than 12 months	11,834	3,778
	23,199	**13,466**

(b) Movement in temporary differences during the year

	Accrued income $'000	Property plant and equipment $'000	Defined benefit asset $'000	Other $'000	Total $'000
DEFERRED TAX LIABILITIES					
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**
AT 1 JULY 2015	10,123	-	918	2,425	**13,466**
Charged/(credited)					
- to profit or loss	218	691	(196)	586	1,299
- to other comprehensive income	-	-	(722)	(76)	(798)
Acquisitions via business combination	7,830	612	-	790	9,232
AT 30 JUNE 2016	**18,171**	**1,303**	**-**	**3,725**	**23,199**

23. Non-current provisions

	CONSOLIDATED	
	2016 $'000	2015 $'000
Long service leave	2,893	1,041
Onerous lease	340	389
NON-CURRENT PROVISIONS	**3,233**	**1,430**

Movements in provisions

Movements in each class of provision (both current and non-current) during the current financial year, other than employee benefits is set out in note 19 (a).

24. Issued capital

(a) Shares on issue

	CONSOLIDATED			
	2016 Shares	2015 Shares	2016 $'000	2015 $'000
ISSUED CAPITAL	**109,838,418**	**440,330,198**	**366,235**	**278,755**

Helloworld Ordinary Shares

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

b) Movements in shares on issue

		CONSOLIDATED	
Details	**Date**	Number of Shares	$'000
Balance	**1 July 2014**	**440,548,572**	**278,822**
On market buy-back and share cancellation	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**
One for six shares consolidation	29 January 2016	(366,941,781)	-
Shares offered as consideration for AOT Group	1 February 2016	36,450,001	87,480
Balance	**30 June 2016**	**109,838,418**	**366,235**

25. Reserves

	CONSOLIDATED	
	2016 $'000	2015 $'000
Predecessor accounting reserve	156,400	156,400
Foreign currency translation reserve	4,814	2,485
Hedging reserve	451	1,057
Share-based payments reserve	1,386	1,694
RESERVES	**163,051**	**161,636**

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 39(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 39(s). Amounts are reclassified to the statement of profit or loss and other comprehensive income 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 39(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.

Movements in reserves

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

CONSOLIDATED	Foreign currency translation reserve $'000	Hedging reserve $'000	Predecessor accounting reserve $'000	Share-based payment reserve $'000	Share-based payment trust reserve $'000	Total $'000
BALANCE AT 1 JULY 2014	2,205	(90)	156,400	1,895	(246)	**160,164**
Revaluation - gross	-	1,639	-	-	-	1,639
Revaluation - deferred tax	-	(492)	-	-	-	(492)
Foreign currency translation	280	-	-	-	-	280
Transfer from share-based payment trust reserve	-	-	-	(291)	291	-
Share-based payment expense/(credit)	-	-	-	90	-	90
On market purchase of shares	-	-	-	-	(45)	(45)
BALANCE AT 30 JUNE 2015	2,485	1,057	156,400	1,694	-	**161,636**
Revaluation - gross	-	(826)	-	-	-	(826)
Revaluation - deferred tax	-	220	-	-	-	220
Foreign currency translation	2,329	-	-	-	-	2,329
Share-based payment expense/(credit)	-	-	-	(308)	-	(308)
BALANCE AT 30 JUNE 2016	**4,814**	**451**	**156,400**	**1,386**	**-**	**163,051**

26. Accumulated losses

	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
ACCUMULATED LOSSES AT THE BEGINNING OF THE FINANCIAL YEAR	**(263,014)**	**(62,070)**
Profit/(loss) after income tax expense for the year	1,699	(201,121)
Actuarial (loss)/gain on defined benefit plans, net of tax	(1,683)	177
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(262,998)**	**(263,014)**

27. Auditor's remuneration

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

	CONSOLIDATED 2016 $	CONSOLIDATED 2015 $
PwC		
Audit services - (PwC)		
Audit or review of the financial statements	1,153,000	775,000
Other services - (PwC)		
Taxation services	93,110	105,350
Other services	118,000	91,600
TOTAL OTHER SERVICES	211,110	196,950
TOTAL SERVICES - (PwC)	**1,364,110**	**971,950**
Related practices of PwC		
Audit services	202,492	156,103
Taxation services	113,544	58,364
Other services	5,301	93,854
TOTAL - RELATED PRACTICES OF PwC	**321,337**	**308,321**
Unrelated firms to PwC		
Audit services - unrelated firms	70,965	36,730
Taxation services	22,879	-
Other services	1,517	-
TOTAL - UNRELATED FIRMS TO PwC	**95,361**	**36,730**

The amounts included in 2016 cover both the audit of Helloworld Limited and the AOT Group for the year ended 30 June 2016.

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

	CONSOLIDATED	
	2016 $'000	2015 $'000
Profit/(loss) after income tax expense for the year	1,699	(201,121)
Adjustments for:		
Depreciation and amortisation	18,459	13,921
Non-controlling interest	(23)	10
Share-based payments	(360)	83
Gain/ (loss) on sale of non-current assets	145	(29)
Impairment losses on trade receivables	169	138
Share of profit in associates	-	(162)
(Gain) on disposal of investments	(379)	(340)
Impairment of goodwill	-	205,300
Amortisation of borrowing costs	426	450
Change in operating assets and liabilities:		
(Increase) in inventories	(98)	-
Decrease/(increase) in trade and other financial assets	2,289	(2,660)
(Decrease)/increase in other provisions	(374)	299
Increase in other non-current liabilities	1,858	281
Movements in tax balances	(390)	1,363
(Increase) in trade and other payables	(33,855)	(11,990)
Increase/(decrease) in trade and other receivables	12,750	(830)
NET CASH FROM OPERATING ACTIVITIES	**2,316**	**4,713**

There were no non cash financing and investing activities undertaken during the year (2015: nil).

29. 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 39.

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 21) and cash and cash equivalents (outlined in note 10) on the basis of expected cash flows. Financing arrangements are outlined in note 21.

