



The Manager  
Company Announcements  
Australian Securities Exchange  
Level 5, 20 Bridge Street  
SYDNEY NSW 2000  
By E-Lodgement

**29 January 2016**

**Disruptive Investment Group Limited (ASX: DVI)**

**Quarter Update: December 2015**

**KEY HIGHLIGHTS**

- iBuyNew FY16 YTD sales have already exceeded total sales for full year FY15;
- iBuyNew records strong performance in 2Q16 with 38 property sales, taking sales for half year (**1H16**) to 106 properties with 3 new sales channels now introduced;
- Global travel company Flight Centre acquires a majority stake in BYOjet and appoints two directors to the board of PPS. DVI retains a 16.41% stake in BYOjet, and DVI and Flight Centre will work together to drive the ongoing success of the business; and
- BYOjet achieves Total Transaction Value (**TTV**) of approx. \$100m in CY15<sup>1</sup>, representing a 10.15% increase from CY14.

***2Q16 has been an extremely significant quarter for DVI shareholders. iBuyNew continues to demonstrate its significant upside potential, and Flight Centre has taken a major stake in BYOjet to boost the growth and profit potential of the business even further.***

The Board of DVI is excited to announce another strong quarter in which both of its portfolio companies achieved a number of significant milestones.

DVI's portfolio companies comprise:

- A 50% stake in Find Solutions Australia Pty Ltd (**FSA**), owner of iBuyNew; and
- A 16.41% stake in Professional Performance Systems Pty Ltd (**PPS**), owner of BYOjet,

(together, the **Portfolio Companies**).

---

<sup>1</sup> Calendar year ended 31 December 2015, on an unaudited basis

### **iBuyNew** (*Find Solutions Australia*)

During 2Q16, iBuyNew continued to deliver strong growth relative to the Prior Comparable Period (PCP), 2Q15:

- TTV rose to \$20.6m in 2Q16, a 30% increase compared to the PCP;
- Sales rose to 38 properties in 2Q16, a 12% increase compared to the PCP;
- iBuyNew database increased by 86% compared to the PCP, and now exceeds 41,000;
- The new “Wholesale Partnership Model” channel adopted by iBuyNew has already generated 10 sales representing \$6.2m in TTV; and
- Two (2) additional sales channels were also introduced and are expected to deliver new streams of revenue by the end of FY16.

The 2Q16 period marked the second full quarter in which DVI held a 50% interest in iBuyNew. The Board of DVI is pleased that iBuyNew continues to execute on its business growth strategy and to deliver on previously outlined key growth drivers.

The Board of DVI remains focused on the potential of iBuyNew, is encouraged by its performance, and continues to provide support to CEO Mark Mendel and his team.

Please refer to the section titled “iBuyNew UPDATE” for further information on iBuyNew’s performance during the quarter.

### **BYOjet** (*Professional Performance Systems*)

During 2Q16, BYOjet delivered robust growth relative to the PCP:

- TTV of \$22.9m in 2Q16, representing a 7.14% increase from PCP in 2Q15;
- Flight Centre (**ASX:FLT**) acquired a 70% stake in PPS with substantial financial operating synergies expected as a result of the transaction;
- BYOjet ranks 35<sup>th</sup> in BRW Fast 100 of 2015<sup>2</sup>;
- BYOjet and JETMAX win 2015 World Travel Awards in two categories; and
- BYOjet successfully integrated Tiger Airways as fourth low cost carrier on its platform.

Please refer to the section titled “BYOjet UPDATE” for further information on BYOjet’s performance during the quarter.

---

<sup>2</sup> Source: [www.brw.com.au/lists/fast-100/2015/](http://www.brw.com.au/lists/fast-100/2015/)

## DVI's current assets - Portfolio Company ownership overview

With Flight Centre acquiring a majority stake in BYOjet and partnering with DVI, DVI's Portfolio Companies currently comprise:

Entity	Current equity interest	Comments
FSA (iBuyNew)	50%	DVI holds an option to acquire the remaining 50% of FSA between 1 July 2019 and 30 October 2019. Terms of exercise of acquisition are contingent on the financial performance of FSA.
PPS (BYOjet)	16.41%	DVI holds a put and call option allowing Flight Centre to increase its holding to 100% post FY18, at an enterprise value calculated as 6 x FY18 (or subsequent year) EBITDA.

