ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456
Wednesday 26 August 2009

Financial Results and ASIC Audited Accounts

Please find attached (in accordance with Listing Rules 3.17, 4.3A and 4.7) for release to the market, copies of Wotif.com Holdings Limited's:

(a) Appendix 4E - Preliminary Final Report for the year ending 30 June 2009; and

(b) 2009 Annual Report (including the directors' report, the financial report, the directors' declaration and the audit report).

In accordance with Australian Securities and Investments Commission (**ASIC**) Practice Note 61, the documents required to be lodged by Section 319 of the Corporations Act, will not be lodged separately with ASIC.

For further information or to arrange an interview with Robbie Cooke (Group CEO / Managing Director) or Craig Dawson (Chief Financial Officer):

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Wotif.com Holdings Limited and controlled entities

Appendix 4E

Preliminary final report

For the year ending 30 June 2009

Appendix 4E
Preliminary Final Report

Wotif.com Holdings Limited ABN 41 093 000 456

Year ended 30 June 2009

Details of the reporting period and the previous corresponding period

Current period:	**1 July 2008 to 30 June 2009**
Prior corresponding period:	**1 July 2007 to 30 June 2008**

Results for announcement to the market

Key information	Year ended 30 June 2009 $'000	Year ended 30 June 2008 $'000	Change %
Revenue from ordinary activities	121,306	93,996	Up 29.1%
Profit from ordinary activities after tax attributable to members	43,527	34,452	Up 26.3%
Net profit for the period	43,527	34,452	Up 26.3%

Dividends	Amount per security	Franked amount per security
Final dividend (208,390,044 shares on issue)	11 cents	100%
Interim dividend paid 28 March 2009 (208,245,044) shares on issue)	6.5 cents	100%
Record date for determining entitlements to the dividends		
Record date for the final dividend is 18 September 2009		

Commentary
Commentary on the Company's trading results is included on pages 4 to 18 (inclusive) of the 2009 Annual Report attached

Income statement
Please refer to the Audited Financial Statements for the year ended 30 June 2009.

Balance sheet
Please refer to the Audited Financial Statements for the year ended 30 June 2009.

Cash flow statement
Please refer to the Audited Financial Statements for the year ended 30 June 2009.

Statement of changes in equity
Please refer to the Audited Financial Statements for the year ended 30 June 2009.

Additional dividend information
Details of dividends declared or paid during or subsequent to the year ended 30 June 2009 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
10 September 2008	13 October 2008	Final	9 cents	$18,729,490	9 cents
6 March 2009	28 March 2009	Interim	6.5 cents	$13,535,928	6.5 cents
18 September 2009	13 October 2009	Final	11 cents	$22,922,905	11 cents

Dividend reinvestment plans

The dividend plans shown below are in operation.

NIL

Net tangible assets per security

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	(7.99 cents)	(13.50 cents)

Control gained over entities having material effect

Name of entity (or group of entities)	Refer note 20 of the 2009 Annual Report attached

Loss of control of entities having material effect

Name of entity (or group of entities)	N/A

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax	N/A	N/A
Income tax on ordinary activities	N/A	N/A
Profit (loss) from ordinary activities after tax	N/A	N/A
Extraordinary items net of tax	N/A	N/A
Net profit (loss)	N/A	N/A
Adjustments	N/A	N/A
Share of net profit (loss) of associates and joint venture entities	N/A	N/A

Compliance statement

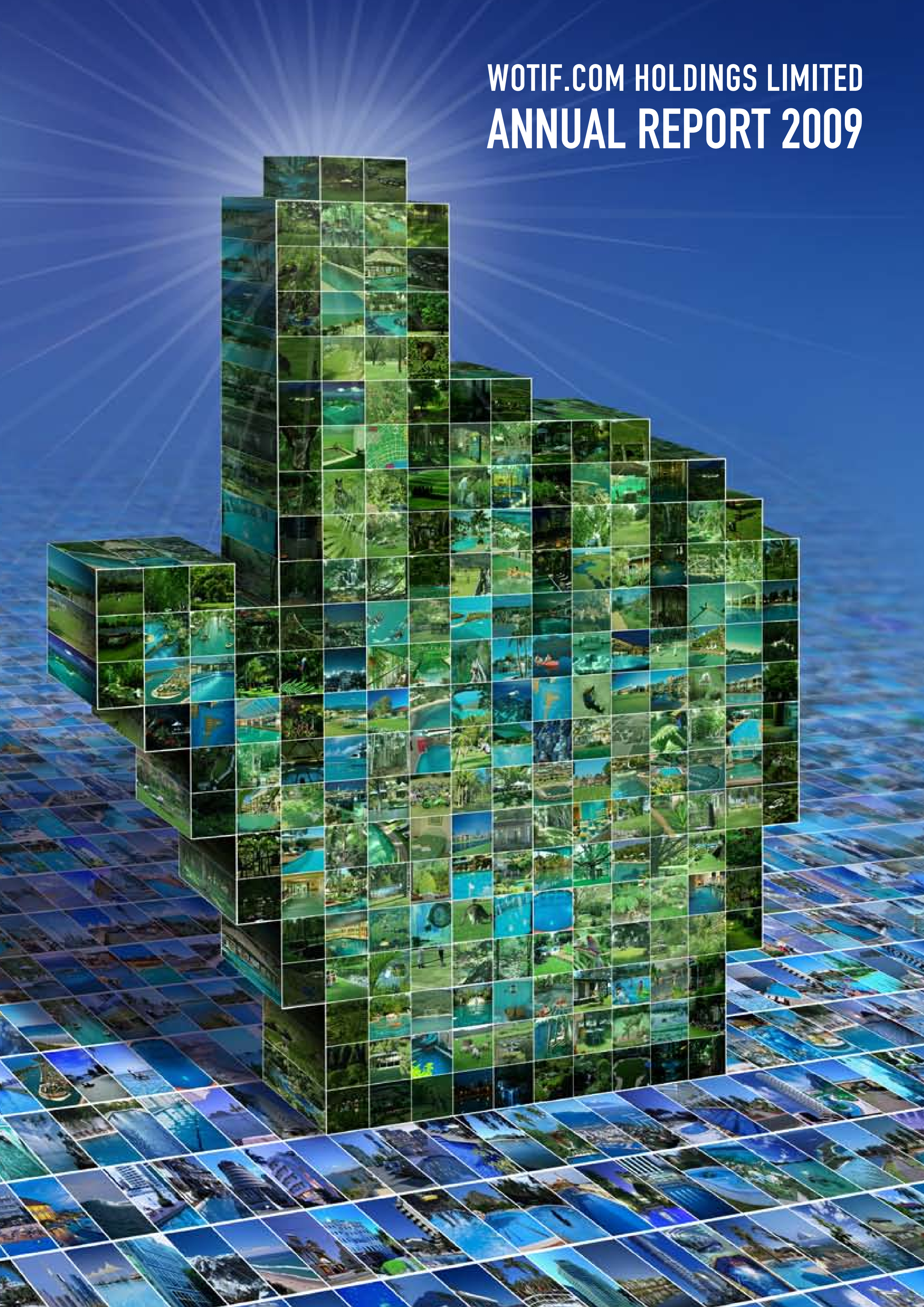
This report should be read in conjunction with the attached 2008 Annual Report.

Cooke.

Sign here: (Group Chief Executive Officer and Managing Director) Date: 26 August 2009

Print name: Robert Michael Sean COOKE

WOTIF.COM HOLDINGS LIMITED
ANNUAL REPORT 2009



Wotif.com Holdings Limited and our group companies (**Wotif Group** or **Group**) operate leading online travel brands around the world, with emphasis on the Asia Pacific region.

We provide both business and leisure customers alike with a highly convenient booking service for all their travel needs. Our services are simple to use, value-driven, and provide a wide range of choice whether for accommodation, flights, car rental, cruises, insurance, travel packages or tours.

Our family of brands includes Wotif.com, lastminute.com.au, AsiaWebDirect.com, travel.com.au, Arnold Travel Technology, and LateStays.com, as well as approximately 100 other travel-related websites.

We strive to be the first choice for business and leisure consumers with a particular focus on those travelling to, from and within the Asia Pacific region. We work as partners with our travel suppliers, providing a cost-effective distribution platform for their products and process more than 3.3 million accommodation bookings per year on their behalf. With each site offering unique advantages and access to different target markets, our travel and accommodation supply partners can tailor their online marketing and distribution strategies to suit their needs.

Since launching in 2000, we have grown to be a truly international company, employing staff in 16 countries on five continents. Our head office is in Australia, and we have additional offices in New Zealand, Thailand, Singapore, Malaysia, the United Kingdom and Canada. We listed on the Australian Securities Exchange in June 2006, trading under the ASX code "WTF". In 2008 the Company's operations expanded with the takeover of travel.com.au Limited and the purchase of the businesses conducted by Asia Web Direct (HK) Limited. Wotif Group's operations today include the following businesses:

wotif.com No.1 in online accommodation

As Australasia's leading accommodation website, Wotif.com has been at the forefront of the online accommodation revolution since 2000 (see page 10 for more)

lastminute.com.au

This fun lifestyle brand sells accommodation, flights, insurance, car hire, experiences and gifts to a young-at-heart audience (see page 12 for more)

ASIAWEB DIRECT

This brand focuses on delivering travel-related web content and booking services for the Asian market, and is establishing itself as an authoritative Asian travel booking platform (see page 8 for more)

LateStays LAST MINUTE HOTEL BOOKINGS

With last-minute deals on accommodation bookings into the next 28 days, LateStays.com offers a way to compare and access accommodation content in English, Japanese and Chinese (see page 8 for more)

travel.com.au

A full service travel agency, travel.com.au also operates in the niche markets of ski, cruise, corporate, family and adventure travel (see page 14 for more)

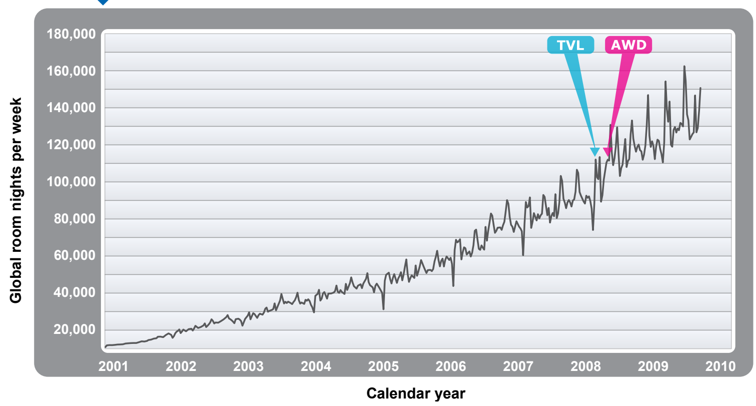
Arnold Arnold Travel Technology Pty Limited

Either direct or through a corporate travel agency, ARNOLD provides the Australasian market with an online booking platform that enables Corporates and SMEs alike to self-manage their travel needs (see page 14 for more)

Wotif.com Holdings Limited (ACN: 093 000 456)

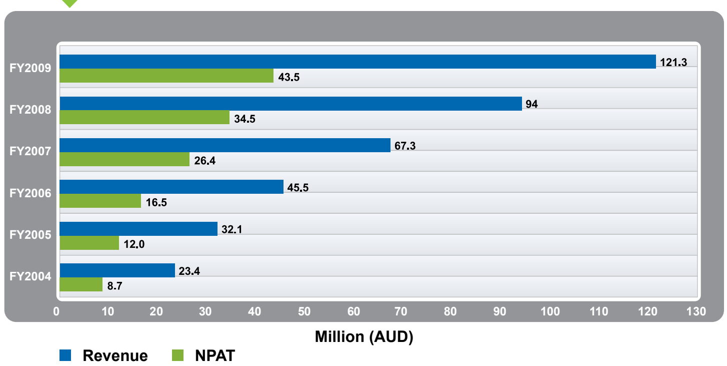
Operational
and Financial Highlights

WOTIF GROUP GLOBAL ROOM NIGHT SALES[2]



6.33 million
room nights sold
(FY2008: 4.91 million[1])

TOTAL REVENUE AND NPAT



NPAT
up 26% to $43.5 million
(FY2008: $34.5 million)

- Successful integration of acquired businesses (travel.com.au Limited and Asia Web Direct (HK) Limited)
- Launch of extended booking window (from 28 days to 3 months) on Wotif.com
- Development continued on the planned enhancements to the flight booking engine for lastminute.com.au and travel.com.au
- More than 14,500 properties directly offering deals on the Wotif.com site from 49 countries
- Significant increase in the number of properties on offer on lastminute.com.au and travel.com.au
- Wotif.com brand awareness in Australia remained above 50% and New Zealand awareness jumped to 30% (up from 25% in July 2008)[3]
- Wotif.com ranked number 1 in Australia by Hitwise in the “Travel – Destinations & Accommodation” category for the fifth consecutive year

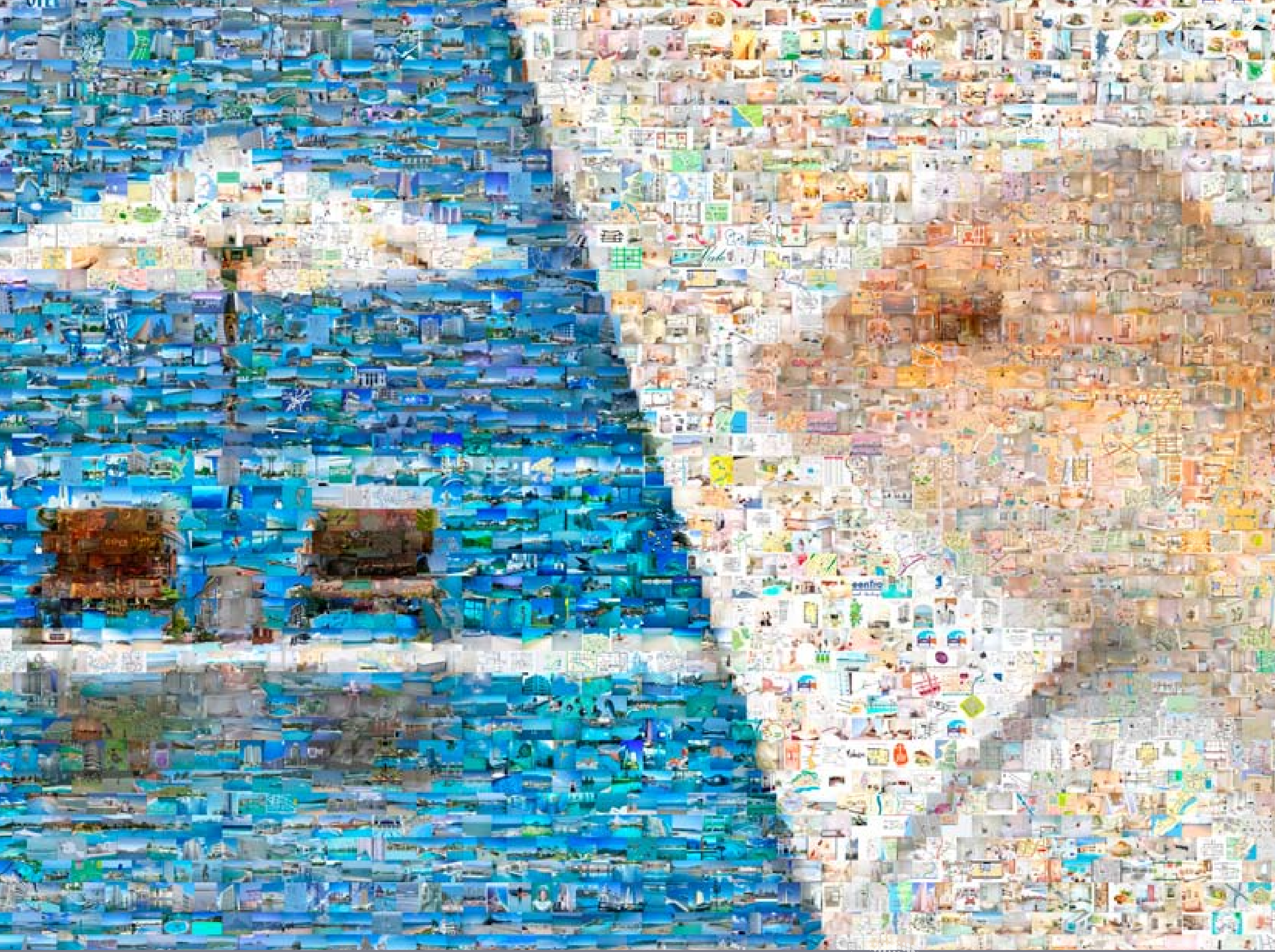
Key Investor Figures

	FY2009
Earnings per share	20.91 cents
Dividend per share (interim and final – fully franked)	17.5 cents
Return on shareholders’ equity	61%
Number of shareholders (as at 30 June 2009)	5,567

Key Results

	FY2009	FY2008
Total revenue	$121.3 m	$94.0 m
Net profit before depreciation amortisation and taxation	$68.6 m	$53.8 m
Net profit before tax	$62.2 m	$49.0 m
Net profit after tax	$43.5 m	$34.5 m

1. Figure includes room night sales by all Wotif Group brands from the approximate date of acquisition.
2. Chart includes room night sales from acquired businesses from date of acquisition as shown.
3. Surveys conducted by Newspoll.



Contents

Office of the Chairman

To: Shareholders,
Wotif.com Holdings Limited

26 August 2009

The Wotif Group is certainly proving to be a business for the times. Good growth from Wotif.com and the additional reach and product breadth delivered by its successful integration of travel.com.au Limited (**TVL**) and Asia Web Direct (HK) Limited (**AWD**) are proving to be a powerful combination.

Profit growth of 26% to $43.5 million in FY2009, the delivery of a range of new services, the benefits emerging from the successful integration of TVL and the expanded presence in Asia are the hallmarks of a year of significant achievement by the team at Wotif Group.

The Wotif.com business benefited from last year's economic challenges, which suited the business model established in 2000. Economic uncertainty, a weaker dollar and lower petrol prices saw travel patterns shift back to last minute domestic bookings, with consumers taking advantage of the great value on offer. The perceived reliance of the Group on this business became its strength yet again, and it has demonstrated that it has been able to navigate its way through the first shift in the broader economy since the business was established.

The strategy to move beyond the original business continues to be an important part of the Group's future. The acquisition of TVL is providing the platform for this journey. It provides a full online travel agency capability and a corporate travel management solution. Investing in the development required to take greater advantage of these capabilities is a primary focus of the Group. A similar approach is being taken to the accommodation inventory and destinational content offered by AWD.

The gradual emergence of the Group into a portfolio of travel-related businesses offers the opportunity for more than the organic growth produced by the continual shift toward booking accommodation through the internet. This will inevitably mean that the new businesses will not produce the same profit margins as the original Wotif.com business. Few businesses do! However, the two acquisitions so far have added to earnings per share.

Nothing can be taken for granted. The strength of our businesses relies on relationships with suppliers, the continual investment in reliable and consumer-friendly applications, and a creative and results-oriented workforce. Shareholders continue to benefit from the combination of a disciplined business model and a team of employees who channel their enthusiasm for the business into producing innovative solutions. This simultaneously attracts users and delivers the profits required to support the business and an increased dividend.

The Board has declared a final dividend of 11 cents. The full year dividend of 17.5 cents represents an increase of 16.7% on last year's dividend payment (FY2008: 15 cents). The record date for the final dividend will be 18 September 2009 and it will be paid on 13 October 2009. There is no intention to alter the current dividend policy.

Dick McIlwain,
Chairman

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Managing Director's Report

THE YEAR IN REVIEW

On entering the year we faced some significant headwinds. Headlines from the press in July 2008 are stark reminders of the then-prevailing climate, with prophesies such as “Australia faces worse crisis than America”[4], “Downturn may be ‘the big one’”[5] and “Property nearing once-in-100-year slump”[6]. Consumer sentiment was deteriorating daily and, as a community, we were being conditioned for an economic meltdown.