		Contractual Cash flows							
2016	Carrying amount $'000	0-6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables	186,620	186,620	-	-	-	-	-	-	186,620
Interest bearing liabilities - secured	47,542	1,510	1,474	2,914	49,828	-	-	-	55,726
Interest bearing liabilities - unsecured	287	143	144	-	-	-	-	-	287
Bank guarantee and letters of credit	-	4,052	3,495	289	1,136	156	1,210	1,621	11,959
DERIVATIVE FINANCIAL INSTRUMENTS									
Cash flow hedges	1,526	1,497	29	-	-	-	-	-	1,526
TOTAL	**235,975**	**193,822**	**5,142**	**3,203**	**50,964**	**156**	**1,210**	**1,621**	**256,118**

		Contractual Cash flows							
2015	Carrying amount $'000	0-6 months $'000	6-12 months $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
NON-DERIVATIVE FINANCIAL INSTRUMENTS									
Trade and other payables	148,788	148,788	-	-	-	-	-	-	148,788
Interest bearing liabilities - secured	24,861	1,507	1,469	2,328	2,241	26,827	-	-	34,372
Bank guarantee and letters of credit	-	3,342	3,499	697	289	866	1,210	442	10,345
DERIVATIVE FINANCIAL INSTRUMENTS									
Interest rate swaps[2]	37	37	-	-	-	-	-	-	37
TOTAL	**173,686**	**153,674**	**4,968**	**3,025**	**2,530**	**27,693**	**1,210**	**442**	**193,542**

1 Excludes deferred borrowing costs
2 The interest rate swap expired on 30 September 2015

Details on the interest bearing liabilities and facilities, including maturity dates are contained in note 21.

Market risk

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

(i) Foreign exchange risk

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

On initial designation of the hedge, the Group formally documents the relationship between the hedging instruments and the hedged items, including the risk management objectives and strategy in undertaking the hedge transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship. Forward foreign exchange contracts are used to hedge a portion of remaining foreign currency exposure within specific parameters. For this to occur the Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be 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 profit.

As at 30 June 2016, 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.

	2016 $'000	2015 $'000
CURRENCY	AUD equivalent	AUD equivalent
USD	(4,472)	(2,899)
EUR	(1,436)	(1,666)
GBP	(2,002)	(908)
FJD	(2,820)	(2,577)
NZD	11,189	(325)
Other currencies	(2,395)	(4,240)
NET TOTAL FOREIGN CURRENCY EXPOSURE LIABILITY	**(1,936)**	**(12,615)**

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 10.0% increase and decrease in foreign exchange rates. Sensitivity analysis assumes hedge effectiveness as at 30 June 2016. This analysis also assumes that all other variables, including interest rates, remain constant.

	CONSOLIDATED Impact on net profit before tax	
	2016 $'000	2015 $'000
10% increase	718	2,017
10% decrease	(878)	(2,465)

(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 $54.0 million (2015: $62.0 million) paying a weighted average fixed rate of 2.54% per annum (2015: 2.72%). Other funds are held in operational and foreign currency bank accounts and during the year earned interest at market rates under normal commercial terms. The Group has exposure to interest rate risk on the drawn down borrowings of $47.5m.

All short-term deposits are variable rate instruments and accordingly, a change of 100 basis points per annum in interest rates at the reporting date would have an impact on the profit and the net equity of the Group of $540,000.

All borrowings are variable rate instruments and accordingly, a change in 100 basis points per annum in interest rates at the reporting date would have an impact on the profit and net equity of the Group of $475,420.

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:

- Trade debtor counterparties: the credit risk is the recognised amount, net of any impairment loss. As at 30 June 2016, this amounted to $66.6 million (2015: $53.0 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

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	
	2016 $'000	2015 $'000
Neither past due nor impaired	47,637	47,476
Past due 1 - 30 days	10,217	2,960
Past due 31 - 60 days	5,579	1,695
Past due 61 - 90 days	2,216	507
Past due 91 - 120 days	911	243
More than 120 days	47	71
TOTAL	**66,607**	**52,952**

As at 30 June 2016, trade receivables of $19.0 million (2015: $5.5 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	
	2016 $'000	2015 $'000
Not past due	-	10
Past due 1 - 30 days	3	-
Past due 31 - 60 days	6	58
Past due 61 - 90 days	92	277
Past due 91 - 120 days	143	5
More than 120 days	457	285
TOTAL	**701**	**635**

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

	CONSOLIDATED	
	2016 $'000	2015 $'000
BALANCE AT 1 JULY	**635**	**795**
Acquisitions through business combination	57	-
Additional provision recognised	169	138
Writeback of provision	(136)	(221)
Receivables written off during the year as uncollectable	(111)	(61)
Foreign currency differences	87	(16)
BALANCE AT 30 JUNE	**701**	**635**

An allowance for impairment losses is made when there is objective evidence that a trade receivable is impaired. In the current year an additional $0.2 million (2015: $0.1 million) provision has been recognised by the Group. The amount of the allowance is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

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

	CONSOLIDATED Net profit before tax	
	2016 $'000	2015 $'000
Cash and cash equivalents	202,621	176,141
Trade and other receivables	134,233	104,869
	336,854	**281,010**

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:

	2016		2015	
	Carrying amount $'000	Net fair value $'000	Carrying amount $'000	Net fair value $'000
ASSETS				
Cash and cash equivalents	202,621	202,621	176,141	176,141
Trade and other receivables	134,233	134,233	104,869	104,869
	336,854	**336,854**	**281,010**	**281,010**
LIABILITIES				
Trade payables	165,587	165,587	128,296	128,296
Other payables	21,033	21,033	20,492	20,492
Interest bearing liabilities – current	287	287	-	-
Interest bearing liabilties – non-current	46,352	47,542	23,245	24,861
	233,259	**234,449**	**172,033**	**173,649**

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 - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Liabilities				
Net derivative financial liabilities	-	1,526	-	1,526
TOTAL LIABILITIES	**-**	**1,526**	**-**	**1,526**

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**

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.