## Financial performance of Portfolio Companies (Total Transaction Values)

Entity	TTV 2Q16	TTV 2Q15	% growth
FSA (iBuyNew)	\$ 20,674,500	\$ 15,857,500	+30%
PPS (BYOjet)	\$ 22,919,735	\$ 21,393,053	+7%

\* On an unaudited basis.

## Summary of the Flight Centre Transaction

The Directors of DVI believe that the transaction with Flight Centre, as summarised below<sup>3</sup>, delivers a structure designed to best drive significant additional value from BYOjet for the benefit of DVI shareholders.

As announced on 21 December 2015, Flight Centre entered into a binding subscription agreement to acquire a 70% stake in BYOjet (PPS) via the payment of two tranches. DVI will retain a 16.41% stake in BYOjet, with the founders (and associated interests) holding the remaining 13.59%. As part of the transaction DVI converted the \$1.5m convertible note it held in PPS.

1. First Payment: Flight Centre subscribed for new shares in PPS and invested an upfront \$2.52m to support future growth and working capital. These funds will be invested into BYOjet to support its ongoing growth.
2. Second Payment: 70% of 6x PPS's FY16 EBITDA less the First Payment to be paid within 30 days of the release of PPS's FY16 financial results.

Although a large portion of any capital gain on DVI's investment in BYOjet may only be realised in FY18 or beyond, the additional growth opportunity and synergies represented by Flight Centre's involvement provide DVI with a unique opportunity to best leverage the strong market position and business potential of BYOjet.

DVI continues to be heavily involved in driving BYOjet's strategy and DVI non-executive director Mr Andrew Jensen remains on the board of PPS. Pursuant to the terms of Flight Centre's investment, Mr

<sup>3</sup> See DVI's 21 December 2015 announcement: [www.asx.com.au/asxpdf/20151221/pdf/433yxlpf3l94pt.pdf](http://www.asx.com.au/asxpdf/20151221/pdf/433yxlpf3l94pt.pdf)

Calvin Ng resigned as a director of PPS.

DVI now has a clear pathway to complete a sell-down of its interest in PPS through the put and call option with Flight Centre exercisable post FY18, at an enterprise value calculated as 6 x PPS's FY18 (or subsequent year) EBITDA.

The Board of DVI expects its joint investment with Flight Centre in BYOjet to generate material financial synergies as it will deliver unprecedented scale benefits and purchasing power to BYOjet. For additional information on the transaction refer to DVI's 21 December 2015 ASX announcement.

-----

Chairman Dr Adir Shiffman commented:

"We are pleased that iBuyNew is validating our investment hypothesis and continues to grow strongly. As CEO, Mr Mark Mendel keeps demonstrating an ability to scale the business and the platform is looking increasingly robust.

iBuyNew's new wholesale platform has tremendous potential and the initial \$6.2m of apartment sales generated by the Wholesale Partnership Model has been delivered earlier than expected. This performance is a strong indicator that on-platform referrals by third parties can become a very real sales driver, delivering TTV growth and additional fee income."

-----

#### **Deferred consideration paid to Mark Mendel**

During the previous quarter, Mr Mendel increased his equity interest in DVI by 26.67m fully paid ordinary shares as deferred consideration for the acquisition of DVI's initial stake in FSA. The condition for payment of the deferred consideration was receipt by FSA of revenue of at least \$750,000 relating to historic commissions (being commissions receivable on sales made but not completed prior to DVI's investment in FSA). Refer to the Appendix 3B released to ASX on 22 December 2015 for further details.<sup>4</sup>

#### **Corporate governance update**

From a corporate and management perspective, DVI revised its Securities Trading Policy. In addition, DVI adopted and implemented the following corporate governance policies including:

- Board Charter;
- Code of Conduct; and
- Continuous Disclosure Policy.