The challenges posed by this economic backdrop were new for Wotif.com and our business model had not been tested by a down cycle. We believed that our model would continue to resonate with consumers in a recessionary environment. Our expectation was that consumers would be focused, more than ever, on value and, as a result, would be drawn to the compelling value available online. Our hypothesis presupposed that consumers would quickly adapt to the “new world” and would take shorter breaks, travel more domestically, would transact in the last minute space, and would move to the online environment to secure best value for their accommodation and other travel needs.

While our theories seemed sound, we were definitely in unchartered waters.

What we did not factor into our thinking was the level of discounting that was to occur in the flights arena, particularly by international carriers, and the stimulus this would provide to accommodation bookings. We were not able to predict the effect of events such as Swine Flu and the instability in some of our key Asian markets.

Twelve months on, I can report that our business model has come through with flying colours. The year has been a very successful one for your Company. As you will see as you read through our report, the team has delivered a number of record outcomes this year with:

- the value of transactions processed by the Group reaching a record $992 million, up 33%;
- revenues reaching a record $121 million, up 29%;
- profit after tax up 26%, reaching a record $43.5 million.

To have achieved these results in a “normal year” would have been a real achievement but, in view of the economic backdrop, the performance of the business is especially satisfying.

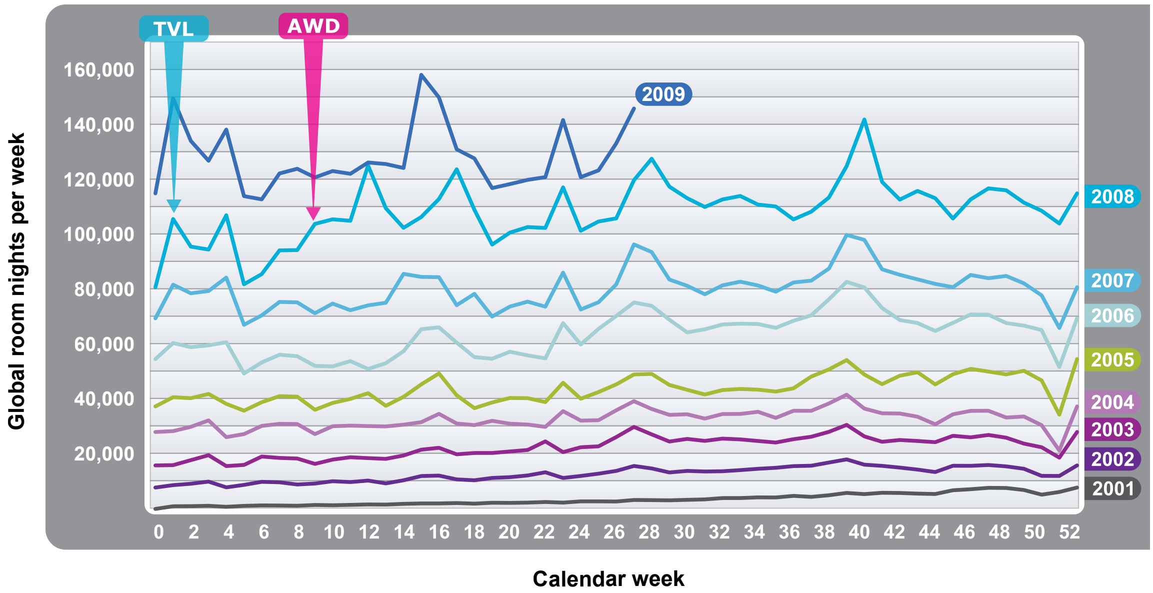
The results achieved would not have been possible without the stellar efforts of the entire team at the Wotif Group. We have an energetic, highly engaged and driven team that is passionate about our businesses. This year saw considerable effort invested by all at the Wotif Group in integrating our newly-acquired businesses, travel.com.au Limited (**TVL**) and Asia Web Direct (HK) Limited and, notwithstanding the distraction that inevitably surrounds integrations, we continued to keep focus on the key drivers of our core business.

The year saw the team:

- deliver our extended booking window on Wotif.com (from 28 days to 3 months of deals);
- complete the development of a mobile version of the Wotif.com website for iPhones, which has now had a beta release;
- undertake the first stage of the planned series of enhancements to our flights booking engine which is currently powering domestic flights on lastminute.com.au;
- embark upon new marketing initiatives for Wotif.com which included the successful undertaking of a radio marketing campaign, the use of social media with the launch of Wotif.com on Twitter, and the successful “Wotif Wednesday” offering a 3 hour buying frenzy for weekend deals;

4. *Daily Telegraph*, 29 July 2008.
5. *The Sydney Morning Herald*, 29 July 2008.
6. news.com.au, 13 July 2008.

Figure 1. Year-on-year (calendar) comparison global room nights sold[7]



- complete the integration of the newly-acquired businesses;
- undertake the development work necessary to enable the sale of all our supplier product across the Group, providing enhanced customer offerings and greater reach for our supplier partners;
- beat our internal cost savings target for TVL with more than $2 million of ongoing annualised savings achieved.

Our online brands all operate with business models from which we obtain a margin on the value of products sold. In addition, we obtain income from booking fees, administration charges for changed or cancelled bookings, credit card surcharges on specific credit cards and advertising on some of our websites. Our low margins are some of the most competitive in the industry, and we continue to provide our suppliers with the most cost-effective way to distribute their products to our significant and expanding customer base.

OUR RESULTS

Despite the economic turmoil that dominated world economies throughout the 2009 financial year, the Wotif Group produced another year of very strong growth delivering record room night volumes, transaction values and profits. The Company's profit after tax reached $43.5 million (up 26% on the FY2008 result of $34.5 million).

Accommodation

6.33 million room nights were sold from all of the Group's sites during the year (FY2008: 4.91 million) representing a 29% increase over FY2008 via 3.28 million booking transactions (FY2008: 2.62 million[8]). As shown in Figure 1, this performance continues the consistent year-on-year growth we have delivered since 2001.

Flights

Since the acquisition of travel.com.au Limited in January 2008, the Group has had the ability to sell flights. These sales are currently conducted via the lastminute.com.au and travel.com.au websites, and by our offline sales team. The year saw a total of 98,608 flights (both international and domestic) sold via these channels (up from 49,472 in FY2008[9]) with a total transaction value of $78.9 million (FY2008: $44.5 million[9]).

Revenue

The Group's operating revenue for the 12 months to 30 June 2009 was up 29% to $121,306,000 (FY2008: $93,996,000). This result was driven by:

- a 29% growth in the number of room nights sold throughout the Group (FY2009: 6.33 million room nights sold; FY2008: 4.91 million room nights sold);
- a 1% increase in the average value of rooms sold across the Group's suite of sites (FY2009: $142.74; FY2008: $141.68[10]).

7. Chart displays room nights sold with a check-in date in the relevant week and includes room night sales by all Wotif Group brands.
8. FY2008 figures represent only those sales for Asia Web Direct (HK) Limited and travel.com.au Limited made following acquisition.
9. Contribution from 1 January 2008 only, being the date of acquisition of travel.com.au Limited.
10. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.

Average room rates achieved on Wotif.com in the year were in line with FY2008 (FY2009: $144.72; FY2008: $144.14); and

- a full year contribution from both the travel.com.au Limited and Asia Web Direct (HK) Limited businesses.

Net profit

The Group's consolidated net profit after tax for the reporting period was $43,527,000 (FY2008: $34,452,000). This represents an increase of 26% compared with the previous year.

Operating expenses (excluding amortisation of IT Development Costs and depreciation) were $52,668,000 (FY2008: $40,254,000), up 31%, reflecting:

- increased employee costs[11] (FY2009: $19,673,000; FY2008: $12,506,000) reflecting the full-year effect of additional personnel added to the Group from the two acquired businesses and increased salary costs in the Group's existing operations;
- increased credit card commission costs associated with the increase in customer transactions in the reporting period (FY2009: $12,450,000; FY2008: $10,313,000);
- option expenses of $982,000 (FY2008: $946,000);
- a full year of operating costs from the travel.com.au Limited and Asia Web Direct (HK) Limited businesses; and
- undertaking increased marketing activities (both online and offline).

IT Development Costs increased to $4,214,000 (FY2008: $3,905,000), reflecting the additional development resources associated with the acquired businesses for a full year.

Dividend

A final fully franked dividend of 11 cents per share has been declared.

The following tables contrast the results from the 2009 financial year with those from previous years:

Year ended 30 June ($ million)	FY2009	FY2008	FY2007	FY2006
Total Transaction Value (TTV)[12]				
- Accommodation TTV	904.2	695.2	529.2	362.9
- Flights and other TTV	88.3	48.5	-	-
Total TTV	992.5	743.7	529.2	362.9
Accommodation revenue	109.3	83.5	62.3	42.9
Flights and other revenue	9.5	5.5	-	-
Interest revenue	2.5	5.0	5.0	2.6
Total revenue	121.3	94.0	67.3	45.5
Total operating expenses	(52.7)	(40.2)	(25.8)	(19.5)
Net profit before depreciation, amortisation and taxation	68.6	53.8	41.5	26.0
Depreciation	(2.0)	(0.9)	(0.2)	(0.4)
Amortisation of IT Development Costs[13]	(4.2)	(3.9)	(3.4)	(2.4)
Other amortisation	(0.2)	-	-	-
Profit before income tax	62.2	49.0	37.9	23.2
Income tax	(18.7)	(14.5)	(11.5)	(6.7)
Net profit	43.5	34.5	26.4	16.5

Key operating data	FY2009	FY2008	FY2007	FY2006
Accommodation TTV growth	30%	31%	46%	44%
Flights and other TTV growth	82%	-	-	-
Total revenue growth	29%	40%	48%	42%
Operating expenses growth	31%	56%	33%	47%
Profit before income tax growth	27%	29%	64%	36%
Net profit growth	26%	31%	60%	37%
Accommodation revenue % of accommodation TTV	12%	12%	12%	12%
Total revenue % of TTV	12%	13%	13%	13%
Profit before income tax % of total revenue	51%	52%	56%	51%
Profit before income tax % of total revenue (excluding option expenses)	52%	53%	58%	51%
Net profit % of total revenue	36%	37%	39%	36%
Capex[14] ($ million)	7.8	6.1	6.8	3.1

11. This excludes employee costs that were capitalised as IT Development Costs, which were amortised in the reporting period.
12. Total Transaction Value (**TTV**) represents the price at which accommodation and flights have been sold across the Group's operations. TTV is stated net of any GST/VAT payable. TTV does not represent revenue in accordance with Australian Accounting Standards. For FY2008 this includes TTV from acquired businesses, namely travel.com.au Limited contributions from 1 January 2008 and Asia Web Direct (HK) Limited from 1 March 2008.
13. IT development costs that relate to the acquisition of an asset are capitalised to the extent that they represent probable future economic benefits, are controlled by the Group and can be reliably measured (referred to as **IT Development Costs**). The capitalised cost is amortised over the period of expected benefit, usually up to 3 years. In the reporting period and in prior years IT Development Costs have been capitalised and amortised within the year. IT costs incurred in the management, maintenance and day-to-day enhancements of all IT applications are charged as an expense in the period in which they are incurred.
14. Capex is comprised of property, plant and equipment, and IT Development Costs. In FY2007, this included the purchase of the Group's head office ($2.4 million).

Our Businesses

ASIAWEB DIRECT

Asia Web Direct (acquired by the Group in March 2008) has been at the forefront of online travel distribution since 1993. It provides web-based hotel reservations, travel information and related services to travellers worldwide. Its popular destination portals, the AsiaWebDirect.com and LateStays.com sites allow consumers to book their accommodation with instant confirmation, either at the last minute or all year round.

In FY2009, Asia Web Direct's core websites attracted around

1.9 MILLION

visits per month

Asia Web Direct's destination portals offer our customers travel guides, photos, maps, hotel reviews and user forums. These portals aim to be the first port of call for travellers by providing them with a valuable link to reliable local knowledge about Asian destinations, a comprehensive accommodation database with sophisticated reservation systems and exciting extras such as tour products. LateStays.com is targeted at consumers seeking last-minute accommodation deals, and offers a way to access accommodation content in English, Japanese and Chinese.

In turn, our business partners receive broad exposure across multiple sites and world-class support. Asia Web Direct's core websites[15] attract approximately 1.9 million visits per month[16]. Hotel room night sales achieved by Asia Web Direct increased 23% within the year (prior year's comparison includes room night sales while not under Group ownership). As at 30 June 2009, more than 4,500 Asian hotels were offering deals on the Asia Web Direct websites.

Travel guides
Photo galleries
Interactive maps
Hotel reviews
User forums
Reliable local knowledge

15. Asia Web Direct's core websites consist of AsiaWebDirect.com, LateStays.com, Phuket.com and Bangkok.com.
16. Based on visit traffic from 1 April 2009 to 30 June 2009.

As the leading accommodation booking service across Australasia, Wotif.com saw its brand awareness remain above 50%[17] in Australia, while in New Zealand it achieved a significant uplift, with brand awareness reaching 30%[18] (FY2008: 25%).

Our leading position in Australia resulted in Hitwise awarding Wotif.com the number 1 ranking in the "Travel – Destinations & Accommodation" category for the fifth consecutive year. This award is based on website traffic levels and unequivocally demonstrates the popularity of Wotif.com.

During FY2009, Wotif.com attracted more than

40.7 MILLION

visits to the site

Our own data confirm Wotif.com's strong position, as site visits across the year grew to more than 40.7 million visits (FY2008: 36.4 million visits[19]) driven by our focus on:

- providing our customers with a convenient, simple to use and value-driven accommodation offering; and
- providing our accommodation supply partners with access to one of the lowest cost online distribution channels in the world.

The site now sells rooms for more than 14,500 properties in 49 countries (FY2008: 11,900 properties in 45 countries) and we are continuing to expand the depth of our accommodation offering. More than 758,000 of our customers have opted in to receive our newsletter, which is a 44% increase on last year.

The most compelling measure of Wotif.com's success in the financial year was the record 5.11 million room nights booked on the site by our leisure and business customers — this represents a 13% uplift on FY2008 (FY2008: 4.53 million). Booking levels were also up significantly, with an average of 230,000 bookings sold each month, lifting from 205,000 bookings per month in FY2008. This performance was achieved against an average room rate outcome of $144.72 per room night (FY2008: $144.14).

This standout performance was assisted by the extension of Wotif.com's booking window from 28 days to 3 months. We launched this major initiative at the end of January 2009, and it clearly has met the pent-up demand from customers wanting to secure accommodation further in advance.

The introduction of our booking service outside the 28-day period has also given our accommodation supply partners access to the same world-leading, low-cost (10% margin) distribution model that Wotif.com is renowned for in the 28-day space. It has also provided them with the opportunity to plan inventory levels by securing bookings further in advance. The attractiveness of this initiative to our supply partners is demonstrated by the fact that more than 85% now have offerings beyond the initial 28-day period of our booking window.

Wotif.com launched into the social media world in FY2009 with accounts on Twitter and Facebook

17. Survey conducted by Newspoll commencing on 12 June 2009.
18. Survey conducted by Newspoll commencing on 9 June 2009.
19. Revised historic number reflects the adoption of a new website tracking system utilised by the Group. Previously, the Group predominantly used a log-based tracking system; however, due to Group requirements, a new cookie-based system was adopted, giving rise to historic revisions.

This brand is all about living every last minute to the fullest.

lastminute.com.au offers a range of products and services including hotels, international and domestic flights, holidays, gifts and experiences. It focuses on short- to mid-term holiday breaks, promoting spontaneity and a sense of adventure. This is best demonstrated by Secret Hotels®. lastminute.com.au pioneered the Secret Hotels® concept in Australia, where luxury hotels offer rates so low that they don't reveal the hotel name until after the customer has booked.

room nights sold on lastminute.com.au

increased 87%

in FY2009

This was the first full year contribution from lastminute.com.au following its acquisition in January 2008. The integration of lastminute.com.au into the Wotif Group was successfully completed in the year, including performance enhancements to the site's accommodation booking engine and an increase in the accommodation offering available on the site. lastminute.com.au's customers have responded positively to these changes, with the site's accommodation "look to book" ratio lifting from 2.5% at time of acquisition (January 2008) to 4.1%[20] in June 2009.

As a result, room nights sold on lastminute.com.au have increased 87% in the reporting period (prior period includes room nights sold while not under Group ownership), which is a truly remarkable performance given the economic backdrop during the year. Site visits have increased to approximately 948,000 visits per month (FY2008: approximately 780,000 visits per month), and the site maintained its position 3 ranking in the "Travel - Agencies" category by Hitwise (FY2008: ranked 3).

lastminute.com.au achieved a 170% increase in the total transaction value for flights and accommodation sold within the year[21].

We progressed with our planned major upgrade to lastminute.com.au's flights booking engine. This project will, when finalised, see major improvements to the site's speed, performance and customer interface for flights.

The first major component of this project was completed in the year and released to our customers in July 2009. This component delivered significant improvements to our domestic flights booking engine, which, on release, immediately resulted in an uplift of the "look to book"[20] ratio for sales of domestic flights. This customer response is extremely pleasing and positions the site well for FY2010.

20. "Look to book" ratio is the percentage of the number of bookings made compared to unique visitors to the website during the month.
21. FY2008 contribution from 1 January 2008 only, being the date of acquisition of travel.com.au Limited.

travel.com.au, established in September 1997 and acquired by the Group in January 2008, is a full-service travel company offering holidays, hotels, flights, travel insurance and car hire. It also operates in the niche markets of ski, cruise, corporate, family and adventure travel.

It connects with customers both as an online service to research, book and manage their own itinerary, and offline through our team of Travel Experts, who can provide access to products not available elsewhere online and assist in more complicated bookings such as multi-stop and around-the-world air travel. This personal touch is valued by people who want to tailor their travel itinerary with the guidance of a seasoned travel professional.

travel.com.au has achieved 81% growth in the total transaction value for hotels and flights sold within the year[22].

travel.com.au works with a variety of travel-related suppliers and business partners in order to provide both variety and value to the consumers who make more than 5.2 million visits to the site each year.

22. FY2008 contribution from 1 January 2008 only, being the date of acquisition of travel.com.au Limited.

Arnold Travel Technology was acquired in January 2008, and has developed an intelligent online booking platform, designed in Australia specifically to meet the needs of the Australasian corporate travel market.

The platform is used by travel agencies, travel management companies, corporates, small-to-medium enterprises and government departments to fulfil their travel needs. The technology provides clients with the ability to reduce travel costs by giving employees access to the best possible pricing (regardless of source), while ensuring their compliance with internal travel policies and procedures.

In March 2009, Arnold Travel Technology released a new user-interface for the *Arnold*™ online booking tool, being the first major component of a planned platform upgrade.

OUR OPERATIONS

Overall, the Wotif Group's performance in the reporting period was driven by:

- a 29% increase in room nights sold across all sites within the Group;
- a 1% increase in room night yield on the Wotif Group sites (FY2009 average rate $142.74 (net of GST/VAT) per room night versus $141.68 (net of GST/VAT) in FY2008).

Our strong operating performance was reflected in each of the Group's key operating units in the financial year, as discussed below.

Accommodation – Australia and New Zealand

AUSTRALIA & NEW ZEALAND

	2009	2008	Change
Room nights sold	5.2 million	4.28 million	22%
Average room rate	$144.62	$144.67	held
Properties	7,634	6,453	18%

Room nights sold in Australia and New Zealand reached 5.2 million for the year, up 22% on the previous year (FY2008: room nights sold 4.28 million). This record reflects the consistent trend we have seen since 2001 in the Australian and New Zealand markets, and was driven by a combination of factors including:

- our leading brand position in the Australian and New Zealand markets;
- the extension of our booking window to 3 months in January 2009;
- the migration of more consumers from traditional sales channels to the online environment as they discover the convenience, value and range available online;
- our ability to continue to capture additional market share in a growing market;
- the current economic environment motivating customers (both corporate and leisure) to seek value and awakening them to the online channel;
- the significantly improved inventory offering on lastminute.com.au and travel.com.au;
- the continued support of our low-cost distribution channel by our supply partners.