30. Commitments and contingencies

	CONSOLIDATED	
	2016 $'000	2015 $'000
Lease commitments - as lessee		
Non-cancellable operating lease rentals are payable as follows:		
Within one year	12,038	6,817
One to five years	27,382	10,661
More than five years	2,753	26
AGGREGATE LEASE EXPENDITURE CONTRACTED FOR AT YEAR END	**42,173**	**17,504**
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:		
Within one year	740	848
One to five years	1,370	1,257
AGGREGATE LEASE INCOME CONTRACTED FOR AT YEAR END	**2,110**	**2,105**

Lease commitments - as lessee

The Group has entered into commercial leases on property. These leases have an average life of between 3 and 10 years and generally provide the Group with a right of renewal at which time all terms are renegotiated. There are no restrictions placed upon the lessee by entering into these leases. The Group recognised rent expenses of $11.4 million in the period (2015: $10.5 million).

Lease commitments - as lessor

The Group recognised lease rental income of $0.6 million (2015: $0.7 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 35, Helloworld has on issue at 30 June 2016 bank guarantees and letters of credit totalling $12.0 million (2015: $10.3 million).

Contingencies

There are no significant contingent assets or contingent liabilities.

31. Related party transactions

(a) Subsidiaries

Details relating to subsidiaries are included in note 32.

(b) Ultimate and direct parent

Helloworld Limited is the legal owner of the Group. However, under the applicable accounting standards, a reverse acquisition by Helloworld Travel Services Holdings Pty Limited (HTSH) was deemed to have occurred on the merger of HTSH with Helloworld in 2010. Consequently, for accounting purposes, HTSH is accounted for as the ultimate and direct parent entity of the Group.

(c) Entities with significant influence

The following entities are considered to have significant influence over the Group:

- Andrew and Cinzia Burnes jointly and beneficially hold 40.0% (2015:10.2%) of the ordinary shares of Helloworld and are two executive members on the Board of Helloworld. On 1 February 2016, the shareholding increased to 40.0% following the merger with the AOT Group and its controlled entities and the issue of new shares in Helloworld to the owners of the AOT Group.

- Sintack Pty Ltd holds 19.6% (2015: 19.5%) of the ordinary shares of Helloworld and have one Director on the Board of Helloworld.

- QH Tours Limited (a wholly owned subsidiary of Qantas Airways Limited) holds 19.3% (2015: 28.9%) of the ordinary shares of Helloworld and has one Board member on the Board of Helloworld.

- Europe Voyager NV, held 12.3% (2015: 23.3%) up until 20 June 2016 where it had an on-market sale of its total shareholdings in Helloworld. As at 30 June 2016, Europe Voyager NV no longer holds any shares in Helloworld.

(d) Key management personnel (KMP) compensation

	CONSOLIDATED	
	2016 $	2015 $
Short term employee benefits	3,399,939	3,425,604
Long term employee benefits	18,834	14,106
Share-based payment credit	(219,178)	(18,445)
Post-employment benefits	121,611	135,823
Termination benefits	419,529	-
Total KMP compensation	**3,740,735**	**3,557,088**

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

(e) Transactions with related parties

The following transactions occurred with related parties:	CONSOLIDATED 2016 $'000	CONSOLIDATED 2015 $'000
TRADING TRANSACTIONS		
(i) Revenue derived from:		
Associates of the Group	-	124
Entities with significant influence over the Group	50,835	54,809
(ii) Expenses incurred as a result of transactions with:		
Entities with significant influence over the Group [1]	9,829	10,168
Other related parties	471	5
(iii) Dividends received from:		
Associates of the Group	-	574
YEAR END BALANCES		
(i) Assets:		
Associates of the Group	-	11
Entities with significant influence over the Group	8,645	7,966
(ii) Liabilities:		
Associates of the Group	181	6
Entities with significant influence over the Group	3,949	3,516

[1] Helloworld has an umbrella agreement with Qantas Airways Limited (and its controlled entities). The agreement was intended to facilitate a transition to arrangements directly between Helloworld 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.

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 2016

A Burnes and C Burnes, directors of Helloworld, jointly and beneficially hold 40.0% of the ordinary shares of Helloworld, following the purchase of AOT Group by Helloworld. A and C Burnes are both trustees of Normanby Road Holdings Pty Ltd (ATF 179 Normanby Road Trust), which owns and leases to Helloworld, office premises for some of the AOT operations. Details of transactions since the merger at 1 February 2016 to 30 June 2016 (5 month period) with Normanby Road Holdings Pty Ltd (ATF 179 Normanby Road Trust) are included in part (e).

Year ended 30 June 2016 and year ended 30 June 2015

A Cummins retired as a director of STS UK Holdco II Limited and Global Voyager Holdings Pty Limited on 17 June 2016. Both entities are controlled by Europe Voyager NV, which was a shareholder deemed to have significant influence over Helloworld during 2016, up until the date of share disposal on 20 June 2016.

In addition, A Cummins is a Non-Executive Director of Mantra Group Limited, which EV Hospitality NV is deemed to have significant influence over. EV Hospitality NV is considered a related party of Helloworld as EV Hospitality NV and Europe Voyager NV are commonly controlled entities. Details of transactions with STS UK Holdco II Limited and Mantra Group Holdings Pty Limited are included in part (e).

P Spathis was reappointed as a Director of Helloworld 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 19.6% (2015: 19.5%) of the ordinary shares of Helloworld. 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. Helloworld held a sub-lease agreement with Consolidated Travel Pty Limited during 2016 for which $0.02 million of income was received (2015: $0.02 million).

(g) Transactions with key management personnel

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

(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.

32. Particulars in relation to controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 39(a). The proportion of ownership interest is equal to the proportion of voting power held.