These documents are available on the DVI website: <http://disruptive.net.au/corporate-governance/>.

---

<sup>4</sup> [www.asx.com.au/asxpdf/20151222/pdf/4340b64glzs97c.pdf](http://www.asx.com.au/asxpdf/20151222/pdf/4340b64glzs97c.pdf)

## **iBuyNew UPDATE**

Entity	TTV 2Q16	TTV 2Q15	% growth
TTV	\$ 20,674,500	\$ 15,857,500	+30%
Commissions Receivable <sup>5</sup>	\$1,066,477	\$872,962	+22%
Properties Sold	38	34	+12%

\* On an unaudited basis.

Note that the FSA cash flow is consolidated into DVI's current quarterly Appendix 4C report.<sup>6</sup>

iBuyNew achieved a record half-year performance with a total of 106 properties sold, exceeding its full year FY15 results and surpassing full year FY15 TTV. In 2Q16, iBuyNew achieved 38 sales, TTV of \$20.67m, and generated Commissions Receivable in excess of \$1.06m. The strong results are in part the result of successfully completing a number of initiatives outlined in the 1Q16 quarter update.

iBuyNew now operates three new sales channels in addition to its pre-existing direct sales operation:

1. Wholesale Partnership Model;
2. Corporate Partnership Model; and
3. Agent Partnership Model.

These three channels leverage iBuyNew's technology platform and large inventory database of more than 2,700 off-the-plan apartments across 99 developments, and should deliver new revenue that supplements iBuyNew's internal direct sales team.

The first of these channels to formally launch was the Wholesale Partnership Model. It generated 10 sales worth \$6.2m in TTV in 2Q16, exceeding management's initial expectations.

iBuyNew also launched the first pilot of its Corporate Partnership Model late in the quarter, securing a trail with a major mortgage broker group. The Corporate Partnership Model is designed to provide a seamless referral process for qualified leads from mortgage brokers, financial advisors and accountants. Management expects the Corporate Partnership Model to deliver revenue during FY16.

iBuyNew has also now completed development of its Agent Partnership Model, which provides licenced real estate agents with a set of systems and tools design to promote and sell iBuyNew's property listings. Agents are paid on a commission-only model and iBuyNew collects a fee from every sale. Although still in the pre-launch phase, the Agent Partnership Model has already gained more than 20 expressions of interest from agents and independent real estate agencies. Preferred agents will be selected over the upcoming period according to a formal qualification process.

---

<sup>5</sup> 'Commissions Receivable' refers to the commissions payable on properties sold during the period and includes an amount paid immediately upon contract exchange (exchange income) and an amount expected to be payable in the future when the property is completed and the contract is settled (settlement income) which usually occurs in a future period.

<sup>6</sup> DVI owns 50% of the equity in FSA.

iBuyNew CEO Mark Mendel commented:

“The channels we began planning six months ago are now ready to go, and it is exciting to see these new channels already delivering some early revenue. We are excited about the potential, particularly given we’ve already passed full year FY15’s result at the half way mark of FY16.”

#### **BYOjet UPDATE**

Entity	TTV 2Q16	TTV 2Q15	% growth
TTV	\$ 22,919,735	\$ 21,393,053	+7%
Customer Database	490,000	480,000	+2%

\* On an unaudited basis.

Note that PPS cash flow is not consolidated into DVI’s current quarterly Appendix 4c report.

#### **Flight Centre investment**

As announced on 21 December 2015, Flight Centre acquired a 70% stake in BYOjet, the parent company PPS.