In addition, our online and offline marketing activities, in combination with promotional features such as "Flaming Deals™", "Wot Hotel?®", "Wotif Wednesdays" and "Secret Hotels®", have contributed strongly in underwriting this growth.

The total number of bookings in FY2009 for Australian and New Zealand properties[23] was 2.89 million (FY2008: 2.38 million). These bookings were spread across:

- 6,080 properties from Australia, Fiji, Vanuatu and Papua New Guinea (FY2008: 5,282), up 15%;
- 1,554 properties from New Zealand and the Cook Islands, up 33% on last financial year (FY2008: 1,171).

The average room rate realised for rooms booked in Australia and New Zealand in the financial year held at $144.62 (net of GST) (FY2008: $144.67)[24].

Accommodation – Asia

ASIA

	2009	2008	Change
Room nights sold	995,658	499,022	100%
Average room rate	$128.22	$107.07	20%
Properties	4,519	2,096 (2008[25])	116%

The contribution from our Asian Business Unit was impressive in the year with total transaction value for accommodation reaching $127.7 million net of GST/VAT (FY2008: $53.4 million), driven in part by the full year contribution from the acquired Asia Web Direct businesses and the availability of low-cost flights into the region stimulating demand for accommodation.

23. The Australian and New Zealand geographic region includes accommodation booked at properties located within Australia, New Zealand, Cook Islands, Fiji, Vanuatu and Papua New Guinea.
24. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.
25. Based on properties represented only on the Wotif.com site in FY2008.

We achieved a record level of room night sales across our Asian markets, which continue to form a key element in our international growth strategy. Room nights sold in Asia in the reporting period reached 995,658, growing by 100% since FY2008 (FY2008: room nights sold: 499,022). This performance is impressive, particularly given the challenges posed during the year by political instability in Thailand (one of our key destination markets) and the rise of Swine Flu across the region.

The total number of bookings for Asia in the year was up 89%, reaching 328,760 (FY2008: 174,022). The average room rate realised for rooms booked in the financial year was $128.22 (FY2008: $107.07)[26]. We now have in excess of 4,500 properties providing inventory to the Group in our Asian markets.

Accommodation – Rest of world

REST OF WORLD

	2009	2008	Change
Room nights sold	140,998	130,070	8%
Average room rate	$175.91	$176.23	held
Properties	3,892	3,359	16%

At the end of the reporting period, we had 3,892 properties in the United Kingdom, Europe, and North and South America directly displaying inventory on the Group websites (this excludes more than 1,300 properties sourced from Tourico Holidays Inc) (FY2008: 3,359).

Room nights sold in these markets increased by 8% on FY2008, reaching 140,998 (FY2008 room nights sold: 130,070). The average room rate realised for rooms booked in the financial year was $175.91 (net of GST/VAT) (FY2008: $176.23)[26] with total transaction values in the year reaching $24.8 million (net of GST/VAT) (FY2008: 22.9 million).

The room night growth reflects the increase in available properties in destinations popular with customers from countries such as Australia and New Zealand. Additionally, the availability (since January 2009) of the 3 month booking window on Wotif.com has proven to be popular with customers from our key Oceania source markets booking properties in Europe, and North and South America.

Flights – domestic and international

With a full year contribution from our flights business, we achieved total transaction value of $78.9 million from the sale of flights (FY2008: $44.5 million[27]).

This performance was achieved against a backdrop of significantly lower ticket values as airlines, particularly international carriers, embarked on the most aggressive and sustained price discounting seen in recent years.

Corporate bookings

During the reporting period, the ARNOLD platform processed a total of 433,000 corporate transactions (FY2008: 202,000[27]), a very creditable performance given the challenging environment in the current corporate travel market.

LOOKING FORWARD

As highlighted in previous years, the growing shift from offline to online sales is expected to be a significant driver of future growth for the business over the next 5 plus years. The Group's focus is to ensure that it continues to be a major beneficiary of this continuing transformation, particularly in the Australian, New Zealand and Asian markets.

Euromonitor International estimates released this year indicate that total online accommodation sales in Australia during calendar year 2008 were $1,330 million (2007: $953 million) from a total accommodation market valued at $10,579 million (2007: $10,210 million) (see Figure 2 on the following page).

This indicates that online accommodation sales continue to grow at a greater rate than overall accommodation sales, with Euromonitor's latest report indicating that online sales represented 13% of total accommodation sales in 2008 (2007: 9%). These industry estimates support our belief that over the next 5 years the online accommodation sector will continue to attract customers away from traditional sales channels. Euromonitor International forecasts online sales to reach approximately 29% in Australia by 2013, as shown in Figure 3.

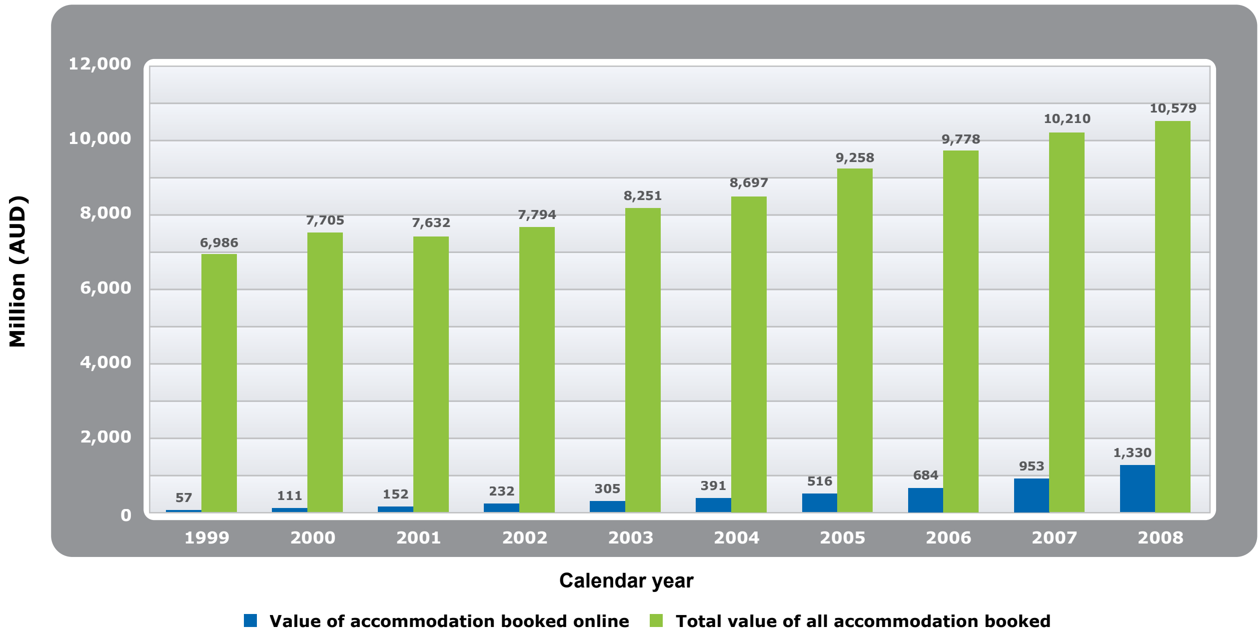
Our strategy continues to be to harvest the significant organic growth opportunity that exists in our core Australian accommodation market and in New Zealand where similar market dynamics exist. We are also carrying out our

26. The average value of rooms sold is calculated by dividing TTV for the relevant year (which includes booking and administration fees) by the number of room nights sold with a check-in date in the relevant year.
27. FY2008 figure includes those transactions from the date of acquisition only, being 1 January 2008.

strategy to establish a significant business in those Asian markets targeted by the Group. We will continue to seek opportunities to grow our share of these and other international markets through online marketing, partnerships and acquisition opportunities where they arise.

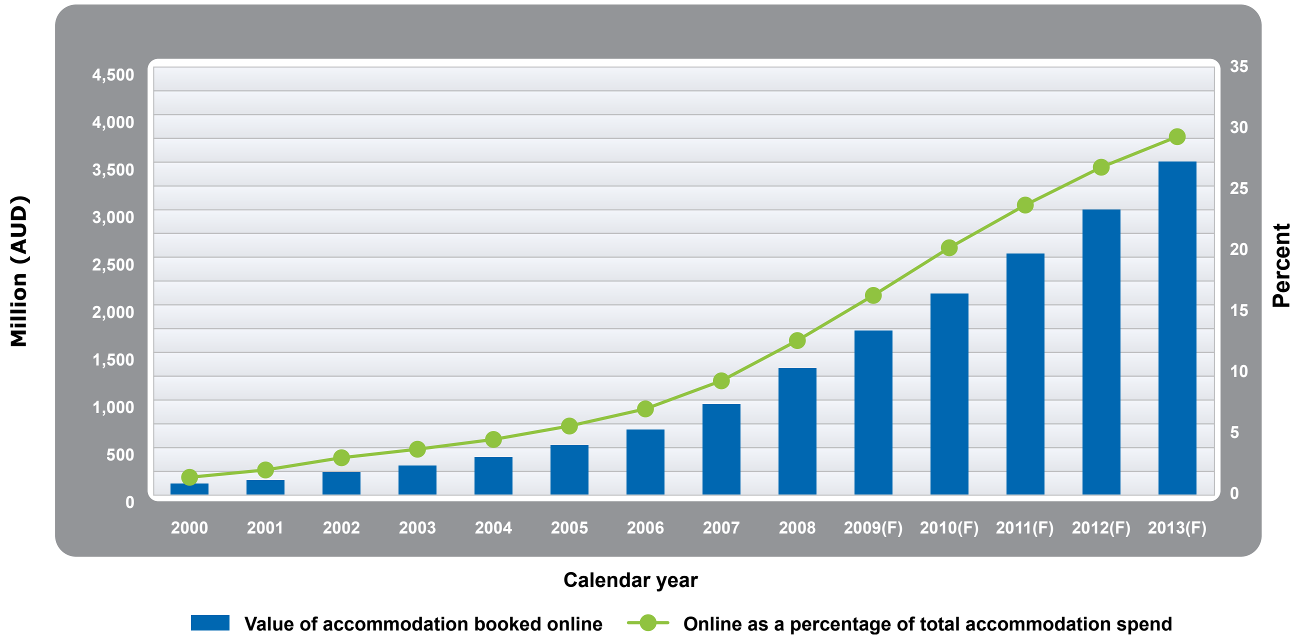
We also expect our flights business to make a larger contribution to the Group in the coming years, with planned enhancements to our flights booking engine. The first stage of these enhancements was released in July 2009, and further initiatives will be released in the course of FY2010.

Figure 2. Online sales of accommodation in Australia



Source: 1999-2008 Euromonitor International from official sources

Figure 3. Online sales as % of total accommodation sales in Australia



Sources: 2000-2008 Euromonitor International from official sources;
2009-2013 Euromonitor International estimates

Board of Directors

Dick McIlwain

(age 62)
Chairman

Dick joined the Board as Non-executive Chairman on 3 April 2006. He is Chairman of the Company's Nomination and Remuneration Committee.

Dick has been Managing Director and Chief Executive of Tatts Group Limited since the Tattersall's/UNiTAB merger in October 2006. He had been the Chief Executive of UNiTAB Limited since 1989 and Managing Director since 1999.

Prior to joining UNiTAB, he held senior operational roles at Australian Airlines (now the domestic arm of Qantas).

Dick is the Non-executive Chairman of Super Cheap Auto Group Limited (since 19 May 2004) and is a Fellow of the Australian Institute of Company Directors. He holds a Bachelor of Arts from the University of Queensland.

The Board has determined that Dick is an Independent Director.

Robbie Cooke

(age 43)
Group Chief Executive Officer and Managing Director

Robbie joined the Company in January 2006, initially as the Chief Operating Officer, before taking the reins as Group Chief Executive Officer and Managing Director in October 2007.

Prior to joining the Company, Robbie was the Strategist and General Counsel at UNiTAB Limited, a position he held for 6 years. Prior to UNiTAB, he held commercial, corporate finance and legal roles at Santos, HSBC James Capel and MIM Holdings Limited.

He has a Bachelor of Commerce and a Bachelor of Laws (Hons), both from the University of Queensland, and is a member of Chartered Secretaries Australia, of the Institute of Chartered Secretaries and Administrators, and of the Australian Institute of Company Directors.

Graeme Wood

(age 62)
Executive Director

Graeme created the concept of Wotif.com in 2000. He has been a Director since its inception (24 May 2000), and was Managing Director until October 2007.

Graeme's background is in information technology with more than 30 years' experience in the field of information systems and software development, beginning with NCR and later with IBM. His career as an entrepreneur began in the early 1980s with the first of several technology company start-ups. Graeme is also founder and Executive Director of Wild Mob, and is on the Boards of Plugger.com.au Pty Ltd (the operator of news aggregator Wotnews) and the University of Queensland Endowment Fund. In his role as an Executive Director of the Company, Graeme is focused on developing new business concepts and promoting the business.

Graeme holds a Bachelor of Economics and Masters of Information Systems from the University of Queensland.

Andrew Brice

(age 66)
Non-executive Director

Andrew was appointed to the Board on 24 May 2000 as a Non-executive Director. He is a member of the Company's Audit and Risk Committee.

Andrew has had a successful career as a chartered accountant. During this time he worked as an auditor at the accounting firm Arthur Andersen and went on to build his own accounting practice, AH Jackson & Co, from a sole trader to an established four-partner firm.

He graduated from the University of Queensland with a Bachelor of Commerce, and is a fellow of the Institute of Chartered Accountants.

Ben Smith

(age 44)
Non-executive Director

Ben heads the corporate advisory department of Investec Bank (Australia) Limited, and was appointed to the Wotif Group Board as a Non-executive Director on 3 April 2006. He is the Chairman of the Company's Audit and Risk Committee and a member of the Nomination and Remuneration Committee.

Ben has 20 years' experience in corporate finance and corporate advisory across the gaming, media, telecommunications, technology, property and hospitality sectors, advising companies in relation to mergers, acquisitions, equity capital markets and private raisings, and corporate strategy. He has worked as a director in the corporate advisory group of Macquarie Bank and, prior to that, in London with Hill Samuel Bank's corporate finance and mergers and acquisitions groups.

Ben has a Bachelor of Science in Economics (Hons) majoring in Accounting and Finance from the London School of Economics and has various industry qualifications, including the Securities Institute Diploma.

The Board has determined that Ben is an Independent Director.

Dave Warneke

(age 51)
Non-executive Director

Dave joined the Board on 27 November 2006 as a Non-executive Director. He is a member of the Company's Nomination and Remuneration Committee and its Audit and Risk Committee.

Dave was Managing Partner of Ernst & Young Consulting in Australia and CEO of Cap Gemini in Australia and New Zealand. He was also a member of Cap Gemini's Asia Pacific management team responsible for the strategic direction and operational execution of Cap Gemini's business across the region. Dave has over 27 years' experience across a variety of industries including IT, financial services, professional services, and construction and mining.

Dave is a fellow of the Australian Institute of Company Directors.

The Board has determined that Dave is an Independent Director.

Neil Cumming

(age 65)
Executive Director to 25 June 2009,
Non-executive Director from 25 June 2009

Neil was appointed to the Board on 26 March 2008 following the Company's acquisition of Asia Web Direct (HK) Limited. Neil founded the Asia Web Direct business in 1993.

Neil brings a wealth of experience to the Company, having lived in Asia for over 20 years, including 16 years successfully operating the Asia Web Direct online accommodation booking service. Neil has an IT systems background and was the co-founder and Managing Director of Enterprise Airtime Systems Limited in the UK, which operated an online computerised reservation system for television commercials. In his more than 40 years of computer industry experience, Neil has been involved in programming, system design, management and strategic planning.

Corporate Governance

The Wotif.com Holdings Limited Board recognises the importance of good corporate governance and establishing the accountability of the Board and management. The Wotif Group is committed to best practice in the area of corporate governance and considers its governance framework to be consistent with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (second edition)[28]. Our corporate governance statements relate to those principles and any exceptions to those principles are identified below.

The corporate governance principles and practices adopted by the Group are summarised below and are centred on the Board, Board committees and the principles that govern their interaction with, and overseeing of, management. Additional information with respect to the Group's corporate governance approach can be found in the following documents available in the Corporate Governance section on the Group's website (www.wotifgroup.com):

- Wotif Group Board Charter;
- Wotif Group Audit and Risk Committee Charter;
- Wotif Group Nomination and Remuneration Committee Charter;
- Wotif Group Communication and Disclosure Policy;
- Wotif Group Share Dealing Policy;
- Wotif Group Code of Conduct; and
- Wotif Group Risk Management Policy.

BOARD OF DIRECTORS – ROLE OF THE BOARD

The Board is responsible for the overall corporate governance of the Wotif Group. The Board recognises the need for the highest standards of behaviour and accountability. The Board has final responsibility for the management of the Group's business and affairs.

The Board is responsible for:

- overseeing the Group including:
  - overseeing the Group's systems of internal control and accountability and the systems for monitoring compliance; and
  - overseeing identification and management of significant business risks;
- monitoring the Group's financial performance, including adopting annual budgets and approving the Group's financial statements;
- approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestments;
- input into and approving the Group's goals and strategic direction;
- reviewing and ratifying the Group's risk management system, internal compliance and control systems, codes of conduct and legal compliance;
- selecting and (where appropriate) removing the Managing Director and reviewing the performance of senior management; and
- ratifying the appointment and (where appropriate) removal of the Chief Financial Officer and the Company Secretary.

The Board has adopted a written charter that identifies the functions reserved to the Board. Day-to-day management of the operations of the Group vests in the Managing Director, who, together with the executive team, is accountable to the Board.

COMPOSITION AND REVIEW OF THE BOARD

The Board is currently comprised of seven Directors, of whom:

28. Subject to the Board's composition not being comprised of a majority of Independent Directors – see explanation in section titled Independence on page 23.

- three (Dick McIlwain (Chairman), Ben Smith and Dave Warneke) are Non-executive, Independent Directors (see Independence section);
- two (Andrew Brice and Neil Cumming[29]) are Non-executive Directors, however are not considered to be independent as a result of their shareholding levels in the Company; and
- two (Robbie Cooke and Graeme Wood) hold their position in an Executive capacity and consequently are not considered to be independent.

The term of office held by each Director is set out in the section titled Board of Directors on pages 19 to 21 together with their applicable skills, experience and expertise.

The Board's composition is subject to review in the following ways:

- The Company's Constitution provides that each Director must retire from office no later than the longer of the third Annual General Meeting or 3 years following the Director's last election or reappointment. Each retiring Director under the Constitution is eligible for re-election.
- Each retiring Director's performance is reviewed by the Nomination and Remuneration Committee and, following this review, that Committee makes a recommendation to the Board as to whether the Board should support the renomination of that Director.
- The composition of the Board is reviewed annually by the Nomination and Remuneration Committee or the full Board to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

In the reporting period, the Nomination and Remuneration Committee undertook a review of the Board's performance (including its committees and individual Directors). This review process was facilitated by the Chairman of the Committee and was contributed to by all Committee members. In undertaking this review, the Committee:

- examined the mix of skills, qualifications and experience and expertise held by the Board collectively and its committees and considered that mix was appropriate for the Board and its committees to discharge their duties;
- considered each Board member's access to Group information, access to the CEO, access to management team and the opportunity to participate in Board and Committee meetings. The Committee was satisfied in relation to each of these matters;
- considered the independence (or non-independence) of all Directors.

The Committee and the Board qualitatively reviewed the contribution that the Chairman (who will resign and offer himself for re-election at the 2009 Annual General Meeting) had made to the Board during his tenure. The Committee and the Board considered that the Chairman's skills, experience, expertise, and strategic and independent decision-making continued to meet the requirements of the Group. The Committee and the Board determined that, in light of such review, it would support the renomination of the Chairman. The Chairman did not attend or participate in either of these reviews.