		Ownership interest	
NAME	COUNTRY OF INCORPORATION	2016 %	2015 %
Helloworld Limited [1,2]	Australia	N/A	N/A
Jetset Travelworld Network Pty Limited [2]	Australia	100.0%	100.0%
Jetset Pty Limited [2]	Australia	100.0%	100.0%
JTG Corporate Pty Limited [2]	Australia	100.0%	100.0%
Helloworld Services Pty Limited [2]	Australia	100.0%	100.0%
National Cruise Centre Pty Limited [2]	Australia	-	100.0%
Helloworld Group Pty Limited [2]	Australia	100.0%	100.0%
QBT Pty Limited [2]	Australia	100.0%	100.0%
Qantas Holidays Limited	Australia	100.0%	100.0%
ACN 139 386 520 Pty Ltd	Australia	-	100.0%
Travelworld Pty Limited [2]	Australia	100.0%	100.0%
Retail Travel Investments Pty Limited [2]	Australia	100.0%	100.0%
Harvey World Travel Group Pty Limited [2]	Australia	100.0%	100.0%
Harvey World Travel Franchises Pty Limited [2]	Australia	100.0%	100.0%
Travelscene Pty Limited [2]	Australia	100.0%	100.0%
Harvey World Travel International Pty Limited [2]	Australia	100.0%	100.0%
Travelscene Tickets Pty Limited	Australia	100.0%	100.0%
Transonic Travel Pty Limited	Australia	100.0%	100.0%
Retail Travel Investments (NZ) Limited	New Zealand	-	100.0%
World No. 1 Limited	New Zealand	100.0%	100.0%
Helloworld Travel Services (Australia) Pty Limited [2]	Australia	100.0%	100.0%
Travel Indochina Limited	United Kingdom	100.0%	100.0%
Best Flights Pty Limited [2]	Australia	100.0%	100.0%
World Aviation Systems (Australia) Pty Limited [2]	Australia	100.0%	100.0%
Global Aviation Services Pty Limited [2]	Australia	100.0%	100.0%
Helloworld Travel Services (NZ) Limited	New Zealand	100.0%	100.0%
Atlantic and Pacific Business Travel Limited	New Zealand	100.0%	100.0%
GP Holiday Shoppe Limited	New Zealand	100.0%	100.0%
Gullivers Pacific Limited	New Zealand	100.0%	100.0%
Harvey World Travel (2008) Ltd	New Zealand	100.0%	100.0%
Just Tickets Limited	New Zealand	100.0%	100.0%
United Travel Limited	New Zealand	100.0%	100.0%
Atlantic & Pacific Business Travel Pty Limited	Australia	100.0%	100.0%
Travel Co Investments No. 2 Pty Limited	Australia	-	100.0%
Montarge Pty Limited	Australia	-	100.0%
Travel Advantage Pty Limited	Australia	-	100.0%
Helloworld NZ Limited	New Zealand	100.0%	100.0%
Global Aviation Services (Australasia) Limited	New Zealand	100.0%	100.0%
Biztrav Limited	New Zealand	76.6%	76.6%
Aus STS Holdco II Pty Limited [2]	Australia	100.0%	100.0%
Helloworld Travel Services Group Pty Limited [2]	Australia	100.0%	100.0%
Betanza Pty Limited	Australia	-	100.0%
ACN 003 683 967 Pty Ltd	Australia	100.0%	100.0%

NAME	COUNTRY OF INCORPORATION	Ownership interest 2016 %	2015 %
Travelscene Holidays Pty Limited [2]	Australia	-	100.0%
Concorde International Travel Inc.	United States of America	100.0%	100.0%
Stella Travel Services USA Inc.	United States of America	100.0%	100.0%
Harvey Holidays Pty Limited	Australia	100.0%	100.0%
Encore Business Tourism Pty Limited	Australia	-	100.0%
Travel Indochina Vietnam Co. Ltd	Vietnam	95.0%	95.0%
Travel Indochina Lao Co Limited	Laos	70.0%	70.0%
Advanced Applications (UK) Limited	United Kingdom	100.0%	100.0%
Helloworld Franchising Pty Limited [2]	Australia	100.0%	100.0%
Helloworld Digital Pty Limited [2]	Australia	100.0%	100.0%
Helloworld IP Pty Limited 2	Australia	100.0%	100.0%
Insider Journeys Limited	United Kingdom	100.0%	100.0%
Helloworld Travel Services Holding Pty Limited [2]	Australia	100.0%	100.0%
AOT Group Limited [2]	Australia	100.0%	-
Sunlover Holidays Pty Limited	Australia	100.0%	-
AOT Business Consulting (Shanghai) Limited	China	100.0%	-
ATS Pacific Pty Limited [2]	Australia	100.0%	-
AOT Inbound Pty Limited [2]	Australia	100.0%	-
AOT (NZ) Limited	New Zealand	100.0%	-
Australian Travel Service (Pacific) Limited	New Zealand	100.0%	-
Allied Tour Service (Pacific) Limited (Fiji)	Fiji	100.0%	-
Great Sights (Fiji) Limited	Fiji	60.0%	-
Tourist Transport (Fiji) Limited	Fiji	60.0%	-
Coral Sun (Fiji) Limited	Fiji	60.0%	-
Sunlover Holidays Limited New Zealand	New Zealand	100.0%	-
Pacific Leisure Group Limited	New Zealand	100.0%	-
Helloworld NZ Franchising Limited	New Zealand	100.0%	-
Pacific Spirit Travel Pty Limited	Australia	100.0%	-
Pillowpoints Pty Limited	Australia	100.0%	-
Travelpoint Pty Limited	Australia	100.0%	-
AOT Retail Pty Limited	Australia	100.0%	-
Australian Online Travel Pty Limited [2]	Australia	100.0%	-

1 Helloworld Limited is the legal owner of the Group. However, under applicable accounting standards, a reverse acquisition by Helloworld Travel Services Holdings is deemed to occur on the merger at 30 September 2010. Consequently, for accounting purposes, Helloworld Travel Services Holdings Pty Limited is the parent entity of the Group.

2 These entities are included in the Deed of Cross Guarantee (refer note 35). 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.

Controlled entities acquired during the current year

On 1 February 2016 Helloworld acquired for accounting purposes, several controlled entities as part of its merger with the AOT Group. This included the following entities:

- AOT Group Limited
- Sunlover Holidays Pty Limited
- AOT Business Consulting (Shanghai) Limited
- ATS Pacific Pty Limited
- AOT Inbound Pty Limited
- AOT New Zealand Limited
- Australian Travel Service (Pacific) Limited
- Allied Tour Service (Pacific) Limited (Fiji)
- Great Sights (Fiji) Limited
- Tourist Transport (Fiji) Limited
- Coral Sun (Fiji) Limited
- Sunlover Holidays Limited (New Zealand)
- Pacific Leisure Group Limited
- Helloworld NZ Franchising Limited
- Pacific Spirit Travel Pty Limited
- Pillowpoints Pty Limited
- Travelpoint Pty Limited
- AOT Retail Pty Limited
- Australian Online Travel Pty Limited

Controlled entities acquired during the current year (continued)

On 4 August 2015, Helloworld NZ Franchising Limited was established and incorporated.