DVI expects the partnership with Flight Centre to strengthen BYOjet by:

- Providing increased profitability and improved buying power through access to Flight Centre-negotiated fares;
- Leveraging Flight Centre relationships to provide access to reporting and analytical data, marketing support, and exposure to new customers;
- Increasing profitability across all products and business services including flights, insurance, and hotels;
- Improving efficiencies across all business divisions and resources; and
- Positioning BYOjet to focus on air fares to increase market share and growth in new markets with more efficient contracting and processes.

BYOjet CEO Mr Lenny Padowitz commented:

“We are all excited to have Flight Centre as our partner and we believe it should accelerate our growth plans, delivering further value for DVI shareholders.

We anticipate that Flight Centre could deliver to BYOjet increased margins and improved buying power as we leverage our leading technology platform with Flight Centre’s global presence, relationships, infrastructure and additional resources.

As a result of the transaction, we also expect to extract a number of synergies across the group.

The BYOjet team remains focused on being a leading online travel agency.”

## Overall performance

BYOjet closed the December 2015 quarter strongly by achieving a record calendar year performance of Approx. \$100m in TTV. Notably, half-year 1H16 performance generated \$47.58m TTV representing a 7.20% uplift when compared to PCP, 1H15. 2Q16 quarterly TTV was \$22.91m, representing a 7.14% increase when compared to PCP, 2Q15.

During the quarter, the business strengthened partnerships and technical developments continued as BYOjet successfully launched several initiatives, including:

- The launch of BYOjet VIP rewards program, offering customers extensive ongoing benefits and tiered status levels for returning customers; and
- The direct integration of Tiger Airways into its market leading travel booking platform.

The direct relationship sees Tiger Airways become the fourth low cost carrier to integrate into BYOjet's technologically advanced platform. In addition to a number of key advantages, the integration should provide BYOjet with increased revenue and margins on all of Tiger Airway's ticketing sales through the platform.

During the quarter, BYOjet.com was ranked 35 in BRW Fast 100 of 2015 and BYOjet and JETMAX each won a 2015 World Travel Award in the following categories:

- BYOjet - Australia's Leading Travel Agency 2015: and
- JETMAX - Australasia's Leading Hotel Booking Solutions Provider 2015.

JETMAX, the white label platform for use by travel agencies, now has 44 live sites, with a further two sites being commissioned and another 71 in contractual negotiations.

## **Appendix 4C**

The Appendix 4C for December 2015 quarter was released today and some further commentary is outlined below:

- 50% of FSA's cash flow have been consolidated into DVI's 2Q16 quarterly Appendix 4C report;
- As at 31 December 2015, DVI's consolidated cash balance was \$1.145m;
- Higher "other working capital" due to a number of iBuyNew 1Q16 commissions receivable being paid in 2Q16, and other one-off costs include the relocation and set-up of the expanded iBuyNew Sydney office;
- \$63,000 is reflected as a bank guarantee (term deposit) due to the relocation of iBuyNew's head office in Sydney; and
- DVI currently has no debt or borrowing facilities.

DVI currently holds a 16.41% equity interest in PPS and, as such, does not consolidate PPS into DVI's cash flow statement.

For media enquiries please contact:

**Faris Habib**

Investor Relations

E: [faris@nwrcommunications.com.au](mailto:faris@nwrcommunications.com.au)

M: +61 (0) 422 076 629

**ENDS**



# Appendix 4C

## Quarterly report for entities admitted on the basis of commitments

Name of entity

Disruptive Investment Group Limited

ABN

20 108 958 274

Quarter ended ("current quarter")

31 December 2015

### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (6 months)
		\$A'ooo	\$A'ooo
1.1	Receipts from customers	471	1,032
	Less commissions paid to wholesaler*	(0)	(0)
	Net receipts from customers	471	1,032
1.2	Payments for (a) staff costs	Wages (129) Consultant Fees (43) Directors Fees (57) (62)	Wages (244) Consultant Fees (68) Directors Fees (150) (88)
	(b) advertising and marketing	(0)	(0)
	(c) research and development	(0)	(0)
	(d) leased assets	(0)	(0)
	(e) other working capital	(311)*	(540)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	3	7
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid	(9)	(11)
1.7	Other – Security deposits		
	<b>Net operating cash flows</b>	<b>(137)</b>	<b>(62)</b>

\*"other working capital" relates to all other operating costs except for the ones listed from (a) to (d), higher costs due to a number of 1Q16 sales commissions settled in 2Q16 and other one off costs include the relocation and set-up of the new Sydney office for iBuyNew to accommodate the increased capacity of its growing sales team.