INDEPENDENCE

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council in its publication, *Corporate Governance Principles and Recommendations* (2nd edition). Under the terms of that definition, three of the Directors (namely Dick McIlwain, Ben Smith and Dave Warneke) are considered by the Board to be independent. Directors are required to provide all relevant information to enable a regular assessment of the independence of each Director to be made. If a Director ceases to qualify as an Independent Director, this will be disclosed immediately to the market.

The Board recognises that it is not currently comprised of a majority of Independent Directors. The Group's expansion into Asia and the acquisition of Asia Web Direct (HK) Limited resulted in the appointment of Neil Cumming to the Board. Neil Cumming is considered to bring a wealth of experience to the Board not only from his 16 years of successfully operating a South East Asian online accommodation booking service, but also from his IT systems background. The Board considers that its present composition still allows for critical, quality, expedient and independent decision-making in the best interests of the Group on all relevant issues.

The Board (and each individual Director) is entitled to seek independent professional advice at the Company's expense (subject to the reasonableness of the costs and Board consent) in the conduct of their duties for the Wotif.com Holdings Limited Board.

29. Neil Cumming is the founder of Asia Web Direct (HK) Limited. He retired from his executive management role within the Group in June 2009.

MEETINGS OF THE BOARD

The Board met on 11 occasions in the reporting period. Details of individual attendance at Board meetings, and of Board Committees, can be found on page 29 of this report.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive Directors are remunerated by way of fees (which may be in the form of cash, non-cash benefits, superannuation contributions or equity). They do not:

- participate in schemes designed for the remuneration of executives; or
- receive options or bonus payments. Non-executive Directors of the Company are not provided with retirement benefits other than statutory superannuation.

BOARD COMMITTEES

The Board has established two Committees (both of which operate pursuant to written charters available at www.wotifgroup.com), namely:

- the Nomination and Remuneration Committee; and
- the Audit and Risk Committee.

These Board Committees support the full Board and essentially act in a review and advisory capacity in matters that require a more intensive review. This section gives an overview of the Company's Committees.

Nomination and Remuneration Committee

This Committee met twice during the reporting period. Each Committee member's attendance at meetings is set out on page 29. Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors. Currently the members of this Committee are Dick McIlwain (Committee Chairman), Ben Smith and Dave Warneke. The main functions of the Committee are:

- to establish procedures for the selection and recommendation of candidates suitable for appointment to the Board;
- to assist in ensuring that an appropriate mix of skills, experience and expertise is held by Board members;
- to assist in ensuring that the Board is comprised of individuals who are best able to discharge the responsibilities of a Director; and
- to assist in ensuring that appropriate remuneration policies are in place which are designed to meet the needs of the Group and to enhance corporate and individual performance.

This Committee is charged with undertaking an annual assessment of the effectiveness of the Board as a whole, and of individual Directors retiring and re-nominating for appointment to the Board. This review was undertaken in the reporting period (see Composition and Review of the Board at pages 22 and 23).

Audit and Risk Committee

This Committee met five times during the reporting period. Each Committee member's attendance at meetings is set out on page 29. Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors and all of whom must be Non-executive Directors. Currently the members of this Committee are Ben Smith (Committee Chairman), Andrew Brice and Dave Warneke. The qualifications and experience of the members of this Committee are set out in the section titled Board of Directors on pages 19 to 21. The main functions of the Committee are to provide ongoing assurance in the areas of:

- financial administration and reporting;
- audit control and independence; and
- risk overseeing and management, and internal controls.

The primary role of this Committee is to assist the Board in the review and overseeing of:

- the integrity of the Company's financial reporting;
- the Group's risk management and internal controls; and
- the Group's system of compliance with laws and regulations, internal compliance guidelines, policies, procedures and control systems, and prescribed internal standards of behaviour.

This Committee is charged with making recommendations on the appointment of the Company's external auditors and for reviewing their effectiveness. In carrying out this activity the Committee is guided by the following principles:

- the audit partner must be a registered company auditor and be a member of an accredited professional body;
- the audit partner and any audit team member must not be a Director or officer charged with the governance of the Company, or have a business relationship with the Company or any officer of the Company;

- the audit team shall not include a person who has been a former officer of the Company during that year;
- the external auditor must have actual and perceived independence from the Company and shall confirm their independence to the Board;
- the work is to be undertaken by people with an appropriate level of seniority, skill and knowledge; and
- the external auditor is not to provide non-audit services under which they assume the role of management, become an advocate for the Company or audit their own work.

The Board requires that the audit partner and the independent review partner rotate at least every 5 years with a minimum 3 year period before being reappointed to the Company's audit team.

RISK MANAGEMENT

The Board is responsible for overseeing the Group's systems of internal control and risk management. The Board has established a Risk Management Policy (available at www.wotifgroup.com) which addresses the overseeing by the Board and management of material business risks relevant to the Wotif Group. As stated in the Policy, the Company's philosophy is to manage risks in a balanced way, recognising that an element of risk is inevitable when operating a diverse and innovative business, and that an appetite for risk should, in appropriate cases, be encouraged. Our overriding risk management approach is to seek to maintain an acceptable balance between risk and return to maximise long-term shareholder value.

The Board has delegated the direct review of risk management to the Audit and Risk Committee, which comprises two Independent Directors. As part of its role, that Committee reviews the effectiveness of the Group's risk management system annually. The Group's risk management system includes maintaining a documented business continuity and risk management framework that the Group uses to identify, rate, monitor and report on material business risks.

Material business risk categories that are addressed by the Group's risk management system include operations, human resources, information technology and intellectual property, product management and growth, marketing and brand, finance, strategic, reputational, legal, and market-related risks.

The Risk Management Policy and the Wotif Group's risk management framework will be reviewed at least annually by the Executive Management Team, the Audit and Risk Committee and the Board to review their effectiveness and to ensure their continued application and relevance.

The Executive Management Team has responsibility for implementing the risk management systems and internal controls within the Group. The Management Team is also integral to identifying the risks in the Group's operations and activities. Monitoring of risks, risk management and compliance is undertaken by management and overseen by the Audit and Risk Committee.

In addition, the Wotif Group has in place a control environment to manage material risks to its operations, comprising the following elements:

- defined management responsibilities and organisational structure;
- written delegations of authority with respect to authority limits for approvals for expenditure;
- the Group operates within an annual budget approved by the Board and provides the Board with monthly reporting of performance against budget;
- internal management questionnaire system for legal and regulatory compliance;
- the Group's various production systems being hosted in specialised third party facilities that provide leading-edge security services to minimise the risk of intrusion; and

- the Wotif.com site's operations being supported by an offsite disaster recovery site (that has been tested under simulated load, but has not been placed into a live environment).

Management has reported to the Board that the Group's management of its material business risks was effective during the reporting period.

FINANCIAL REPORTING

The Group's financial report preparation and approval process for the 2009 financial year involved the Managing Director and Chief Financial Officer providing a declaration to the Board on 26 August 2009 that, in their opinion:

- the financial records of the Company have been properly maintained in accordance with the *Corporations Act 2001*;
- the financial statements and notes thereto for the financial year comply with the accounting standards are in accordance with the *Corporations Act 2001* and provide a true and fair view in all material respects of the Company's financial condition and operational results; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In making this statement, the Managing Director and Chief Financial Officer indicated to the Board that:

- in their opinion, the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks based on the risk management framework adopted by the Company;
- in their opinion, the statement is founded on a sound system of risk management and internal compliance and control systems which implement the policies adopted by the Board; and
- nothing has come to their attention since the end of the reporting period that would indicate any material change to the statements above.

ETHICAL STANDARDS – CODE OF CONDUCT

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Conduct to be followed by all Group employees and officers. The key aspects of this Code are:

- to provide the best experience for our customers;
- to act with honesty, integrity and fairness;
- to act in accordance with the law; and
- to use the Group's resources and property appropriately.

REMUNERATION POLICIES AND PRACTICES

As stated above, the Nomination and Remuneration Committee is charged with ensuring that the Group has appropriate remuneration policies designed to meet the needs of the Group and to enhance corporate and individual performance. The broad remuneration policy is to ensure remuneration packages properly reflect the person's duties, responsibilities and performance, and are competitive in attracting, retaining and motivating people of the highest quality.

Employees, including the Managing Director and specified executives, may receive bonuses based on the achievement of specific goals. Such bonuses may include options over ordinary shares. More detail on the Group's remuneration practices can be found on pages 30 to 39.

The Company has established in accordance with shareholder approval the Executive Share Option Plan and the Employee Share Plan to assist in the attraction, retention and motivation of employees and senior management within the Group. More detail is provided on pages 35 to 37.

Non-executive Directors do not receive any performance-related remuneration and are not provided with retirement benefits other than statutory superannuation.

The Group has adopted a formalised process for reviewing the performance of the Managing Director and each member of the Executive Management Team. During the reporting period the Managing Director's performance was reviewed by the Nomination and Remuneration Committee against performance measures relating to the prior reporting period. During the reporting period the performance of each executive manager was individually reviewed by the Managing Director against defined performance measures relating to the prior reporting period.

DEALING IN SHARES

The Group has adopted a written policy with respect to the dealing in shares by Directors and employees of the Group.

The policy reinforces the *Corporations Act 2001* prohibitions on insider trading and use of non-public, price-sensitive information. Under this Policy, Directors and employees must not buy or sell shares, options or derivatives in Wotif.com Holdings Limited during the following "black-out" periods:

- 1 January up to and including the day on which the half year results are released; and
- 1 July up to and including the day on which the full year results are released.

In addition, a Director or employee of the Group:

- must not enter into transactions in products associated with shares or options in Wotif.com Holdings Limited that operate to limit the economic risk to such security holdings; and
- must not trade in shares, options or derivatives of Wotif.com Holdings Limited for short-term gain and, accordingly, trading in these same shares, options or derivatives within a 12-month period is prohibited.

In all instances, a Director or employee of the Group must not deal (or procure another to deal) in shares, options or derivatives of Wotif.com Holdings Limited at any time that he or she has non-public, price-sensitive information.

INFORMATION DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Group has in place a written policy with respect to its continuous disclosure obligations and procedures, and its communication with shareholders (available at www.wotifgroup.com). The Board seeks to ensure that the Company's shareholders are provided with sufficient information to assess the performance of the Group. In addition to the Annual Report, the Group uses its website to communicate with its shareholders. The Group's website provides electronic access to the latest and past annual reports, all ASX releases, share price information, presentation material and notification of upcoming events.

Shareholders may direct questions to the Board and its external auditors at the Annual General Meeting. The Company requires its external auditors to attend its Annual General Meeting.

Directors' Report

Your Directors present their report on the Company consisting of Wotif.com Holdings Limited (the **Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2009 (collectively the **Group**).

DIRECTORS

The Directors of the Company at any time during the financial year and up to the date of this report are:

Richard Douglas McIlwain (Chairman)	Director since 3 April 2006
Robert Michael Sean Cooke (Managing Director)	Director since 23 October 2007
Graeme Thomas Wood	Director since 24 May 2000
Robert Andrew Creeth Brice	Director since 24 May 2000
Anthony Benjamin Reynolds Smith	Director since 3 April 2006
David Ernest Warneke	Director since 27 November 2006
Neil Anderson Cumming	Director since 26 March 2008

The continuing Directors' qualifications and experience are detailed on pages 19 to 21 under the heading Board of Directors and those pages are incorporated in and form part of this report.

COMPANY SECRETARY

Sean Phillip Simmons is the Company Secretary of Wotif.com Holdings Limited and has been since 22 September 2008. Sean has previously held positions with Amazon.com (senior corporate counsel) and Clayton Utz (senior associate). Sean is admitted as a solicitor of the Supreme Court of Queensland. He holds a Bachelor of Commerce, a Bachelor of Law (Hons) and a Masters of Law (Technology & Intellectual Property) from the University of Queensland. He is an affiliate of Chartered Secretaries Australia, and is currently completing a Graduate Diploma in Company Secretarial Practice.

PRINCIPAL ACTIVITIES

The Group's principal activity during the course of the financial year was the provision of online travel booking services.

REVIEW OF OPERATIONS AND RESULTS

The Company's net profit after tax for the year ended 30 June 2009 was $43.5 million (FY2008: $34.5 million).

A review of the operations of the Company and its business during the financial year and the results of those operations are set out on pages 4 to 18 inclusive.

Except as disclosed above, information as to the business strategies and prospects for future financial years has not been included in this report, because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

ENVIRONMENTAL DISCLOSURE

The operations of the Company and its controlled entities (see Note 19 on page 74) (the **Consolidated Entity**) are not subject to any particular or significant environmental regulation under any law of the Commonwealth of Australia or any of its States or Territories.

The Consolidated Entity has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

DIVIDENDS

The Company declared a final dividend in respect of the 2009 financial year of 11 cents per share. The dividend will be paid on 13 October 2009 (total final dividend amount fully franked $22,922,905).

The table below shows the fully franked dividends of the Company that have been paid, declared or recommended since the end of the preceding financial year.

Dividend	Record date	Payment date	Amount per security	Total dividend	Franked amount per security
2008 final dividend	10 September 2008	13 October 2008	9 cents	$18,729,490	9 cents
2009 interim dividend	6 March 2009	27 March 2009	6.5 cents	$13,535,928	6.5 cents
2009 final dividend	18 September 2009	13 October 2009	11 cents	$22,922,905	11 cents

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Consolidated Entity during the financial year under review not otherwise disclosed in this report or the Consolidated Financial Statements.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The Directors are not aware of any matters or circumstances not otherwise dealt with in this report or the Consolidated Financial Statements that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Information as to the likely developments in the operations of the Consolidated Entity is set out under the heading Managing Director's Report (see pages 4 to 18). Except as so disclosed, information on likely developments in the Consolidated Entity's operations in future financial years and the expected results of those operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Consolidated Entity.

INDEMNIFICATION

Pursuant to the Constitution of the Company, all Directors and Company Secretaries (past and present) have been indemnified against all liabilities allowed under the law. The Company has entered into agreements with each of its Directors, the Managing Director, the Chief Financial Officer, the Chief Information Officer and the Company Secretary to indemnify those parties against all liabilities to another person that may arise from their position as Directors or other officer of the Company or its controlled entities to the extent permitted by law. The agreement stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums for directors' and officers' liability insurance in respect of Directors and officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities as permitted by the *Corporations Act 2001*. This insurance cover extends to costs and liabilities arising from claims against the Company regarding the Prospectus document dated 24 April 2006 and the Bidders' Statement relating to the takeover of travel.com.au Limited dated 7 November 2007. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

DIRECTORS' INTERESTS

The relevant interest of each Director in the share capital of the Company and its controlled entities at the date of this report is as follows:

Name	Fully paid ordinary shares	Options over ordinary shares
R D McIlwain*	500,000	Nil
R M S Cooke	71,500	2,300,000
G T Wood	49,161,000	Nil
A B R Smith*	150,000	Nil
R A C Brice*	35,500,000	Nil
D E Warneke*	135,000	Nil
N A Cumming*	2,881,763	Nil

* These relevant interests include superannuation fund, trust, joint and other ownership structures, as appropriate.

DIRECTORS' MEETINGS

The number of Directors' meetings (and meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Name	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	A	B	A	B	A	B
R D McIlwain	11	11	1	1	2	2
R M S Cooke	11	11	-	-	-	-
G T Wood	11	10	-	-	-	-
A B R Smith	11	11	5	5	2	2
R A C Brice	11	11	5	5	-	-
D E Warneke	11	11	4	4	2	2
N A Cumming	11	10	-	-	-	-

Column A indicates the number of meetings held during the financial year while the Director was a member of the Board or Committee and which the Director was entitled to attend.

Column B indicates the number of meetings attended by the Director during the financial year while the Director was a member of the Board or Committee.

REMUNERATION REPORT (AUDITED)

The Remuneration Report of the Company is set out in the sections below:

Section A - Principles used to determine the nature and amount of remuneration;

Section B - Details of remuneration;

Section C - Contractual arrangements;

Section D - Share-based compensation; and

Section E - Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

SECTION A – PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

Remuneration policy

The approach by the Group to remuneration is to ensure that remuneration packages:

- properly reflect each individual's duties and responsibilities;
- are competitive in attracting, retaining and motivating staff of the highest quality; and
- are appropriate for the results delivered so as to uphold the interests of shareholders.

The Board has established a Nomination and Remuneration Committee which is charged with establishing and reviewing the remuneration policies of the Group. An overview of the functions of the Committee is set out on page 24. A copy of the Charter of the Committee can be found at www.wotifgroup.com.

Remuneration structure – senior executives

Remuneration of senior executives of the Group is comprised of two elements:

1. **Fixed remuneration:** Senior executives are offered a competitive base pay that comprises the fixed component of pay and rewards. External market data obtained from national remuneration surveys is used to ensure base pay is set to reflect the market for a comparable role. Base pay for senior executives is reviewed annually to ensure that it is competitive with the market.

2. **Variable (at risk) remuneration:** Comprised of potential participation in a bonus pool, an option scheme and a bonus share scheme.

Bonus pool

The bonus pool is comprised of two components:

(a) The first component of the pool is created when revenue in a financial year exceeds the annual budget set prior to the commencement of the relevant financial year. An additional amount will be added to or subtracted from the bonus pool where the related operational expenses vary from the expense budget. This component of the bonus pool focuses senior executives on outperforming revenue budgets and controlling costs in areas over which they exercise control.

(b) A second component of the bonus pool is established with reference to the movement in the Group's earnings per share. This component of the bonus pool is designed to align senior executives' remuneration with improvements to, or declines in, the earnings that establish the capacity of the Company to pay dividends to shareholders.

The Nomination and Remuneration Committee determines the allocation of the bonus pool between senior executives and other employees who have made a significant contribution to the Group's performance during the year. It is considered that the "at risk" bonus pool aligns executive performance with shareholder returns. The bonus pool provides a short-term incentive in relation to years where the Group outperforms, however provides no, or low, participation in periods where the performance is less satisfactory.

Option scheme

The Board uses equity as part of its remuneration approach and this has taken the form of the issue of options to executives under the Executive Share Option Plan. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefits.

The Board reviews the use of options from time to time. It is considered that options are an effective long-term incentive that (due to the performance hurdles) strongly aligns executives with shareholder interests.

Any future grant of options will be determined by the Board having regard to the limits on the number of options that may be issued under the Executive Share Option Plan and the Company's overall remuneration policies. Any allocation of options to individual executives will be determined by the Nomination and Remuneration Committee having regard to the individual's performance and position.

Bonus share scheme

The Company has in place the Employee Share Plan under which shares to a value of $1,000 may be granted to employees for no cash consideration. This plan was approved at a General Meeting of Shareholders on 10 April 2006.

Employees who have been continuously employed by the Group for a period of at least 12 months are eligible to participate in the plan. Shares issued under the plan may not be sold until the earlier of 3 years after issue or cessation of employment.

The maximum number of shares each participant may receive is $1,000 divided by the weighted average closing price of Wotif.com Holdings Limited's shares on the ASX on the 5 trading days prior to the date of offer to eligible employees. The Board, having regard to the performance of the Group, the cost to the Company in making a grant and the Group's overall remuneration policies, will determine any future grant under the Employee Share Plan.

Remuneration approach – Non-executive Directors

The Company's Non-executive Directors are remunerated from a maximum aggregate amount as determined by shareholders (currently $600,000 in total—fixed at the General Meeting of Shareholders on 10 April 2006). This amount excludes payments for extra services such as membership of Board Committees and is divided amongst all Non-executive Directors. Members of Board Committees have elected to receive no additional payments for these extra services. Current rates paid to Non-executive Directors (inclusive of superannuation) are:

Chairman – $163,500 p.a.
Non-executive Director – $87,200 p.a.

R A C Brice has elected to receive no Board fees.