Controlled entities disposed of or deregistered during the current year

On 20 June 2015, Helloworld deregistered Retail Travel Investments (NZ) Limited as the entity was dormant.

On 29 June 2016, Helloworld deregistered the following dormant entities:

- National Cruise Centre Pty Limited
- ACN 139 386 520 Pty Ltd
- Travel Co Investments No. 2 Pty Limited
- Montarge Pty Limited
- Travel Advantage Pty Limited
- Betanza Pty Limited
- Travelscene Holidays Pty Limited
- Encore Business Tourism Pty Limited

Other changes to controlled entities

World No.1 Limited company changed its name from Harvey World Travel New Zealand Limited on 20 August 2015.

On 11 August 2016 the following entities' names changed as follows:

- Stella Travel Services Group Pty Ltd to Helloworld Travel Services Group Pty Ltd
- Stella Travel Services (Australia) Pty Ltd to Helloworld Travel Services (Australia) Pty Ltd
- Stella Travel Services Holdings Pty Ltd changed its name to Helloworld Travel Services Holdings Pty Ltd.

On 18 August 2016, Stella Travel Services (NZ) Limited changed its name to Helloworld Travel Services (NZ) Limited.

Transactions with non-controlling interests

There were no other transactions with non-controlling interests during the period, other than those disclosed in this report.

33. Interests in associates

Information relating to associates is set out below:

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	Ownership interest 2016 %	2015 %
Harvey World Travel Southern Africa (Pty) Limited[1]	South Africa	-	50.0%
Tour Managers (Fiji) Limited	Fiji	33.0%	33.0%
Harvey World Travel Strategy Group Ltd	New Zealand	50.0%	50.0%
V & A Travel P/L [2]	Australia	50.0%	-
Down Under Answers, LLC [2]	United States of America	33.0%	-

1 The Group disposed of its investment in Harvey World Travel Southern Africa (Pty) Limited on 10 July 2015 for a consideration of $0.7 million. This resulted in a profit before tax of $0.4m.

2 On 1 February 2016, Helloworld acquired the non-controlling ownership interest of these entities as part of its merger with the AOT Group.

34. Parent entity information

As at, and throughout the financial year ended 30 June 2016, the legal parent company of the Group was Helloworld Limited. Set out below is the supplementary information about the parent entity.

Results of the parent entity

	PARENT	
	2016 $'000	2015 $'000
Loss after income tax	(27)	(168,249)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(27)**	**(168,249)**
STATEMENT OF FINANCIAL POSITION OF PARENT ENTITY AT YEAR END		
Current assets	40,348	72,901
Non-current assets	150,352	150,992
TOTAL ASSETS	**190,700**	**223,893**
Total current liabilities	15,464	48,318
TOTAL LIABILITIES	**15,464**	**48,318**
NET ASSETS	**175,236**	**175,575**
EQUITY		
Issued capital	435,688	435,688
Share-based payments reserve	1,286	1,598
Accumulated losses	(261,738)	(261,711)
TOTAL EQUITY	**175,236**	**175,575**

An impairment review was undertaken at 30 June 2016. There was no impairment identified against the carrying value of Helloworld Limited's investments in subsidiaries (2015: $172.4 million).

Helloworld Limited is the legal owner of the Group. However, under the applicable accounting standards, a reverse acquisition by Helloworld Travel Services Holdings Pty Limited (HTSH) is deemed to have occurred on the merger of HTSH and Helloworld. For accounting purposes, HTSH 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 35.

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 2016 the tax consolidated group had a tax payable due of $0.7 million (2015: receivable $0.8 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 2016 (2015: none).

35. Deed of cross guarantee

Pursuant to Class Order 98/1418, the entities identified in note 32 are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial statements and Directors' reports. Helloworld has a Deed of Cross Guarantee in place since 25 May 2007.

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.

During the current year, the following entities were added to the deed:

- AOT Group Limited (28 June 2016)
- AOT Inbound Pty Limited (28 June 2016)
- ATS Pacific Pty Limited (28 June 2016)
- Australian Online Travel Pty Limited (28 June 2016)

During the current year, the following entities were removed from the deed:

- ACN 139 386 520 Pty Limited (29 June 2016)
- National Cruise Centre Pty Limited (29 June 2016)

The consolidated statement of profit or loss and other comprehensive income and statement of financial position have been prepared in accordance with the accounting policy note 39 comprising the Company and the controlled entities which are party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee and is set out below.

(a) Closed Group Statement of profit or loss and other comprehensive income and summary of movements in retained earnings for the year ended 30 June

	2016 $'000	2015 $'000
REVENUE	**72,644**	**58,387**
Employee benefits expenses	(44,158)	(34,935)
Advertising, selling and marketing expenses	(17,455)	(20,396)
Communication and technology expenses	(6,172)	(5,736)
Occupancy and rental expenses	(5,213)	(3,895)
Operating expenses	(20,213)	(15,384)
Profit/(loss) on disposal of investments	332	(89)
Earnings before interest, tax, depreciation and amortisation and impairment (EBITDA)	(20,235)	(22,048)
Finance expense	(2,626)	(2,625)
Depreciation and amortisation expense	(2,250)	(1,234)
Impairment of investments	-	(137,400)
LOSS BEFORE INCOME TAX	**(25,111)**	**(163,307)**
Income tax benefit	8,249	10,868
LOSS AFTER INCOME TAX	**(16,862)**	**(152,439)**
Closed Group statement of comprehensive income		
LOSS AFTER INCOME TAX	**(16,862)**	**(152,439)**
OTHER COMPREHENSIVE INCOME		
Cash flow hedges transferred to profit or loss, net of tax	23	85
Other comprehensive income for the year, net of tax	23	85
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(16,839)**	**(152,354)**