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net operating cash flows (carried forward)	(137)	(62)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments	(14)	(774)
(c) intellectual property		
(d) physical non-current assets	(65)	(67)
(e) other non-current assets		
(f) term deposits*	(63)**	(63)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	6	6
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
(f) term deposits		
1.11 Loans to other entities*	(300)***	(44)
1.12 Loans repaid by other entities	300	
1.13 Other (provide details if material)	(0)	(0)
<b>Net investing cash flows</b>	(136)	(942)
<b>1.14 Total operating and investing cash flows</b>	(273)	(1,004)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.		
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
(a) cost of proposed share issue	(0)	(4)
<b>Net financing cash flows</b>	(0)	(4)
<b>Net increase (decrease) in cash held</b>	(273)	(1,008)
1.21 Cash at beginning of quarter/year to date	1,418	2,153
1.22 Exchange rate adjustments to item 1.20		
<b>1.23 Cash at end of quarter</b>	<b>1,145</b>	<b>1,145</b>

\*\*"term deposits" relate to the bank guarantee for the new iBuyNew office.

\*\*\*\$300,000 was lent to Professional Performance Systems Pty Ltd ("PPS") in November 2015. This amount was repaid in full in December 2015 as part of the investment by Flight Centre Group Limited (Flight Centre or FLT) in PPS pursuant to which Flight Centre acquired 70% of PPS.

## Payments to directors of the entity and associates of the directors

## Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	97
1.25 Aggregate amount of loans to the parties included in item 1.11	0

### 1.26 Explanation necessary for an understanding of the transactions

\$39,754 (incl. GST) for accounting & tax services rendered by entities partially controlled by Mr John Kolenda and Mr Calvin Ng.

Directors' fees for the financial year ended 30 June 2015:  
\$35,200 (incl. GST)

Directors' fees for the quarter ended 30 September 2015:  
\$11,000 (incl. GST)

Directors' fees for the quarter ended 31 December 2015:  
\$11,000 (incl. GST)

## Non-cash financing and investing activities

### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

As announced to the ASX on 21 December 2015, Flight Centre acquired a 70% equity interest in PPS, the owner and operator of BYOjet. As part of the transaction, DVI converted its \$1.5m convertible note and now holds 16.41% equity interest in PPS.

### 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

As announced to the ASX on 21 December 2015, Flight Centre acquired a 70% stake in PPS via payment of two tranches:

1. First Payment: Flight Centre subscribed for new shares in PPS and invested an upfront \$2.52m to support future growth and working capital; and
2. Second payment: 70% of 6x FY16 EBITDA less the First Payment to be paid to DVI and PPS's founders within 30 days of the release of PPS FY16 financial results.

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1    Loan facilities		
3.2    Credit standby arrangements		

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1    Cash on hand and at bank	1,145	1,418
4.2    Deposits at call		
4.3    Bank overdraft		
4.4    Other (provide details)		
<b>Total: cash at end of quarter (item 1.23)</b>	1,145	1,418

## Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1    Name of entity		Awesome Water (Australia) Pty Ltd
5.2    Place of incorporation or registration		Queensland
5.3    Consideration for acquisition or disposal		\$5,500 incl. GST
5.4    Total net assets		N/A
5.5    Nature of business		Holding company

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~/does not\*~~ ~~(delete one)~~ give a true and fair view of the matters disclosed.

Sign here: ..... Date: 29 January 2016  
(Company secretary)

Print name: Anand Sundaraj

## Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.