There are no termination payments to Non-executive Directors on retirement from office other than payments relating to their accrued superannuation entitlements.

The Board's policy is to remunerate Non-executive Directors at market rates for comparable companies having regard to the time commitments and responsibilities assumed.

SECTION B – DETAILS OF REMUNERATION

The following persons, along with the Non-executive Directors, were the key management personnel having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, during the financial year:

- R M S Cooke – Group Chief Executive Officer & Managing Director;
- G T Wood – Executive Director;
- N A Cumming – Executive Director (from 27 March 2008 to 25 June 2009);
- C A Dawson – Chief Financial Officer;
- A M Ross – Chief Information Officer.

In addition:

- J Eawsakul;
- S W Moorhead; and
- H Demetriou,

are executives whose remuneration must be disclosed under the *Corporations Act 2001* as being included within the five highest Group and/or Company remunerated executives.

Details of the remuneration of the Directors, the key management personnel and the five most highly remunerated executives of the Group and/or Company are set out in the tables on the following pages.

	Short-term benefits			Post-employment benefits		Long-term benefits	Equity		Total[30]	Percentage of remuneration that consists of:		
	Base cash salary & fees[31] $	Performance related remuneration - cash bonus $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Long service leave	Options[32]	Employee bonus shares[33]	$	Fixed remuneration %	Bonus (short term incentive) %	Options (long term incentive) %
FY2009 Directors' Remuneration												
Non-executive Directors												
R D McIlwain	150,000	-	-	13,500	-	-	-	-	163,500	100%	0%	0%
A B R Smith	80,000	-	-	7,200	-	-	-	-	87,200	100%	0%	0%
R A C Brice	-	-	-	-	-	-	-	-	-	-	-	-
D E Warneke	80,000	-	-	7,200	-	-	-	-	87,200	100%	0%	0%
Sub-total Non-executive Directors	310,000	-	-	27,900	-	-	-	-	337,900			
Executive Directors												
R M S Cooke	635,317	500,000	-	14,369	-	7,637	545,866	-	1,703,189	39%	29%	32%
G T Wood	90,000	-	-	8,100	-	-	-	-	98,100	100%	0%	0%
N A Cumming	206,250	-	334	5,284	-	-	-	-	211,868	100%	0%	0%
Sub-total Executive Directors	931,567	500,000	334	27,753	-	7,637	545,866	-	2,013,157			
Total	1,241,567	500,000	334	55,653	-	7,637	545,866	-	2,351,057			
FY2008 Directors' Remuneration												
Non-executive Directors												
R D McIlwain	156,249	-	-	14,062	-	-	-	-	170,311	100%	0%	0%
A B R Smith	82,500	-	-	7,424	-	-	-	-	89,924	100%	0%	0%
R A C Brice	-	-	-	-	-	-	-	-	-	-	-	-
D E Warneke	82,500	-	-	7,424	-	-	-	-	89,924	100%	0%	0%
Sub-total Non-executive Directors	321,249	-	-	28,910	-	-	-	-	350,159			
Executive Directors												
R M S Cooke	574,843	200,000	-	13,239	-	2,368	500,172	-	1,290,622	45%	16%	39%
G T Wood	120,812	-	-	10,873	-	-	-	-	131,685	100%	0%	0%
N A Cumming	57,935	5,514	322	356	-	-	-	-	64,127	93%	7%	0%
Sub-total Executive Directors	753,590	205,514	322	24,468	-	2,368	500,172	-	1,486,434			
Total	1,074,839	205,514	322	53,378	-	2,368	500,172	-	1,836,593			

30. Decrease in Directors' remuneration (other than the Managing Director) is due to change in pay cycle composition (i.e. change from 4 weeks in arrears to 2 weeks in advance and 2 weeks in arrears). Fees have remained unchanged from FY2008 to FY2009.
31. Non-executive Directors' remuneration represents fees in connection with attending Board meetings and Board Committee meetings.
32. No options were granted to Directors in the financial year. No options were outstanding to Directors other than the Managing Director during the financial year.
33. Refers to shares issued pursuant to the Employee Share Plan.

	Short-term benefits			Post-employment benefits		Long-term benefits	Equity		Total	Percentage of remuneration that consists of:		
	Base cash salary & fees $	Performance related remuneration - cash bonus[34] $	Non-monetary benefits $	Super-annuation $	Termination benefits $	Long service leave	Options[35]	Employee bonus shares[36]	$	Fixed remuneration %	Bonus (short term incentive) %	Options (long term incentive) %
FY2009 Executive Remuneration												
C A Dawson	238,756	28,000	-	13,745	-	766	80,141	-	361,408	70%	8%	22%
A M Ross	183,486	65,000	-	20,642	-	3,703	20,829	-	293,660	71%	22%	7%
J Eawsakul	195,067	17,101	20,139	6,866	-	-	20,008	-	259,181	78%	14%	8%
S W Moorhead	163,991	30,000	-	16,411	-	1,437	20,331	-	232,170	78%	13%	9%
H Demetriou	150,107	16,000	-	12,377	-	5,176	16,673	-	200,333	84%	8%	8%
Total	931,407	156,101	20,139	70,041	-	11,082	157,982	-	1,346,752			
FY2008 Executive Remuneration												
C A Dawson	185,596	28,000	-	13,705	-	409	80,529	-	308,239	65%	9%	26%
C Meehan[37]	63,766	-	-	19,120	155,804	-	-	-	238,690	100%	0%	0%
A M Ross	142,699	50,000	-	12,455	-	1,246	11,122	-	217,522	72%	23%	5%
G R Luck	149,783	20,000	-	13,480	-	387	22,244	-	205,894	79%	10%	11%
S W Moorhead	130,951	20,000	-	11,507	-	1,138	22,244	-	185,840	77%	11%	12%
P J Young[38]	115,103	-	-	3,491	22,157	-	33,367	-	174,118	81%	0%	19%
Total	787,898	118,000	-	73,758	177,961	3,180	169,506	-	1,330,303			

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

34. Performance bonus vested to the employee with respect to the financial year.
35. Represents the fair value of options expensed by the Company that were issued under the Executive Share Option Plan (for more detail refer to pages 35 to 39).
36. Represents the value of bonus shares issued pursuant to the Company Employee Share Plan (for more details refer to page 31).
37. Separated from the Group on 18 April 2008.
38. Separated from the Group on 6 September 2007. Mr Young entered into a 12 month consultancy agreement with the Company following separation from the Group for the provision of services and received $76,310 for these consultancy services in FY2008.

SECTION C – CONTRACTUAL ARRANGEMENTS

The table below sets out details of the contracts of employment with the Managing Director, the key management personnel and the five most highly remunerated executives of the Group and/or Company:

Name	Position	Employed by	Term	Termination by Company	Termination by employee
G T Wood	Executive Director	Wotif.com Holdings Limited	Rolling term	The employer may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises)	The employee may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises)
N A Cumming	Executive Director (to 25 June 2009)	Asia Web Direct Co. Ltd and Asia Web Direct (HK) Ltd	Rolling term	The employer may terminate the employment on 90 days' written notice (in which case no right to a severance payment arises)	The employee may terminate the employment on 90 days' written notice (in which case no right to a severance payment arises)
R M S Cooke	Group Chief Executive Officer and Managing Director	Wotif.com Pty Ltd	22 January 2011	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 12 months' fixed remuneration)	The employee may terminate the employment agreement on 6 months' notice (in which case no right to a severance payment arises)
C A Dawson	Chief Financial Officer	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
A M Ross	Chief Information Officer	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
S W Moorhead	Executive General Manager – User Experience & Innovation	Wotif.com Pty Ltd	Rolling term	The employer may terminate the employment agreement with cause at any time without notice (in which case no right to a severance payment arises)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
H Demetriou	Executive General Manager – Flights Business Unit	travel.com.au Limited	Rolling term	The employer may terminate the employment agreement with cause at any time without notice (in which case no right to a severance payment arises)	The employee may terminate the employment agreement on 8 weeks' notice (in which case no right to a severance payment arises)
J Eawsakul	Executive General Manager – Asian Business Unit	Asia Web Direct Co., Ltd	Rolling term	The employer may terminate the employment on 90 days' written notice (in which case no right to a severance payment arises)	The employee may terminate the employment on 90 days' written notice (in which case no right to a severance payment arises)

SECTION D – SHARE-BASED COMPENSATION

Options

The Company has undertaken six issues of options under the Executive Share Option Plan, the major terms of which are as follows (Directors, excluding the Managing Director, did not participate in these issues):

- *Vesting date and exercise price:*

  In respect of 1,500,000 options originally granted (**Package 1**), the options vest in three equal tranches on 2 December 2006, 3 December 2007 and 3 December 2008 and have an exercise price of $2.00 per option;

  In respect of 2,883,000 options originally granted (**Package 2**), the options vest in five equal tranches on 1 October 2007 and each anniversary of that date and have an exercise price of $2.00 per option;

  In respect of 390,000 options originally granted (**Package 3**), the options vest in five equal tranches on 1 October 2008 and each anniversary of that date and have an exercise price of $4.20 per option;

  In respect of 800,000 options originally granted (**Package 4**), the options vest in three tranches (200,000 on 22 October 2009, 200,000 on 22 October 2010 and 400,000 on 22 October 2011) and have an exercise price of $4.75 per option;

  In respect of 1,815,000 options originally granted (**Package 5**), the options vest in three tranches (603,987 on 1 November 2011, 604,002 on 1 November 2012, and 607,011 on 1 November 2013) and have an exercise price of $2.92 per option;

  In respect of 1,468,000 options originally granted (**Package 6**), the options vest in three tranches (489,307 on 1 November 2012, 489,339 on 1 November 2013, and 489,354 on 1 November 2014) and have an exercise price of $4.43 per option.

- *Grant date:*

  In accordance with AASB 2 Share-based Payment, the Company has calculated the fair value of the Package 1 and 2 options as at a grant date of 10 April 2006 (being the date of shareholder approval of the Executive Share Option Plan). Formal option certificates were issued on 24 July 2006 that reflected undertakings made to relevant employees to issue such options prior to the admission of the Company to the Official List of the ASX (which occurred in June 2006).

  The grant dates of the Packages 3 to 6 options are as follows:

Package 3	19 March 2007
Package 4	22 October 2007
Package 5	4 July 2008
Package 6	30 June 2009

- *Exercise conditions:*

  In respect of the Package 1 options, the performance criteria are as follows:

  – for the first tranche, achieving Prospectus forecast earnings per share for FY2006 (this condition has been satisfied);

  – for the second tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and

  – for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007 (this condition has been satisfied).

  In respect of the Package 2 options, the performance criteria are as follows:

  – for the first tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and

  – for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over Prospectus forecast earnings per share for FY2007.

  In respect of the Package 3 options, the performance criteria are as follows:

  – for the first tranche, achieving earnings per share of 10.34 cents; and

  – for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.

  In respect of the Package 4 options, the performance criteria are as follows:

  – for the first tranche, achieving earnings per share of 16.453 cents;

  – for the second tranche, achieving earnings per share of 18.510 cents; and

  – for the third tranche, achieving earnings per share of 20.823 cents.

  In respect of the Package 5 options, the performance criteria are as follows:

  – for each tranche, achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.

  In respect of the Package 6 options, the performance criterion is as follows:

– for each tranche, achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.

In respect of Packages 1 to 6 options, if the performance criteria for a tranche are not met, but subsequently the performance criteria for a later tranche are met, then the tranche with the earlier vesting date will vest as if the performance criteria had been met. In respect of Packages 1, 3, 4, 5 and 6 options, if there is a change in control of the Company after its admission to the Official List of ASX, any options that have not vested will immediately vest.

Lapsing date:

The lapse dates for the respective option packages are:

Package	Lapse date
Package 1	3 December 2010
Package 2	31 December 2011
Package 3	31 December 2012
Package 4	31 December 2011
Package 5	31 December 2013
Package 6	31 December 2014

Value:

The value per option at grant date is as set out below:

Package	Tranche and vesting date		Fair value
Package 1	Tranche 1	2 December 2006	$0.4282
	Tranche 2	3 December 2007	$0.4589
	Tranche 3	3 December 2008	$0.4820
Package 2	Tranche 1	1 October 2007	$0.4829
	Tranche 2	1 October 2008	$0.5047
	Tranche 3	1 October 2009	$0.5202
	Tranche 4	1 October 2010	$0.5300
	Tranche 5	1 October 2011	$0.5351
Package 3	Tranche 1	1 October 2008	$0.9966
	Tranche 2	1 October 2009	$1.0519
	Tranche 3	1 October 2010	$1.0995
	Tranche 4	1 October 2011	$1.1391
	Tranche 5	1 October 2012	$1.1713
Package 4	Tranche 1	22 October 2009	$1.8350
	Tranche 2	22 October 2010	$1.9100
	Tranche 3	22 October 2011	$1.9750
Package 5	Tranche 1	1 November 2011	$0.6930
	Tranche 2	1 November 2012	$0.6990
	Tranche 3	1 November 2013	$0.6972
Package 6	Tranche 1	1 November 2012	$1.4400
	Tranche 2	1 November 2013	$1.4800
	Tranche 3	1 November 2014	$1.5100

Options granted under the plan carry no dividend or voting rights.

When exercisable, each option is convertible into one ordinary share.

Details of options over ordinary shares in the Company as provided to each Director and each of the key management personnel are set out below.

Name	Number of options granted during the year		Number of options vested during the year	
	FY2009	FY2008	FY2009	FY2008
Directors				
R D McIlwain	-	-	-	-
R M S Cooke	-	800,000	500,000	500,000
G T Wood	-	-	-	-
N A Cumming	-	-	-	-
R A C Brice	-	-	-	-
A B R Smith	-	-	-	-
D E Warneke	-	-	-	-
Key management personnel and other Group executives				
C A Dawson	120,000	-	50,000	-
A M Ross	150,000	-	20,000	20,000
J Eawsakul	170,000	-	-	-
S W Moorhead	90,000	-	40,000	40,000
H Demetriou	160,000	-	-	-

The assessed fair value at grant date of options granted to the above individuals is allocated equally over the period from grant date to vesting date and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a binomial option pricing model taking into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option.

Details of ordinary shares in the Company provided as a result of the exercise of options to each Director and other key management personnel of the Group and/or Company are set out below:

Name	Date of exercise of options in the year	Number of ordinary shares issued on exercise of options during the year		Amount paid per ordinary share on exercise of option*
		FY2009	FY2008	FY2009
Directors				
Nil	N/A	Nil	Nil	N/A
Key management personnel and other Group executives				
C A Dawson	N/A	Nil	Nil	N/A
A M Ross	N/A	Nil	20,000	N/A
J Eawsakul	N/A	Nil	Nil	N/A
H Demetriou	N/A	Nil	Nil	N/A
S W Moorhead	24 April 2009	30,000	40,000	$2.00

* No amounts are unpaid on any share issued on exercise of option.

A Director or employee of the Group:

- must not enter into transactions in products associated with shares or options in Wotif.com Holdings Limited that operate to limit the economic risk to such security holdings; and
- must not trade in shares, options or derivatives of Wotif.com Holdings Limited for short-term gain and, accordingly, trading in these same shares, options or derivatives within a 12-month period is prohibited.

SECTION E – ADDITIONAL INFORMATION

Company performance

The remuneration policies implemented since the Company's formation are considered to have contributed to the growth in the Company's profits and shareholder returns by aligning remuneration with the performance of the Company. In particular, the policies implemented have assisted in driving net profit after tax from $12.0 million in FY2005 to $43.5 million in FY2009 as shown in Figure 4 and earnings per share growth as shown in Figure 5. Since listing in June 2006 at an issue price of $2.00, Wotif.com Holdings Limited's shares have increased in value by 135% to $4.70 as at 30 June 2009 ($2.82 as at 30 June 2008) as shown in Figure 6.

Figure 4. NPAT CAGR since listing

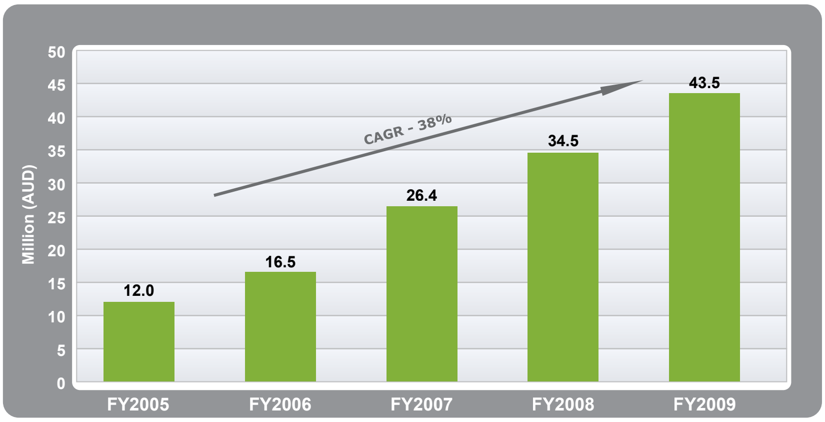


Figure 5. Earnings per Share CAGR since listing

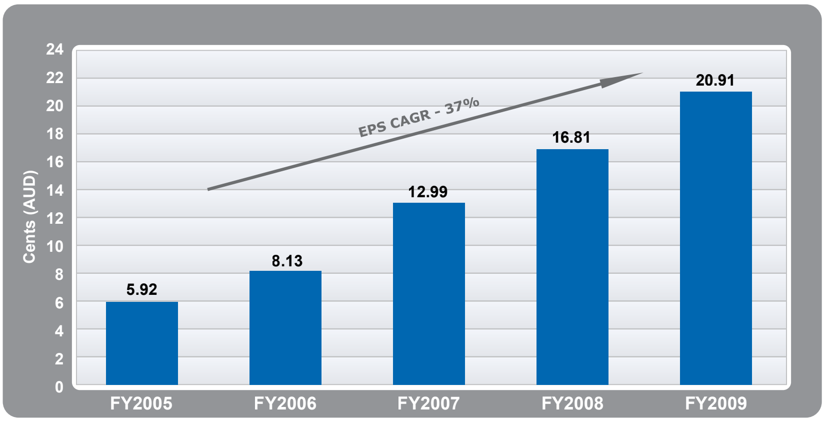


Figure 6. Share price since listing

Options

For each grant of options included in the tables on page 36, the percentage of the grant that vested in the financial year and the percentage that was forfeited because the performance criteria were not met, is as set out below. No options will vest if the performance criteria as set out on pages 35 and 36 are not met, hence the minimum value of options yet to vest is Nil.

Options						
Name	Option package and year granted	Vested	Forfeited	Financial years in which options may vest	Minimum total value of grant yet to vest $	Maximum total value of grant yet to vest* $
R M S Cooke	Package 1 FY2006	100%	0%		N/A	N/A
	Package 4 FY2008	0%	0%	FY2010	Nil	367,000
				FY2011		382,000
				FY2012		790,000
C A Dawson	Package 3 FY2007	20%	0%	FY2010	Nil	52,595
				FY2011		54,975
				FY2012		56,955
				FY2013		58,565
	Package 5 FY2009	0%	0%	FY2012	Nil	22,869
				FY2013		23,067
				FY2014		32,885
	Package 6 FY2009	0%	0%	FY2013	Nil	9,599
				FY2014		9,867
				FY2015		10,067
A M Ross	Package 2 FY2006	40%	0%	FY2010	Nil	10,404
				FY2011		10,600
				FY2012		10,702
	Package 5 FY2009	0%	0%	FY2012	Nil	22,869
				FY2013		23,067
				FY2014		23,705
	Package 6 FY2009	0%	0%	FY2013	Nil	23,999
				FY2014		24,667
				FY2015		25,167
J Eawsakul	Package 5 FY2009	0%	0%	FY2012	Nil	34,650
				FY2013		34,950
				FY2014		34,860
	Package 6 FY2009	0%	0%	FY2013	Nil	9,599
				FY2014		9,867
				FY2015		10,067
S W Moorhead	Package 2 FY2006	40%	0%	FY2010	Nil	20,808
				FY2011		21,200
				FY2012		21,404
	Package 5 FY2009	0%	0%	FY2012	Nil	9,240
				FY2013		9,320
				FY2014		9,296
	Package 6 FY2009	0%	0%	FY2013	Nil	23,999
				FY2014		24,667
				FY2015		25,167
H Demetriou	Package 5 FY2009	0%	0%	FY2012	Nil	28,875
				FY2013		29,125
				FY2014		29,050
	Package 6 FY2009	0%	0%	FY2013	Nil	16,799
				FY2014		17,267
				FY2015		17,617

* The maximum value of each option yet to vest has been determined as the total number of options to vest multiplied by the fair value of each option at grant date.