SUMMARY OF MOVEMENT IN CLOSED GROUP RETAINED EARNINGS

	2016	2015
Equity - retained profits	$'000	$'000
Accumulated losses at the beginning of the financial year	(137,931)	(28,313)
Loss after income tax benefit	(16,862)	(152,439)
Retained earnings transferred in due to changes in Closed Group	-	42,821
ACCUMULATED LOSSES AT THE END OF THE FINANCIAL YEAR	**(154,793)**	**(137,931)**

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

	2016 $'000	2015 $'000
CURRENT ASSETS		
Cash and cash equivalents	10,865	7,467
Trade and other receivables	365,944	317,344
Income tax receivable	-	843
	376,809	**325,654**
NON-CURRENT ASSETS		
Property, plant and equipment	1,719	560
Intangible assets	105,113	4,408
Investments	206,086	182,202
Deferred tax asset	6,604	5,073
Other non-current assets	301	450
	319,823	**192,693**
TOTAL ASSETS	**696,632**	**518,347**
CURRENT LIABILITIES		
Trade and other payables	501,530	454,865
Borrowings	287	-
Derivative financial instruments	3	37
Provisions	7,255	6,246
Deferred revenue	3,011	102
Income tax payable	1,813	-
	513,899	**461,250**
NON-CURRENT LIABILITIES		
Borrowings	37,044	14,384
Deferred tax liability	7,962	602
Provisions	2,444	731
Other non-current liabilities	4,057	2,656
	51,507	**18,373**
TOTAL LIABILITIES	**565,406**	**479,623**
NET ASSETS	**131,226**	**38,724**
EQUITY		
Contributed equity	284,187	174,880
Other reserves	1,832	1,775
Accumulated losses	(154,793)	(137,931)
TOTAL EQUITY	**131,226**	**38,724**

36. Business acquisitions and disposals

(a) Merger with AOT Group Limited

On 1 February 2016, Helloworld acquired 100% of the share capital of the AOT Group and its controlled entities (AOT). The merger of these two complementary businesses is treated as an acquisition for Helloworld accounting purposes under applicable accounting standards. The merger was approved by the Helloworld shareholders on 22 January 2016 at an extraordinary general meeting.

The merger creates a leading integrated travel group that is larger, stronger and more competitive and offers a broad range of travel products and services. The integration of the two businesses is expected to increase the scale and earnings of the enlarged Helloworld Group, resulting in accounting goodwill recognised, allowing the enlarged Helloworld Group to compete more effectively with larger participants in the retail, wholesale, and corporate travel industry and with global online competitors.

The total consideration amounted to $104.2m comprising the issue of 36,450,001 new Helloworld shares to the shareholders of AOT on 1st February 2016 at the published share price and cash consideration of $16.7m. The cash consideration was settled in full by April 2016 and was adjusted to reflect the debt free, cash free basis of the transaction.

The assets and liabilities of AOT acquired for accounting purposes are recorded at fair value, resulting in goodwill of $105.6m. The goodwill was provisionally determined at 30 June 2016 and subsequent adjustments may potentially arise including the impact of the Australian tax consolidation finalisation.

	Fair value $'000
FAIR VALUE OF NET ASSETS	
Cash and cash equivalents	31,770
Trade receivables	37,155
Other current assets	4,851
Investments accounted for under equity accounting	1,727
Property, plant and equipment	4,907
Identifiable intangible assets	15,217
Deferred tax asset	2
Trade and other payables	(82,264)
Tax related payables	(2,907)
Provisions	(2,855)
Deferred tax liability	(7,784)
Non-controlling interests	(1,254)
Net assets acquired (excluding goodwill)	**(1,435)**
Goodwill resulting from the accounting acquisition	105,645
	104,210
TOTAL CONSIDERATION	
Cash paid to owners of AOT	16,730
Shares issued to owners of AOT	87,480
	104,210

Cash consideration, net of cash acquired:

Cash paid to owners of AOT	(16,730)
Cash and cash equivalents acquired from controlled entities	31,770
NET INFLOW OF CASH – INVESTING ACTIVITIES	**15,040**

Cash and cash equivalents relates mainly to AOT client trust account cash, utilised in the repayment of AOT client creditors.

Revenue and profit before tax contribution

From the date of the merger, 1 February 2016 to 30 June 2016 (5 month period), AOT contributed revenue of $19.6m and net profit before tax of $3.0m to the Helloworld Group results.

If the date of the AOT merger was 1 July 2015, the enlarged Helloworld group revenue would have been $334.5m and group net profit before tax of $16.6m for the year ended 30 June 2016. These results are based on the aggregation of the Helloworld and AOT results, excluding certain significant items not in the ordinary course of business.

(b) Acquisition of company owned stores

During the year ended 30 June 2016, Helloworld acquired the assets of six retail stores in New Zealand for a combined consideration of $0.7 million. As a result, Helloworld recognised $0.7 million of intangible assets representing the goodwill arising on purchase of the business.

During the year ended 30 June 2015, Helloworld acquired the assets of two businesses for a combined consideration of $1.7m. As a result, Helloworld recognised $1.7m of intangible assets representing the goodwill arising on purchase of the business.

(c) Disposal of associate

On 10 July 2015, the Group disposed of its investment in Harvey World Travel Southern Africa (Pty) Limited for a consideration of $0.7 million. The disposal resulted in a profit before tax of $0.4 million in the period.

37. Share-based payments

(a) 2016 Long Term Incentive Plan (LTIP)

During the year ended 30 June 2016, there were no grants under a long term incentive plan.

(b) Expenses arising from share-based payment transactions

Total (write-back)/expense arising from share based payment transactions during the year as part of employee benefits were $(0.4) million (2015: $0.1 million).

(c) Legacy LTIP – Year ended 30 June 2015 and prior

Background

The Board has adopted the Helloworld Limited Performance Rights Plan ('Plan') and the Plan was approved by Shareholders at the 2011 Annual General Meeting. Under the Plan conditional rights to acquire shares in the Company ('Performance Rights') were 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 Remuneration and Nominations Committee (RNC). The RNC determined the number of PRs to be granted to each eligible employee and the amount payable by the holder of a PR on exercise. Participants were not 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 RNC specifies 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.