Further details relating to options are set out below:

	A	B	C	D
Name	Remuneration consisting of options	Value at grant date $	Value at exercise date $	Value at lapse date $
R D McIlwain	0%	-	-	-
A B R Smith	0%	-	-	-
D E Warneke	0%	-	-	-
R A C Brice	0%	-	-	-
G T Wood	0%	-	-	-
N A Cumming	0%	-	-	-
R M S Cooke	32%	-	-	-
C A Dawson	22%	108,354	-	-
A M Ross	7%	143,474	-	-
J Eawsakul	8%	133,993	-	-
S W Moorhead	9%	132,316	56,700	-
H Demetriou	8%	138,733	-	-

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 Share-based Payment of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year, because a vesting condition was not satisfied. The value is determined at the time of lapsing but assuming the condition was satisfied.

BONUS SHARES

No shares were issued under the Company's Employee Share Plan in the reporting period.

UNISSUED SHARES

As at the date of this report and at the reporting date, there were 7,515,200 unissued ordinary shares under options.

SHARES ISSUED AS A RESULT OF EXERCISE OF OPTIONS

During the financial year, employees and executives have exercised options to acquire 284,600 fully paid shares in the Company at a weighted average exercise price of $2.00. The above amount includes 70,000 options exercised by Directors, key management personnel and the top five remunerated personnel.

The market price of Wotif.com Holdings Limited's shares at 30 June 2009 was $4.70.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Australian Securities and Investments Commission Class Order 98/0100 and in accordance with that Class Order amounts in this report and in the accompanying financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company nor has any application been made in respect of the Company under section 237 of the *Corporations Act 2001*.

AUDITORS

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITORS' INDEPENDENCE DECLARATION

In accordance with section 307C of the *Corporations Act 2001*, the Directors have received a declaration from Ernst & Young in the form required under that section. The declaration is set out on page 41 and that page is incorporated in, and forms part of, this report.

NON-AUDIT SERVICES

The amounts paid or payable by the Company to Ernst & Young, being the auditors of the Company for non-audit services provided during the 2009 financial year, were as follows:

Description of non-audit service	Amount paid or payable
Tax	Nil
Accounting advices	Nil
Total	Nil

Given that no fees were paid or payable by the Company to Ernst & Young for non-audit services, the Directors are satisfied that:

- there were no non-audit services which compromised Ernst & Young's auditor independence requirements under the *Corporations Act 2001*; and
- there was no issue arising surrounding the compatibility of non-audit services with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

This report is made in accordance with a resolution of the Directors of Wotif.com Holdings Limited made on 26 August 2009.

Dick McIlwain
Chairman

Robbie Cooke
Group Chief Executive Officer and Managing Director

Auditor's Independence Declaration

ERNST & YOUNG

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Auditor's Independence Declaration to the Directors of Wotif.com Holdings Limited

In relation to our audit of the financial report of Wotif.com Holdings Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
26 August 2009

Liability limited by a scheme approved under Professional Standards Legislation

Financial Report to Shareholders

INCOME STATEMENT

For the Year ended 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Total Transaction Value		992,501	743,698	-	-
Accommodation revenue		109,294	83,455	-	-
Flights and other revenue	3	9,526	5,589	32,266	28,731
Interest received and receivable	3	2,486	4,952	9	-
Total revenue		121,306	93,996	32,275	28,731
Advertising and marketing expenses		11,670	9,986	-	-
Business development expenses		10,758	5,751	-	-
Operations and administration expenses	3	36,686	29,306	101	2
Total expenses		59,114	45,043	101	2
Profit before income tax		62,192	48,953	32,174	28,729
Income tax expense	4	18,665	14,501	(82)	(67)
Net profit		43,527	34,452	32,256	28,796

EARNINGS PER SHARE	Note	2009 per share	2008 per share
Basic earnings per share	25	20.91 cents	16.81 cents
Diluted earnings per share	25	20.73 cents	16.63 cents

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CURRENT ASSETS					
Cash and cash equivalents	6	101,761	60,159	134	175
Trade and other receivables	7	4,276	5,206	-	-
Total current assets		106,037	65,365	134	175
NON-CURRENT ASSETS					
Deferred income tax asset	4	9,623	8,321	7,400	7,673
Receivables	8	134	107	134	107
Available for sale investment		939	833	-	-
Investments in controlled entities	9	-	-	99,212	98,053
Property, plant and equipment	10	9,157	7,353	-	-
Intangible assets and goodwill	11	87,825	87,284	3	-
Total non-current assets		107,678	103,898	106,749	105,833
Total assets		213,715	169,263	106,883	106,008
CURRENT LIABILITIES					
Trade and other payables	12	134,385	103,874	76,754	77,061
Interest bearing liabilities	13	105	109	-	-
Income tax payable		3,745	5,119	3,856	4,216
Provisions	14	1,125	1,051	-	-
Total current liabilities		139,360	110,153	80,610	81,277
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	146	233	-	-
Deferred income tax liabilities	4	2,678	2,678	-	-
Provisions	14	364	233	-	-
Total non-current liabilities		3,188	3,144	-	-
Total liabilities		142,548	113,297	80,610	81,277
Net assets		71,167	55,966	26,273	24,731
EQUITY					
Contributed equity	15	22,890	22,321	22,890	22,321
Retained earnings		43,531	32,270	367	376
Reserves	16	4,746	1,375	3,016	2,034
Total equity		71,167	55,966	26,273	24,731

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the Year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		1,083,717	811,716	-	-
Payments to suppliers and employees (inclusive of GST)		(984,427)	(755,962)	(86)	(2)
Dividends received		-	-	32,266	28,731
Interest received		2,480	5,035	9	-
Borrowing costs		(41)	-	(41)	-
Income taxes paid		(20,318)	(14,510)	-	-
Net cash flows from operating activities	18(a)	81,411	46,279	32,148	28,729
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(3,631)	(2,242)	-	-
Payments for web development		(4,214)	(3,905)	-	-
Payment for intangibles		(38)	-	(4)	-
Acquisition of subsidiary/investment, net of cash acquired		(3,189)	(55,849)	(3,189)	(73,056)
Secured loan advanced		-	(107)	-	(107)
Unsecured loan repayment received		-	364	-	-
Unsecured loan received		-	-	2,701	72,410
Net cash flows from investing activities		(11,072)	(61,739)	(492)	(753)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		569	916	569	916
Dividends paid		(32,266)	(28,731)	(32,266)	(28,731)
Proceeds from borrowings		-	94	-	-
Lease payments		(109)	(61)	-	-
Net cash flows from financing activities		(31,806)	(27,782)	(31,697)	(27,815)
Net increase in cash held		38,533	(43,242)	(41)	161
Net foreign exchange differences		3,069	(962)	-	-
Cash and cash equivalents at beginning of year		60,159	104,363	175	14
Cash and cash equivalents at end of year	18(b)	101,761	60,159	134	175

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Year ended 30 June 2009

Consolidated	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2008	22,321	2,034	(542)	(117)	32,270	55,966
Foreign currency translation differences	-	-	1,173	-	-	1,173
Fair value movement	-	-	-	106	-	106
Income tax	-	1,142	-	(32)	-	1,110
Total income and expense for the year recognised directly in equity	-	1,142	1,173	74	-	2,389
Net profit for the year	-	-	-	-	43,527	43,527
Total income/expense for the year	-	1,142	1,173	74	43,527	45,916
EQUITY TRANSACTIONS:						
Dividends paid	-	-	-	-	(32,266)	(32,266)
Share-based payment	-	982	-	-	-	982
Shares issued	569	-	-	-	-	569
At 30 June 2009	22,890	4,158	631	(43)	43,531	71,167

For the Year ended 30 June 2008

Consolidated	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Foreign Currency Translation Reserve $'000	Investment Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2007	1,846	1,088	(10)	(35)	26,549	29,438
Foreign currency translation differences	-	-	(532)	-	-	(532)
Fair value movement	-	-	-	(117)	-	(117)
Income tax	-	-	-	35	-	35
Total income and expense for the year recognised directly in equity	-	-	(532)	(82)	-	(614)
Net profit for the year	-	-	-	-	34,452	34,452
Total income/expense for the year	-	-	(532)	(82)	34,452	33,838
EQUITY TRANSACTIONS:						
Dividends paid	-	-	-	-	(28,731)	(28,731)
Share-based payment	-	946	-	-	-	946
Shares issued	20,475	-	-	-	-	20,475
At 30 June 2008	22,321	2,034	(542)	(117)	32,270	55,966

The accompanying notes form part of these financial statements.

For the Year ended 30 June 2009

Parent Entity	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2008	22,321	2,034	376	24,731
Total income and expense for the year recognised directly in equity	-	-	-	-
Net profit for the year	-	-	32,256	32,256
Total income/expense for the year	-	-	32,256	32,256
EQUITY TRANSACTIONS:				
Dividends paid	-	-	(32,265)	(32,265)
Share-based payment	-	982	-	982
Shares issued	569	-	-	569
At 30 June 2009	22,890	3,016	367	26,273

For the Year ended 30 June 2008

Parent Entity	Contributed Equity $'000	Employee Equity Benefits Reserve $'000	Retained Earnings $'000	Total Equity $'000
At 1 July 2007	1,846	1,088	311	3,245
Total income and expense for the year recognised directly in equity	-	-	-	-
Net profit for the year	-	-	28,796	28,796
Total income/expense for the year	-	-	28,796	28,796
EQUITY TRANSACTIONS:				
Dividends paid	-	-	(28,731)	(28,731)
Share-based payment	-	946	-	946
Shares issued	20,475	-	-	20,475
At 30 June 2008	22,321	2,034	376	24,731

The accompanying notes form part of these financial statements.

1. CORPORATE INFORMATION

The financial report of Wotif.com Holdings Limited (the **Company**) for the year ended 30 June 2009 was authorised for issue in accordance with a resolution of Directors made on 26 August 2009.

Wotif.com Holdings Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The Company's (and its controlled entities' — see Note 19) (the **Consolidated Entity** or **Group**) operations and principal activity is the provision of online travel booking services.

Wotif.com Holdings Limited is the ultimate Australian parent and the ultimate parent in the Consolidated Entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards and other mandatory professional reporting requirements. It has been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB Int. 16	Hedges of a Net Investment in a Foreign Operation	This Interpretation requires that the hedged risk in a hedge of a net investment in a foreign operation is the foreign currency risk arising between the functional currency of the net investment and the functional currency of any parent entity. This also applies to foreign operations in the form of joint ventures, associates or branches.	1 October 2008	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB Int. 17 and AASB 2008-13	Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110	The Interpretation outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners acting in their capacity as owners. This applies to transactions commonly referred to as spin-offs, split-offs or demergers and in-specie distributions.	1 July 2009	As the Group does not currently distribute any non-cash assets, it is not expected to have any impact on the Group's financial report.	1 July 2009
AASB Int. 18	Transfers of Assets from Customers	This Interpretation provides guidance on the transfer of assets such as items of property, plant and equipment or transfers of cash received from customers. The Interpretation provides guidance on when and how an entity should recognise such assets and discusses the timing of revenue recognition for such arrangements and requires that once the asset meets the condition to be recognised at fair value, it is accounted for as an 'exchange transaction'. Once an exchange transaction occurs the entity is considered to have delivered a service in exchange for receiving the asset. Entities must identify each identifiable service within the agreement and recognise revenue as each service is delivered.	Applies prospectively to transfer of assets from customers received on or after 1 July 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New Standard replacing AASB 114 Segment Reporting, which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition the amendments may have an impact on the Group's segment disclosures.	1 July 2009
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Group has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations	The amendments clarify the definition of "vesting conditions", introducing the term "non-vesting conditions" for conditions other than vesting conditions as specifically defined and prescribe the accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	The Group has share-based payment arrangements. However application of this standard is not expected to affect the accounting for the Group's share based payments.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	The amendments provide a limited exception to the definition of a liability so as to allow an entity that issues puttable financial instruments with certain specified features, to classify those instruments as equity rather than financial liabilities.	1 January 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 3 (Revised)	Business Combinations	The revised Standard introduces a number of changes to the accounting for business combinations, the most significant of which includes the requirement to have to expense transaction costs and a choice (for each business combination entered into) to measure a non-controlling interest (formerly a minority interest) in the acquiree either at its fair value or at its proportionate interest in the acquiree's net assets. This choice will effectively result in recognising goodwill relating to 100% of the business (applying the fair value option) or recognising goodwill relating to the percentage interest acquired. The changes apply prospectively.	1 July 2009	This is different to the Group current accounting policy which is set out in Note 2(t) below and will be applied for any future business combinations.	1 July 2009
AASB 127 (Revised)	Consolidated and Separate Financial Statements	There are a number of changes arising from the revision to AASB 127 relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. Specifically in relation to a change in the ownership interest of a subsidiary (that does not result in loss of control), such a transaction will be accounted for as an equity transaction.	1 July 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	Amending Standard issued as a consequence of revisions to AASB 3 and AASB 127. Refer above.	1 July 2009	Refer to AASB 3 Above	1 July 2009

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. This was the first omnibus of amendments issued by the IASB arising from the Annual Improvements Project and it is expected that going forward, such improvements will be issued annually to remove inconsistencies and clarify wording in the standards. The AASB issued these amendments in two separate amending standards; one dealing with the accounting changes effective from 1 January 2009 and the other dealing with amendments to AASB 5, which will be applicable from 1 July 2009 (refer below AASB 2008-6).	1 January 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	This was the second omnibus of amendments issued by the IASB arising from the Annual Improvements Project. Refer to AASB 2008-5 above for more details.	1 July 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments of relevance to Australian entities are those made to AASB 127 deleting the “cost method” and requiring all dividends from a subsidiary, jointly controlled entity or associate to be recognised in profit or loss in an entity’s separate financial statements (i.e., parent company accounts). The distinction between pre- and post-acquisition profits is no longer required. However, the payment of such dividends requires the entity to consider whether there is an indicator of impairment. AASB 127 has also been amended to effectively allow the cost of an investment in a subsidiary, in limited reorganisations, to be based on the previous carrying amount of the subsidiary (that is, share of equity) rather than its fair value.	1 January 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendment to AASB 139 clarifies how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item is being hedged and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using the following three-level hierarchy: – quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and – inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). These amendments arise from the issuance of Improving Disclosures about Financial Instruments (Amendments to IFRS 7) by the IASB in March 2009. The amendments to AASB 4, AASB 1023 and AASB 1038 comprise editorial changes resulting from the amendments to AASB 7.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements in AASB 139 that relate to a net investment hedge are satisfied. More hedging relationships will be eligible for hedge accounting as a result of the amendment. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The amendments pertaining to IFRS 5, 8, IAS 1,7, 17, 36 and 39 have been issued in Australia as AASB 2009-5 (refer below).	1 July 2009	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136 & 139)	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The main amendment of relevance to Australian entities is that made to AASB 117 by removing the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible v property, plant and equipment) needs to be determined. These amendments arise from the issuance of the IASB's Improvements to IFRSs. The AASB has issued the amendments to IFRS 2, IAS 38, IFRIC 9 as AASB 2009-4 (refer above).	1 January 2010	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report	1 July 2010

Reference	Title	Summary	Application Date of Standard*	Impact on Company Financial Report	Application Date for Company*
Amendments to International Financial Reporting Standards	Amendments to IFRS 2	The amendments clarify the accounting for group cash-settled share-based payment transactions, in particular: – the scope of AASB 2; and – the interaction between IFRS 2 and other standards. An entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. A "group" has the same meaning as in IAS 27 Consolidated and Separate Financial Statements, that is, it includes only a parent and its subsidiaries. The amendments also incorporate guidance previously included in IFRIC 8 Scope of IFRS 2 and IFRIC 11 IFRS 2—Group and Treasury Share Transactions. As a result, IFRIC 8 and IFRIC 11 have been withdrawn.	1 January 2010	On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.	1 July 2010

* Designates the beginning of the applicable annual reporting period unless otherwise stated

(c) Revenue recognition

Operating revenue

The principal business of the Consolidated Entity is the earning of a margin from the sale of accommodation, flights and travel-related services over the internet.

Accommodation revenue

Hotel inventory (room nights) is displayed on the website for sale at the hotels' discretion. When bookings are made they are paid for immediately by customers using their credit cards as verified by an online merchant facility. The Consolidated Entity recognises the revenue when customers have commenced their stay at hotels.

Accommodation revenue is calculated as the total of any receipts from customers in the form of booking fees, cancellation fees, credit card surcharges, commissions or payments for accommodation services less any payments to accommodation providers, cancellation refunds or credit card recharges. As part of this calculation the Group bases any estimates on historical results taking into consideration the type of transaction and specifics of each arrangement.

Accommodation revenue received prior to the commencement of the customer's stay at the hotel is recognised as an unearned revenue liability.

Flights and travel-related services revenue

Revenue from services rendered is recognised in the profit or loss on issue of the ticket or voucher to the passenger. Revenue from airline overrides are recognised in accordance with airline sales agreements as they accrue on the issue of ticket to the passenger, when the amount can be reliably measured. Revenue is recognised in profit or loss when recovery of the consideration is probable and the associated costs incurred or to be incurred can be estimated reliably.

Other revenue

Revenues from rendering of other services are recognised when the service is provided.

Total Transaction Value (*TTV*)

TTV represents the price at which accommodation, flight, package and other travel-related services have been sold across the Consolidated Entity's operations. TTV is stated net of GST/VAT payable. TTV does not represent revenue in accordance with Australian Accounting Standards.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(d) Basis of consolidation

Wotif.com Holdings Limited controls entities where it has the capacity to dominate the decision-making in relation to the financial and operating policies of those entities so that they operate to achieve the objectives of Wotif.com Holdings Limited. A list of controlled entities is contained in Note 19 to the financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Company using consistent accounting policies.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

On 25 June 2008 a Deed of Cross Guarantee (the **Deed**) was entered into between Wotif.com Holdings Limited and certain of its wholly-owned subsidiaries, being Wotif.com Pty Ltd, travel.com.au Limited, Lastminute.com.au Pty Limited and Arnold Travel Technology Pty Ltd. The Deed (which was lodged with ASIC on 26 June 2008) makes the closed group of companies that are parties to the Deed akin to a single legal entity in many respects (including each party guaranteeing the debts of the others).

Under ASIC Class Order 98/1418 the subsidiaries in the closed group of companies that are parties to the Deed are eligible to be relieved from the requirement under the *Corporations Act 2001* to prepare and lodge individual audited financial statements and individual director's reports. That relief has been taken. The above companies represent a "Closed Group" for the purposes of the Class Order and, as there are no other parties to the Deed that are controlled by Wotif.com Holdings Limited, they also represent the "Extended Closed Group".

(e) Intangible assets

Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Information Technology (IT) Costs

The Consolidated Entity's business is based on a total business technology solution encompassing customer and supplier interface, accounting for receipts and payments to hotels, airlines, inventory and management solutions. Invariably new business initiatives generating revenue, cost savings and capacity expansion require IT spending. The fundamental purpose of IT development is to better place the Consolidated Entity in a position to adopt new technologies, new products and features.

IT Development Costs that relate to the acquisition of an asset, to the extent that they represent probable future economic benefits controlled by the Consolidated Entity that can be reliably measured, are capitalised and amortised within the period of expected benefit, generally up to 3 years. In the reporting period, all IT Development Costs have been capitalised and amortised within the reporting year.

IT costs incurred on research, advertising, marketing management, maintenance, and day-to-day enhancements of all IT applications are charged as an expense in the period that they are incurred.

Intangibles

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 development costs, are not capitalised and expenditure is recognised in 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 assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(f) Taxation

(i) Income tax

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 on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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

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

- where the deferred income tax liability 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that 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 income tax asset 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.
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, 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 difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet 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 income 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 income tax assets and liabilities are measured at the tax rates expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets and deferred tax 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.

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

(ii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except where:

- the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST/VAT included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST/VAT 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/VAT recoverable from, or payable to, the taxation authority.

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

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

Land – not depreciated
Buildings – 40 years
Plant and equipment – over 5 to 15 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

(h) Foreign currency transactions and balances

Translation of foreign currency transactions

Both the functional and presentation currency of Wotif.com Holdings Limited and its Australian subsidiaries are Australian Dollars ($).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies

are retranslated at the rate of exchange ruling at the Balance Sheet date. All translation differences arising from transactions are taken directly to the Income Statement.

Translation of financial balances of overseas operations

The functional currency of each overseas subsidiary and branch is as follows:

Investment in Canadian subsidiary	CAD (Canadian dollars)
Investment in UK subsidiary	GBP (Great Britain pounds)
Investment in Malaysian subsidiary	MYR (Malaysian ringgits)
Investment in New Zealand subsidiary	NZD (New Zealand dollars)
Investment in Singapore subsidiary	SGD (Singapore dollars)
Investment in Thailand subsidiary	THB (Thailand baht)
Investment in Hong Kong subsidiary	HKD (Hong Kong dollars)

As at the reporting date, the assets and liabilities of overseas subsidiaries and branches are translated into the presentation currency of Wotif.com Holdings Limited at the rate of exchange ruling at the Balance Sheet date, and the Income Statements are translated at the actual exchange rate on the date of the transaction. The exchange differences arising on translation of the balances of the financial reports of overseas subsidiaries are taken directly to a separate component of equity.

(i) Employee benefits

A provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and annual leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at their nominal amounts.

Employee entitlement expenses arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, sick leave and other leave entitlements; and
- other types of employee entitlements,

are recognised against profit on a net basis in their respective categories.

A liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds.

(j) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments which are classified as available-for-sale are measured at fair value.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to

be impaired, at which time the cumulative gain or loss previously reported in equity is included in the Income Statement.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured (and linked derivatives) are measured at cost.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are de-recognised or impaired, as well as through the amortisation process.

For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument that is substantially the same or is calculated based on the expected cash flows of the underlying net asset of the investment.

(k) Cash and cash equivalents

Cash and short-term deposits in the Balance Sheet comprise cash at bank and in hand and short-term deposits with a maturity of 3 months or less.

(l) Provisions

(i) Provision for dividends

A provision for dividends is not recognised as a liability unless the dividends are declared and determined on or before the reporting date.

(ii) Provisions – general

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(m) 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.

(n) Comparative information

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(o) Recoverable amount of assets

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

(p) Trade and other receivables

Trade receivables, principally amounts owing from debit or credit card companies, which generally settle within 5 days, are recognised and carried at their TTV value including GST less an allowance for uncollectible amounts (if any).

Other trade receivables are recognised and carried at the original invoice amount.

An estimate for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the debts. Bad debts are written off when identified.

(q) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the reporting period that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(r) Share-based payment transactions

The Company provides benefits to employees of the Consolidated Entity in the form of share-based payment transactions (**equity-settled transactions**). Details of these benefits are included in the Remuneration Report contained within the Directors' Report (see page 30).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial option pricing model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (**market conditions**) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the **vesting period**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired; and (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at each instrument's grant date. The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(s) Earnings per share

Basic earnings per share are calculated as net profit attributable to members, adjusted to exclude costs of servicing equity, divided by the weighted average number of ordinary shares on issue during the reporting period.

Diluted earnings per share are calculated as net profit attributable to members, adjusted for:

- costs of servicing equity;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and the dilutive potential ordinary shares.

(t) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as 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.

(u) Significant accounting judgements, estimates and assumptions

(i) Significant accounting judgements

In the process of applying the Consolidated Entity's accounting policies, management has considered if there are judgements, apart from estimates, which will have a significant effect on the amount recognised in the financial statements; management has concluded there are none in addition to those noted in the preceding paragraphs.

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities can be determined and based on estimates and assumptions of future events. The key estimate and assumption made in preparing these financial statements is the amortisation period for the intangible asset, IT Development Costs, impairment of goodwill, valuation of share-based payments and fair value of assets and liabilities acquired in business combinations.

3. REVENUE AND EXPENSE

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Specific Items				
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:				
(i) Revenue				
Interest received/receivable – other parties	2,486	4,952	9	-
Dividends received – related entities	-	-	32,266	28,731
Flights and other revenue	9,526	5,589	-	-
Total	9,526	5,589	32,266	28,731
(ii) Operational and administration expenses				
Credit card commission	12,450	10,313	-	-
Amortisation of IT Development Costs	4,214	3,905	-	-
Other amortisation	259	12	-	-
Web maintenance costs	7,354	4,746	-	-
Depreciation	1,973	884	-	-
Foreign exchange loss / (gain) and currency conversion fees	414	1,533	(26)	-
Loss on disposal of property, plant & equipment	4	-	-	-
Rent and outgoings	592	400	-	-
Share-based payments expenses	982	946	-	-
Interest – other parties	50	109	41	-
Financial expense on capitalised leases	22	19	-	-
Administration employment expenses including Directors' costs	6,218	4,346	-	-
Other expenses	2,154	2,093	86	2
Total	36,686	29,306	101	2
(iii) Employee benefits expense				
Wages and salaries (excluding IT development employees' wages and salaries capitalised)	19,673	12,506	-	-
Share-based payments expense	982	946	-	-
Total	20,655	13,452	-	-

4. INCOME TAX

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
The major components of income tax expense are:				
INCOME STATEMENT				
Current income tax				
- Current income tax charge	19,184	14,514	(28)	-
- Adjustments in respect of current income tax of previous year	(54)	(67)	(54)	(67)
Deferred income tax				
- Relating to origination and reversal of temporary differences	(465)	54	-	-
Income tax expense reported in the Income Statement	18,665	14,501	(82)	(67)
Amounts charged or credited directly to equity				
Deferred income tax related to items charged or credited directly to equity				
Unrealised loss on available for sale investment	32	(35)	-	-
Movement in employee equity reserve	(1,141)	-	-	-
Income tax expense reported in equity	(1,109)	(35)	-	-

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Accounting profit before income tax	62,192	48,953	32,174	28,729
At the Consolidated Entity's statutory income tax rate of 30%	18,657	14,686	9,652	8,619
Adjustments in respect of current income tax of previous years	(54)	(66)	(54)	(66)
Research and development concession deduction	(219)	(260)	-	-
Foreign exchange and other translation adjustment	(7)	(8)	-	-
Foreign tax rate adjustment	(55)	(63)	-	-
Non-deductible amortisation	70	-	-	-
Other	(23)	6	-	(1)
Share-based payment expense	296	284	-	-
Previously unrecognised tax losses used now recouped to reduce current tax expense	-	(78)	-	-
Non-assessable dividends	-	-	(9,680)	(8,619)
Income tax expense	18,665	14,501	(82)	(67)

Consolidated

	Balance Sheet		Income Statement	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
DEFERRED INCOME TAX				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities				
Interest accrued not received	1	2	-	19
Brand names recognised in foreign subsidiary	2,678	2,678	-	-
Gross deferred tax liabilities	2,679	2,680		
Set off of deferred tax assets	(1)	(2)		
Net deferred tax liabilities	2,678	2,678		
Deferred income tax asset				
Tax losses	7,400	7,673	-	-
Accrued expenses	357	240	(107)	(142)
Provisions	436	360	(85)	177
Available for sale investment	18	50	-	-
Share-based payment	1,413	-	(273)	-
Gross deferred tax assets	9,624	8,323		
Set off of deferred tax liabilities	(1)	(2)		
Net deferred tax assets	9,623	8,321		
Deferred tax income			(465)	54

Parent Entity

	Balance Sheet		Income Statement	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
DEFERRED INCOME TAX				
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities	-	-	-	-
Deferred income tax asset	-	-	-	-
Tax losses	7,400	7,673		

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Wotif.com Holdings Limited and its 100% Australian-owned subsidiaries formed a tax consolidated group. Wotif.com Holdings Limited is the head entity of the tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current and deferred taxes to members of the tax consolidated group in accordance with the principles of AASB 112 *Income Taxes* using the separate taxpayer within a group method.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Wotif.com Holdings Limited. The head entity, being Wotif.com Holdings Limited, will be responsible for current tax payable of the entire Group.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

At the meeting of the Company's Board on 26 August 2009, the Directors declared a fully franked dividend on ordinary shares of 11 cents per share in respect of the period to 30 June 2009. In accordance with Accounting Standards, the total amount of this final dividend of $22,922,905 has not been provided for in the 30 June 2009 Financial Statements.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Dividend paid				
Final franked dividend for 2008: 9 cents (2007 final: 8 cents)	18,730	16,256	18,730	16,256
Interim franked dividend for 2009: 6.5 cents (2008 interim: 6 cents)	13,536	12,475	13,536	12,475
	32,266	28,731	32,266	28,731
(b) Franking account balance				
The amount of franking credits available for the subsequent financial year are:				
- franking balance as at the end of the financial year at 30%	13,807	8,647	13,807	8,647
- franking that will arise from the payment of income tax as at the end of the period	3,856	4,216	3,856	4,216
	17,663	12,863	17,663	12,863
(c) Dividends proposed and not recognised as a liability				
2009: 11 cents fully franked (2008: 9 cents fully franked)	22,923	18,729	22,923	18,729
	22,923	18,729	22,923	18,729

6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash at bank	81,839	47,952	134	175
Bank term deposits maturing within 3 months	2,480	2,962	-	-
Client funds account	17,442	9,245	-	-
	101,761	60,159	134	175

The cash shown as Client funds account is held on behalf of customers until suppliers are paid on behalf of these customers.

7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade debtors	3,591	4,562	-	-
Prepayments	685	644	-	-
	4,276	5,206	-	-

Trade receivables, principally amounts owing from credit card companies, generally settle within 5 days. These are non-interest bearing. Other trade receivables are recognised on invoice amount and generally settle within 30-60 days. No impairment loss has been recognised for the current year.

At 30 June 2009 and 30 June 2008 all consolidated trade receivables were aged within 0-30 days. No receivables were past due not impaired.

Due to the short-term nature of these receivables, their carrying values approximate their fair values. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

8. NON-CURRENT ASSETS – RECEIVABLES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Loan to other parties, secured	134	107	134	107
	134	107	134	107

This loan bears interest at 8.5% p.a.

9. NON-CURRENT ASSETS – INVESTMENTS IN CONTROLLED ENTITIES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Investment in controlled entities – at cost (Note 19)	-	-	99,212	98,053
	-	-	99,212	98,053

10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Land and buildings				
Freehold land – at cost	790	790	-	-
Buildings – at cost	1,837	1,804	-	-
Less: Accumulated depreciation	(110)	(56)	-	-
	2,517	2,538	-	-
Plant and equipment – at cost	11,817	8,083	-	-
Less: Accumulated depreciation	(5,177)	(3,268)	-	-
	6,640	4,815	-	-
Total property, plant and equipment	9,157	7,353	-	-

Reconciliation of carrying amounts at the beginning and end of the period:

	Freehold land $'000	Freehold buildings $'000	Plant & equipment $'000	Total $'000
YEAR END 30 JUNE 2009				
Balance at 1 July 2008	790	1,748	4,815	7,353
Exchange difference	-	33	113	146
Additions	-	-	3,631	3,631
Acquisition of subsidiary	-	-	-	-
Disposals at written down value	-	-	-	-
Depreciation	-	(54)	(1,919)	(1,973)
Balance at end of year	790	1,727	6,640	9,157
YEAR END 30 JUNE 2008				
Balance at 1 July 2007	790	1,617	1,580	3,987
Exchange difference	-	-	(127)	(127)
Additions	-	-	2,242	2,242
Acquisition of subsidiary	-	173	1,962	2,135
Disposals at written down value	-	-	-	-
Depreciation	-	(42)	(842)	(884)
Balance at end of year	790	1,748	4,815	7,353

11. NON-CURRENT ASSETS – INTANGIBLE ASSETS AND GOODWILL

Consolidated	IT Development Costs $'000	Trademark & brand names $'000	Domain names $'000	Customer contracts $'000	Goodwill $'000	Total $'000
Year ended 30 June 2009						
At 1 July 2008 net of accumulated amortisation and impairment	-	22,964	204	690	63,426	87,284
Additions – internal development	4,214	-	-	-	-	4,214
Additions – other	-	39	-	-	-	39
Acquisition of subsidiaries	-	-	-	-	-	-
Exchange differences	-	-	42	-	719	761
Amortisation	(4,214)	(2)	(27)	(230)	-	(4,473)
At 30 June 2009 net of accumulated amortisation and impairment	-	23,001	219	460	64,145	87,825
AT 30 JUNE 2009						
Cost (gross carrying amount)	17,584	23,003	364	690	64,145	105,786
Accumulated amortisation and impairment	(17,584)	(2)	(145)	(230)	-	(17,961)
NET CARRYING AMOUNT	-	23,001	219	460	64,145	87,825
Year ended 30 June 2008						
At 1 July 2007 net of accumulated amortisation and impairment	-	-	-	-	-	-
Additions – internal development	3,905	-	-	-	-	3,905
Acquisition of subsidiaries	-	22,964	216	690	63,426	87,296
Amortisation	(3,905)	-	(12)	-	-	(3,917)
AT 30 JUNE 2008 NET OF ACCUMULATED AMORTISATION AND IMPAIRMENT	-	22,964	204	690	63,426	87,284
AT 30 JUNE 2008						
Cost (gross carrying amount)	13,370	22,964	306	690	63,426	100,756
Accumulated amortisation and impairment	(13,370)	-	(102)	-	-	(13,472)
NET CARRYING AMOUNT	-	22,964	204	690	63,426	87,284

(a) Description of the Group's intangible assets and goodwill

(i) IT Development Costs

Development costs are carried at cost less accumulated amortisation. This intangible asset has been assessed as having a finite life and is amortised in the year incurred.

(ii) Trademark and brand names

Trademarks and brand names have been acquired through business combinations and are carried at cost less accumulated impairment losses. These intangible assets have been determined to have indefinite useful lives.

(iii) Domain names

The domain names have been acquired through business combinations and are being amortised over a 15 year period.

(iv) Customer contracts

The customer contracts have been acquired through a business combination and are carried at cost less accumulated amortisation. This intangible asset has been assessed as having a finite life and is amortised using the straight line method over a period of 3 years.

(v) Goodwill

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

No impairment losses have been recognised.

Goodwill acquired through business combination has been allocated to two individual cash-generating units for impairment testing, being:

- travel.com.au Limited Group; and
- Asia Web Direct (HK) Limited Group.

(b) Carrying amount of goodwill, trademarks and brand names allocated to each of the cash-generating units

The carrying amounts of goodwill and trademark and brand names allocated to the travel.com.au Limited and Asia Web Direct (HK) Limited units are significant as shown in the table below.

	Consolidated						Parent	
	travel.com.au unit		Asia Web Direct unit		Total		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Carrying amount of goodwill	37,791	37,791	26,354	25,635	64,145	63,426	-	-
Carrying amount of trademarks and brand names with indefinite lives	13,680	13,680	8,925	8,925	22,605	22,605	-	-

(c) Key assumptions used in value in use calculations for the travel.com.au Limited and the Asia Web Direct (HK) Limited cash-generating units for 30 June 2009

The calculations of value in use for both cash-generating units includes the following assumptions:

Gross margins

Gross margins are based on the historical TTV margin achieved by the businesses.

Discount rates

Discount rates reflect management's estimate of the time value of money and the risks specific to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess the carrying value for impairment testing. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risks specific to the unit. The after-tax discount rate applied to the cash flow projections is 12%.

Market share and growth rate assumptions

These assumptions are important because, as well as using industry data for growth rates, management assesses how the unit's relative position to its competitors might change over the future. Management expects both units to benefit from continuing increased penetration of bookings conducted online. The valuation methodology contemplates customers within the cash-generating unit potentially becoming customers within the wider Group.

(d) Sensitivity to changes in assumptions

With regard to the assessment of the value in use calculation for both the travel.com.au Limited unit and the Asia Web Direct (HK) Limited unit, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of either unit to materially exceed its recoverable amount.

12. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amounts due in relation to bookings made	81,297	71,983	-	-
Trade creditors and accruals	11,216	9,324	-	3,013
Unearned revenue	5,058	2,356	-	-
Deposits received not yet due	36,814	20,211	-	-
Loan from controlled entities – unsecured	-	-	76,754	74,048
	134,385	103,874	76,754	77,061

13. INTEREST-BEARING LIABILITIES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CURRENT				
Lease liability	105	109	-	-
	105	109	-	-
NON-CURRENT				
Redeemable preference shares (see Note 19)	112	94	-	-
Lease liability	34	139	-	-
	146	233	-	-

There is no security over lease liabilities and repayment is over 2 years at interest rates between 7.58% and 8.41%.

Bank facility

The Wotif Group has entered into a come and go facility with the National Australia Bank for working capital requirements of $15 million. The facility is secured by a fixed and floating charge over the assets of the Group. As at 30 June 2009, no funds stood drawn under this facility and the Group was in compliance with all of the covenants.

14. PROVISIONS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CURRENT				
Employee benefits	1,099	915	-	-
Make good provision	26	136	-	-
	1,125	1,051	-	-
NON-CURRENT				
Employee benefits	364	233	-	-
	364	233	-	-

Make good provision

At the termination of the lease of office premises, a subsidiary of the Group has an obligation to yield up the premises to the lessor, in good and substantial repair and condition, having regard to the condition at the date the Company took possession thereof.

15. CONTRIBUTED EQUITY

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
208,390,044 (2008: 208,105,444) fully paid ordinary shares	22,890	22,321	22,890	22,321
	22,890	22,321	22,890	22,321

	Consolidated		Parent Entity	
	Shares	$'000	Shares	$'000
Movement in ordinary shares on issue				
At 1 July 2007	203,204,038	1,846	203,204,038	1,846
Employee options exercised	457,800	915	457,800	915
Asia Web Direct (HK) Limited acquisition – shares issued	3,607,595	15,657	3,607,595	15,657
travel.com.au Limited acquisition – shares issued	836,011	3,903	836,011	3,903
At 1 July 2008	208,105,444	22,321	208,105,444	22,321
Employee options exercised	284,600	569	284,600	569
At 30 June 2009	208,390,044	22,890	208,390,044	22,890

Capital management

When managing capital, the Group's objective is to ensure the entity continues as a going concern as well as maintaining optimal returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group is constantly reviewing its capital structure to take advantage of favourable costs of capital or high return on assets. As the market is constantly changing, the Group may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

During 2009, dividends of $32,266,000 (2008: $28,731,000) were paid. The Company's stated dividend policy is to maintain an 80%-90% payout ratio.

16. RESERVES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
INVESTMENT RESERVE				
Balance at the beginning of the year	(117)	(35)	-	-
Unrealised gain / (loss) on investment	106	(117)	-	-
Income tax	(32)	35	-	-
Balance at end of year	(43)	(117)	-	-
FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at the beginning of the year	(542)	(10)	-	-
Currency translation differences	1,173	(532)	-	-
Balance at end of year	631	(542)	-	-
EMPLOYEE EQUITY BENEFITS RESERVE				
Balance at the beginning of the year	2,034	1,088	2,034	1,088
Share-based payment	982	946	982	946
Deferred tax	1,142	-	-	-
Balance at end of year	4,158	2,034	3,016	2,034
Total reserves	4,746	1,375	3,016	2,034

17. RELATED PARTY DISCLOSURES

Wholly-owned Consolidated Entity transactions

The ultimate Australian parent entity in the wholly-owned Consolidated Entity is Wotif.com Holdings Limited.