Change of Control Provisions

Unless otherwise determined by the RNC, if a change of control event occurs under this plan, 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.

Lapse of PRs

Unless otherwise determined by the RNC, 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 each of the 2011 - 2015 financial years ended on 30 June

The PR granted for each of the 2011 - 2015 financial years ended on 30 June are subject to performance conditions linked to growth in the Company's Adjusted earnings per share ('Adjusted EPS'). Adjusted EPS is EPS adjusted for significant, non-recurring and/or unusual items as approved by the Remuneration and Nominations Committee (RNC). Adjusted EPS is a financial measure which is not prescribed by Australian Accounting Standards but is a measure used by the RNC to assess the vesting of Performance Rights. The Adjusted EPS performance 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. The EPS targets have been adjusted in accordance with the 1 for 6 share consolidation that took place on 27 January 2016 as identified in note 24.

Fifty per cent (50%) of each tranche of the Performance Rights will vest at the minimum specified EPS performance, one hundred per cent (100%) at or above the maximum specified performance, with 'straight line' vesting in between. No PRs were granted in the year ended 30 June 2016.

Set out below are summaries of options granted under the plan:

Tranche	Grant Date	Start of performance period	End of performance period	Exercise Price [1]	Balance at the start of the year [2]	Lapsed during the year [3]	Balance at the end of the year	Vested and exercisable at end of the year
				$	Number of shares			
2015-2	27-Feb-15	1-Jul-14	30-Jun-15	0.00	197,593	(197,593)	-	-
2015-3	27-Feb-15	1-Jul-14	30-Jun-17	0.00	203,580	(92,346)	111,234	-
2013-3	26-Jun-12	1-Jul-12	30-Jun-16	0.00	63,020	(63,020)	-	-
TOTAL					**464,193**	**(352,959)**	**111,234**	**-**
WEIGHTED AVERAGE EXERCISE PRICE					**$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 Balance at the start of the year has been adjusted for the 1 for 6 share consolidation. Please refer to note 24.
3 During the year, these PRs lapsed as none of the vesting conditions were met.

During the period, no PRs converted into ordinary shares (2015: 960,583). The prior year 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 year.

Fair value of PRs granted

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

- 2015 Tranches - 27 cents per share. This price was prior to the 1 for 6 share consolidation and its calculation took into account the share price on grant date and exercise price.

38. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 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 year except:

Dividends

Since year-end, the Board has resolved to pay a 2.0 cents per paid share fully franked final dividend. The dividend is to be paid during the 2017 financial year out of retained profits at 30 June 2016, but is not recognised as a liability at year-end.

39. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. 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, Helloworld completed a merger with Helloworld Travel Services Holdings Pty Limited (HTSH). 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, Qantas Holidays Limited and QBT Pty Limited in July 2008.

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

- Helloworld Limited is the legal parent entity to the Group; and
- HTSH, 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 HTSH 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 HTSH. The assets and liabilities of Helloworld Limited and its controlled entities acquired by HTSH were recorded at fair value whilst the assets and liabilities of HTSH 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. Helloworld), but be a continuation of the financial statements of the legal subsidiary (i.e. HTSH, 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 2016 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.

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 statement of profit or loss and other 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 that 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 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 2015:

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Part C: Financial Instruments)
- AASB 2014-1 Amendments to Australian Accounting Standards (Part E: Financial Instruments)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010)
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
- AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.

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.

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 as it 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 AASB15 as it has not yet determined the potential impact of the standard.

AASB 16 Leases

The AASB has issued a new standard for the recognition, measurement and classification of leases. This will replace AASB 117 Leases. The new standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Operating leases will be capitalised on the Statement of Financial Position by recognising the present value of the lease, similar to a finance lease under the existing standard. The impact on the Statement of Comprehensive Income is that all operating leases will no longer be operational expenditure, rather it will comprise of depreciation on the right of use and interest on its lease liability.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early application is permitted for entities that apply AASB 15 Revenue from Contracts with Customers at or before the date of initial application of AASB 16.

The Group has not yet decided when to adopt AASB 16 as it 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 fully allocated to Operating Segments.

(d) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated to the functional currency at the rates of exchange prevailing at the date of each transaction. At balance date, amounts receivable and payable in foreign currencies are translated at the rates of exchange prevailing at that date. Exchange rate differences resulting from the settlement of such transactions and from translation of monetary assets and liabilities are brought to account as exchange gains or losses in the statement of profit or loss and other comprehensive income in the year in which the exchange rates change, except where they are deferred in equity if they relate to qualifying cashflow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains or losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other income or expense.

Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates prevailing at the dates the fair value was determined. All foreign exchange gains/losses are presented in the statement of profit or loss and other comprehensive income 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 statement of profit or loss and other 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 based on its expectations of amounts to be received from suppliers.

There are separate contractual agreements with each supplier and the contractual periods of these agreements vary depending on the supplier.

Override commission is calculated for the contract period, based on value of "Eligible Travel" during the period and the "Override Rates" in the each of the supplier contracts. The definition of Eligible Travel varies by supplier and is defined in each supplier contract. Eligible Travel for the financial year is calculated by the Group based on the detailed booking information and is reviewed in light of currently booking trends and historical information.

The Override Rates applied to calculate the override commission revenue are specified in each supplier contract and often there are tiered override earning rates based on differing levels of Eligible Travel sales being achieved for the contractual period (i.e. performance tiers). In order to estimate the appropriate Override Rate, the expected Eligible Travel sales for the contract period are estimated and compared to the performance tiers. These forecasts are based on actual sales, forecast bookings and historical trends. In some instances judgement may be required if a performance tier is close to being achieved or missed. This is reviewed in light of current sales trends and forecast sales and the rates are adjusted as required.

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

Other revenue

Franchise, agency and licence 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. Client cash is deposited into an account held exclusively for client funds, separate to the general funds of the entity.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally collected within 30 days. They are presented as current assets unless collection is not expected within 12 months from the reporting date. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Bad debts are written off as incurred. Non-current receivables are carried at the present value of future net cash inflows expected to be received.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. The amount of the impairment loss is the receivable carrying amount compared to the present value of the estimated future cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in profit or loss within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Prepayments

Prepayments primarily 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 statement of profit or loss and other comprehensive income 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 pre-paid 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 a 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. This is generally 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 statement of profit or loss and other comprehensive income.

(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 fulfillment 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 statement of profit or loss and other comprehensive income 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.

(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 amortised over their useful life, generally 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 generally between 7 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.

(v) Agent network

The Agent network represents the agreements with travel agents for the provision of domestic travel product. The Agent network is similar to the franchise system and Helloworld has determined that the Agent network should also have an indefinite useful life. There is no indication that these relationships will not continue to remain strong in the long-term.

(vi) Supplier Agreements

Supplier agreements are valued on acquisition and amortised over the life of the expected future economic benefits that the contracts will deliver. A renewal period is included in the expected useful life based on an assessment of the likelihood of such a renewal.

(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 statement of profit or loss and other comprehensive income. 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) Investment 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 statement of profit or loss and other comprehensive income.

(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, 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 statement of profit or loss and other comprehensive income 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 39(e)(i).

(s) Derivative financial 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 statement of profit or loss and other comprehensive income.

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 statement of profit or loss and other comprehensive income. 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 statement of profit or loss and other comprehensive income.

(t) Employee benefits

(i) Short-term employee 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) Long-term employee benefits

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 employees.

The fair value of the share based payment 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 instrument 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 instruments 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 instruments 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.

When the instrument vests, the Company releases 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.

(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 expected amounts payable.

(vi) Defined benefit and defined contribution plans

Previously, the Group entered into a Superannuation Deed with Qantas Airways Limited setting out the arrangements which would apply 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, Helloworld assumed responsibility for the plan assets and plan liabilities for these members in a new Defined Benefit Plan controlled and managed by Helloworld.

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.

The Defined Benefit Plan controlled by Helloworld has been wound up effective from 29 February 2016 with all assets and liabilities under this Plan settled and derecognised from the Statement of Financial Position.

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 statement of profit or loss and other comprehensive income 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 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/loss for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS adjusts the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(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 statement of profit or loss and other comprehensive income.

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 Helloworld Travel Services Holdings Pty Limited and its controlled entities (HTS) in which the businesses of Helloworld and HTS were combined into one consolidated group ('the Group"). In accordance with accounting standards, this merger has been accounted for as a reverse acquisition with HTS being deemed the acquirer for accounting purposes. The financial information for the legal parent entity, Helloworld is disclosed in note 35 and has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries and associates

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

(ii) Tax consolidation legislation

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

The head entity of the tax consolidated group is Helloworld, 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 Helloworld, as the legal parent and are not recorded in the result of the deemed acquirer HTS.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Helloworld for any current tax payable assumed and are compensated by Helloworld for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Helloworld 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 Helloworld are recognised as a current amount receivable or payable to Helloworld. Any difference in the amounts assumed and the amount receivable or payable to Helloworld, are shown as a contribution to, (or distribution from) the head tax entity Helloworld 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.

DIRECTORS' DECLARATION

In the directors' opinion:

(a) The consolidated financial statements and notes that are set out on pages 46 to 111 and the Remuneration report in the Directors' Report set out on pages 25 to 36, 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 2016 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) The attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and

(d) At the date of this declaration there are reasonable grounds to believe that the Company and the Group entities identified in note 32 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 and Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Rob Marcolina
Chairman, Helloworld Limited
Sydney, 25 August 2016

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 2016, the Consolidated statement of profit or loss and other 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, 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

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of the entity's internal control. 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 2016 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 25 to 36 of the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brett Entwistle
Partner

Sydney
25 August 2016

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 1 August 2016.

(a) Distribution of equity securities

The number of shareholders, by size of holding, are:

SHARE RANGE	Number of holders	Number of shares	%
1 - 1,000	441	174,408	0.16
1,001 - 5,000	351	863,269	0.79
5,001 - 10,000	66	512,700	0.47
10,001 - 100,000	89	2,683,161	2.44
100,001 and over	25	105,604,880	96.14
TOTAL	**972**	**109,838,418**	**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 1 August 2016 was 111 holders holding 6,161 shares.

(b) Twenty largest holders of quoted equity securities

The names of the 20 largest registered holders of quoted shares are:

Ordinary shareholders	Number of shares	%
SINTACK PTY LTD	21,540,016	19.61
Q H TOURS LTD	21,223,454	19.32
THE BURNES GROUP PTY LTD	18,480,105	16.82
MR ANDREW JAMES BURNES	12,828,654	11.68
MRS CINZIA BURNES	12,638,014	11.51
J P MORGAN NOMINEES AUSTRALIA LIMITED	4,810,690	4.38
RBC INVESTOR SERVICES AUSTRALIA PTY LIMITED	4,377,775	3.99
CITICORP NOMINEES PTY LIMITED	2,712,531	2.47
NATIONAL NOMINEES LIMITED	2,538,133	2.31
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,505,492	1.37
CITICORP NOMINEES PTY LIMITED	425,022	0.39
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	320,000	0.29
MR BRETT WILLIAM FISHER PATON + MRS VICKI ANNE PATON	269,964	0.25
BNP PARIBAS NOMS PTY LTD	257,466	0.23
EDWRITE PTY LTD	244,209	0.22
MAPLESTONE PTY LTD	202,561	0.18
MS ROSALIE CATHERINE VAUGHAN	200,000	0.18
JUST SUPER CO PTY LTD	195,648	0.18
ZARN NOMINEES PTY LTD	194,297	0.18
CHESTERS NOMINEES PTY LTD	133,333	0.12
	105,097,364	**95.68**

(c) Substantial shareholders

The number of shares held by substantial shareholders and their associates are set out below:

Substantial shareholder	Number of shares	%
SINTACK PTY LTD	21,540,016	19.61
Q H TOURS LTD	21,223,454	19.32
THE BURNES GROUP PTY LTD	18,480,105	16.82
MR ANDREW JAMES BURNES	12,828,654	11.68
MRS CINZIA BURNES	12,638,014	11.51

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