During the year various inter-company transactions were undertaken between companies in the wholly-owned Consolidated Entity. These transactions were undertaken on a no net margin basis. The effect of these transactions is fully eliminated on consolidation.

All inter-company balances, payable and receivable, are on an “arm’s length” basis with standard terms and conditions.

Other related party transactions

Marketing fee

During the year ended 30 June 2009, marketing services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received $33,026 (2008: Nil) from the Group based on normal commercial terms.

18. CASH FLOW STATEMENT RECONCILIATION

	Consolidated		Parent Entity	
	2009 $’000	2008 $’000	2009 $’000	2008 $’000
(a) Reconciliation of the net profit to the net cash flows from operations:				
Net profit	43,527	34,452	32,256	28,795
Depreciation of non-current assets	1,973	884	-	-
Amortisation of non-current assets	4,473	3,905	-	-
Net loss on disposal of property, plant and equipment	4	-	-	-
Net exchange differences	(13)	7	(21)	-
Share options expensed	982	946	-	-
Withholding tax paid by subsidiaries	-	91	-	-
Income tax recognised directly in equity	(1,109)	35	-	-
Changes in assets and liabilities net of effect from acquisition of controlled entities:				
(Decrease) / increase in provisions	205	35	-	-
(Increase) / decrease in trade receivables and prepayments	930	(390)	-	-
(Decrease) / increase in trade creditors and accruals	30,511	6,326	-	(66)
(Decrease) / increase in income tax payable	(1,374)	67	(360)	-
(Increase) / decrease in deferred income tax asset	1,302	(79)	273	-
Net cash flows from operating activities	81,411	46,279	32,148	28,729
(b) Reconciliation of cash				
Cash at bank	99,281	57,197	134	175
Term deposits at call	2,480	2,962	-	-
	101,761	60,159	134	175
(c) Non-cash financing and investing activities				
Settlement of subsidiary purchases with shares (see Note 20)	-	19,560	-	19,560

19. SUBSIDIARIES

The consolidated financial statements include the financial statements of Wotif.com Holdings Limited and the subsidiaries in the following table:

	Country of incorporation	Class of shares	Equity interest	
			2009	2008
Wotif.com Pty Ltd*	Australia	Ordinary	100%	100%
Standby Holdings Pty Ltd	Australia	Ordinary	100%	100%
Wotif.com Ltd	United Kingdom	Ordinary	100%	100%
Wotif.com Inc	Canada	Ordinary	100%	100%
Wotif.com Pte Ltd	Singapore	Ordinary	100%	100%
Wotif.com LLC	Delaware, USA	Ordinary	100%	100%
Wotif.com Sdn. Bhd.	Malaysia	Ordinary	100%	100%
Wotif.com (NZ) Ltd	New Zealand	Ordinary	100%	100%
Wotif.com Share Administration Pty Ltd (as trustee for the Wotif.com Share Trust)	Australia	Ordinary	100%	-
travel.com.au Limited*	Australia	Ordinary	100%	100%
Lastminute.com.au Pty Limited*	Australia	Ordinary	100%	100%
Arnold Travel Technology Pty Limited*	Australia	Ordinary	100%	100%
The Travel Specialists Pty Limited	Australia	Ordinary	100%	100%
iExplore.com.au Pty Limited	Australia	Ordinary	100%	100%
Travelfree Australasia Pty Limited	Australia	Ordinary	85%	85%
Asia Web Direct (HK) Limited and its subsidiaries:	Hong Kong	Ordinary	100%	100%
- Asia Web Direct (M) Sdn Bhd	Malaysia	Ordinary	100%	100%
- SmartStays Pte Ltd	Singapore	Ordinary	100%	100%
- SmartStays (UK) Ltd	United Kingdom	Ordinary	100%	100%
- AWD - BT Ltd** and its subsidiaries:	Thailand	Ordinary	100%	100%
- Asia Web Direct Co., Ltd	Thailand	Ordinary	100%	100%
- Phuket Dot Com Limited	Thailand	Ordinary	100%	100%
- Andaman Graphics Co., Ltd	Thailand	Ordinary	100%	100%
- E.T.C. Asia Co., Ltd	Thailand	Ordinary	100%	100%

* These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer Note 21.

** Cumulative preference shares were issued by this entity to Thai business persons. The classification and treatment of these instruments is set out in Note 13.

20. BUSINESS COMBINATIONS

Acquisition of Asia Web Direct

On 4 February 2008, Wotif.com Holdings Limited announced it had entered into an agreement to acquire all of the issued shares of Asia Web Direct (HK) Limited. The Asia Web Direct group was one of the pioneers in South East Asia to provide:

- Online instant accommodation booking services
- Online tours booking services
- Online travel information

Following completion of the purchase price allocation and payment of the working capital adjustment, the total cost of the combination was $36,231,000, comprising an issue of ordinary shares, payment of cash and directly attributable costs. The Company issued 3,607,595 ordinary shares with a fair value of $4.34 at completion each based on the quoted price of Wotif.com Holdings Limited shares.

The fair value of identifiable assets and liabilities of Asia Web Direct as at the date of acquisition were:

	Recognised on acquisition $'000	Carrying value $'000
Property, plant and equipment	911	911
Cash and cash equivalents	8,643	8,643
Trade receivables	1,653	1,653
Deferred tax assets	9	9
Intangible assets – domain names	216	216
Intangible assets – brands	8,925	-
Trade and other payables	(6,399)	(6,399)
Income tax payable	(684)	(684)
Deferred tax liability	(2,678)	-
Total	10,596	
Goodwill / unallocated asset arising on acquisition	25,635	
Total cost of the combination	36,231	
Cost of the combination:		
Shares issued at fair value	15,657	
Cash paid	20,219	
Direct costs relating to the acquisition	355	
	36,231	

The above balances reflect the finalisation of the acquisition accounting for Asia Web Direct, which has previously been accounted on a provisional basis. This has caused the following restatement of prior year 2008 balances as follows:

	Consolidated 2008 $'000
Intangible assets – brands	8,925
Intangible assets – goodwill	(5,705)
Deferred tax liability	(2,678)
Trade creditors and accruals	(542)

21. DEED OF CROSS GUARANTEE

Pursuant to Class Order 98/1418, relief has been granted to Wotif.com Pty Ltd, travel.com.au Limited, Lastminute.com.au Pty Limited and Arnold Travel Technology Pty Limited from the *Corporations Act 2001*, requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Class Order, Wotif.com Holdings Limited, Wotif.com Pty Ltd, travel.com.au Limited, Lastminute.com.au Pty Limited and Arnold Travel Technology Pty Limited (the **Closed Group**) entered into a Deed of Cross Guarantee on 25 June 2008. The effect of the Deed is that Wotif.com Holdings Limited has guaranteed to pay any deficiency in the event of winding up of either the controlled entity or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities have given a similar guarantee in the event that Wotif.com Holdings Limited is wound up or does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The Consolidated Income Statement and Balance Sheet of the entities that are members of the Closed Group are as follows:

Consolidated Income Statement

	Closed Group 2009 $'000	Closed Group 2008 $'000
Total Transaction Value	912,913	727,218
Accommodation revenue	99,884	81,361
Flights and other revenue	9,287	5,421
Interest received and receivable	2,394	4,927
Total revenue	111,565	91,709
Advertising and marketing expenses	11,315	9,851
Business development expenses	6,023	4,288
Operations and administration expenses	34,000	29,413
Total expenses	51,338	43,552
Profit before income tax	60,227	48,157
Income tax expense	18,167	14,333
Net profit	42,060	33,824

Consolidated Balance Sheet

	Closed Group	
	2009 $'000	2008 $'000
CURRENT ASSETS		
Cash and cash equivalents	91,400	52,314
Trade and other receivables	4,808	4,494
Total current assets	96,208	56,808
NON-CURRENT ASSETS		
Deferred income tax asset	9,593	8,313
Receivables	134	107
Available for sale investment	939	833
Investments in controlled entities	36,700	36,455
Property, plant and equipment	8,409	6,597
Intangible assets	52,313	52,521
Total non-current assets	108,088	104,826
Total assets	204,296	161,634
CURRENT LIABILITIES		
Trade and other payables	130,805	99,902
Interest bearing liabilities	105	109
Income tax payable	3,857	4,704
Provisions	1,052	1,028
Total current liabilities	135,819	105,743
NON-CURRENT LIABILITIES		
Interest bearing liabilities	34	139
Deferred income tax liabilities	-	-
Provisions	364	233
Total non-current liabilities	398	372
Total liabilities	136,217	106,115
Net assets	68,079	55,519
EQUITY		
Contributed equity	22,890	22,321
Retained earnings	41,074	31,304
Reserves	4,115	1,894
Total equity	68,079	55,519

22. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments are cash and short-term deposits. Details of the significant accounting policies and methods adopted, including the 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 are disclosed in Note 23.

The Board reviews and agrees policies for managing each of these risks.

Cash flow interest rate risk

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to the Consolidated Entity's cash at bank and short-term deposits. These assets earn interest which approximates the Reserve Bank set base cash rate and the Board has resolved that the risk of rate change should not be hedged.

As at 30 June 2009 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash and cash equivalents	101,761	60,159	134	175
Net exposure	101,761	60,159	134	175

At 30 June 2009, if interest rates had changed +/- 1% from the year-end rates with all other variables held constant, post-tax profit for the year would have been $712,000 higher/lower as a result of higher/lower income from cash and cash equivalents.

	Post-tax profit Higher / (lower)		Equity Higher / (lower)	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CONSOLIDATED				
+1% (100 basis points)	712	421	712	421
-1% (100 basis points)	(712)	(421)	(712)	(421)
PARENT				
+1% (100 basis points)	1	1	1	1
-1% (100 basis points)	(1)	(1)	(1)	(1)

As only cash balances are exposed to interest rate sensitivity, the relationship is linear with interest rate movements up and down. Hence, reasonably possible movements in interest rates were determined based on what the Group is expecting to be exposed to in the next 12 months.

Foreign currency risk

As at 30 June 2009, the Group had the following exposure to foreign currencies that are not designated in cash flow hedges:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
FINANCIAL ASSETS				
Cash and cash equivalents	30,845	21,788	-	-
Trade and other receivables	1,611	1,103	-	-
	32,456	22,891	-	-
FINANCIAL LIABILITIES				
Trade and other payables	25,987	17,822	-	-
Interest bearing liabilities	111	94	-	-
	26,098	17,916	-	-
Net exposure	6,358	4,975	-	-

The Consolidated Entity has transactional currency exposure arising from it selling accommodation inventory in 13 different currencies which is dependent upon the geographical location of the accommodation concerned. The Consolidated Entity collects payment from customers[1] in the currency that the ultimate payment is made to the relevant accommodation provider, deducts its margin and maintains the balance of the funds in the transactional currency to meet the eventual liability to the accommodation supplier. As such, the Consolidated Entity manages its foreign currency exposure[1] by maintaining sufficient foreign currency reserves to match the actual foreign currency liabilities. As approximately 82% of the Group's sales are denominated in Australian Dollars, the residual foreign exchange risks faced by the Group are not considered to be material. The Board has resolved that the risk of exchange rate change should not be hedged.

As at 30 June 2009, had the Australian dollar moved, as illustrated in the table below, all other variables held constant, post-tax profit and equity would have been affected as follows:

	Post-tax profit Higher / (lower)		Equity Higher / (lower)	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
CONSOLIDATED				
Actual as at 30 June	43,527	34,452	70,448	55,966
AUD increases against all currencies 5%	36	(59)	(640)	(466)
AUD decreases against all currencies 5%	(40)	65	708	515
AUD increases against all currencies 10%	69	(112)	(1,222)	(890)
AUD decreases against all currencies 10%	(83)	137	1,494	1,087

Significant assumptions used in the foreign currency exposure sensitivity analysis include reasonable possible movement in foreign exchange rates based on economic forecasters' expectations. The translation of net assets in subsidiaries with a functional currency other than AUD is also included in the sensitivity as part of the equity movement.

1. Excluding THB and MYR, which are restricted currencies.

Credit risk

The Consolidated Entity trades only with recognised, credit-worthy third parties.

The principal trade receivables are amounts owing from credit card companies which typically settle within 5 days. It is the Consolidated Entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not considered to be significant.

There are no significant concentrations of credit risk within the Consolidated Entity.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group manages liquidity risk by continuously monitoring forecast and actual cash flow and matching the maturity profiles of financial assets and liabilities.

Minimal financial arrangements are in place in subsidiaries purchased through business combination. No other financing arrangements have been established.

23. FINANCIAL INSTRUMENTS

Fair values

Set out below is a comparison by category of carrying amounts and fair values of all of the Consolidated Entity's financial instruments recognised in the financial statements.

Consolidated	2009 Carrying amounts $'000	2009 Fair values $'000	2008 Carrying amounts $'000	2008 Fair values $'000
Financial assets				
Cash*	101,761	101,761	60,159	60,159
Trade receivables[1]	4,276	4,276	5,206	5,206
Financial assets (current)	106,037	106,037	65,365	65,365
Receivables[2]	134	134	107	107
Available for sale investments[3]	939	939	833	833
Financial assets (non-current)	1,073	1,073	940	940
Financial liabilities				
On Balance Sheet				
Trade and other payables[4]	134,385	134,385	103,333	103,333
Interest bearing liabilities	251	251	342	342
Total financial liabilities	134,636	134,636	103,675	103,675
* Reconciliation of cash				
Cash at bank	99,281	99,281	57,197	57,197
Bank term deposits maturing within 3 months	2,480	2,480	2,962	2,962
	101,761	101,761	60,159	60,159

1. Trade receivables, principally amounts owing from debit or credit card companies, which generally settle within 5 days.
2. Other loans are for an initial 2 year period subject to review by both parties.
3. This is represented by YIELDS2, which is a listed fund. YIELDS2 can be sold prior to maturity date, however, the value of the YIELDS2 could be substantially more or less than the initial amount invested. However, on maturity (being 6 December 2010), the initial capital of $10 per unit is protected.
4. Within 30 days after the end of each month, hotels are to submit proof of stay for payments due to them for accommodation provided for bookings accepted by the Consolidated Entity during that month.

Parent Entity	2009 Carrying amounts $'000	2009 Fair values $'000	2008 Carrying amounts $'000	2008 Fair values $'000
Financial assets				
Cash*	134	134	175	175
Financial assets (current)	134	134	175	175
Receivables[1]	134	134	107	107
Financial assets (non-current)	134	134	107	107
Financial liabilities				
On Balance Sheet				
Trade and other payables[2]	76,754	76,754	69,388	69,388
Total Financial liabilities	76,754	76,754	69,388	69,388
* Reconciliation of cash				
Cash at bank	134	134	175	175
Term deposits at call	-	-	-	-
	134	134	175	175

1. Loan to external party.
2. Loan to subsidiary.

24. SEGMENT INFORMATION

The Company operates in one business segment, being the provision of online travel booking services.

For the purpose of segment information, revenue is determined by the location of the accommodation rather than the residency of the customer. Expenses are determined by the location in which they are incurred.

Year ended 30 June 2009

By geographic region

	Aust/NZ[1] $'000	Asia[2] $'000	Rest of World $'000	Eliminations $'000	Total $'000
Accommodation revenue	90,355	15,525	3,414	-	109,294
Flights and other revenue	9,287	776	2	(539)	9,526
Interest	2,395	90	1	-	2,486
Total revenue	102,037	16,391	3,417	(539)	121,306
Expenses	45,199	6,938	1,070	(539)	52,668
Depreciation	1,638	333	2	-	1,973
Amortisation	4,445	28	-	-	4,473
Total expenses	51,282	7,299	1,072	(539)	59,114
Profit before income tax expense	50,755	9,092	2,345	-	62,192
Income tax expense	15,234	2,728	703	-	18,665
Net profit / (loss)	35,521	6,364	1,642	-	43,527
Assets	165,871	51,115	5,949	(9,220)	213,715
Liabilities	125,541	11,302	5,705	-	142,548
Capital expenditure	7,697	148	-	-	7,845

1. The Australia/NZ geographic region includes accommodation booked at properties located within Australia, New Zealand, Cook Islands, Fiji, Vanuatu and Papua New Guinea.
2. The Asian geographic region includes accommodation booked at properties located within Asia and French Polynesia.

Year ended 30 June 2008

By geographic region

	Aust/NZ[1] $'000	Asia[2] $'000	Rest of World $'000	Eliminations $'000	Total $'000
Accommodation revenue	74,031	6,441	2,983	-	83,455
Flights and other revenue	6,594	170	3	(1,178)	5,589
Interest	4,708	190	54	-	4,952
Total revenue	85,333	6,801	3,040	(1,178)	93,996
Expenses	35,760	3,787	1,885	(1,178)	40,254
Depreciation	794	90	-	-	884
Amortisation	3,905	-	-	-	3,905
Total expenses	40,459	3,877	1,885	(1,178)	45,043
Profit before income tax expense	44,874	2,924	1,155	-	48,953
Income tax expense	13,387	791	323	-	14,501
Net profit / (loss)	31,487	2,133	832	-	34,452
Assets	125,730	47,640	5,584	(9,691)	169,263
Liabilities	99,960	9,347	3,990	-	113,297
Capital expenditure	5,236	911	-	-	6,147

1. The Australia/NZ geographic region includes accommodation booked at properties located within Australia, New Zealand, Cook Islands, Fiji, Vanuatu and Papua New Guinea.
2. The Asian geographic region includes accommodation booked at properties located within Asia and French Polynesia.

25. EARNINGS PER SHARE

	Consolidated	
	2009 $'000	2008 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	43,527	34,452
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	208,210,946	204,990,036
Effect of dilution		
Share options	1,799,793	2,192,009
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	210,010,739	207,182,045

26. AUDITORS' REMUNERATION

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Amounts received or due and receivable by the auditors of the Consolidated Entity for:				
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	259,730	233,821	-	-
- other services in relation to the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	-	-	-	-
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by a related practice of Ernst & Young (Australia)	88,832	25,812	-	-
- an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by a firm other than Ernst & Young	13,825	13,272	-	-
	362,387	272,905	-	-

27. CONTINGENT LIABILITIES

At balance date, the Consolidated Entity had bank guarantees of $500,000 (2008: $500,000) in respect of credit card merchant services and other banking arrangements. There is also a bank guarantee in respect to the lease of an office for an amount of $149,705.

28. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments in place:

A hosting arrangement with Hostworks Limited of $52,400 per month (excluding GST) continuing until 6 March 2010.

Remuneration commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date, but not recognised as liabilities, payable as follows:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
REMUNERATION COMMITMENTS				
- within 1 year	675	600	-	-
- later than 1 year, but not later than 5 years	381	939	-	-
FINANCE LEASE COMMITMENTS				
Finance lease commitments are payable:				
- not later than 1 year	113	126	-	-
- later than 1 year but not later than 5 years	34	147	-	-
- later than 5 years	-	-	-	-
	147	273	-	-
Less future finance charges	(8)	(25)	-	-
	139	248	-	-
Lease liabilities provided for in the financial statements:				
Current (see Note 13)	105	109	-	-
Non-current (see Note 13)	34	139	-	-
Total lease liability	139	248	-	-

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
OPERATING LEASE COMMITMENTS				
Future non-cancellable operating lease commitments not provided for in the financial statements and payable:				
- not later than 1 year	404	86	-	-
- later than 1 year but not later than 5 years	1,058	1,021	-	-
- later than 5 years	-	-	-	-
	1,462	1,107	-	-

The Consolidated Entity leases property under operating leases expiring in 4 years. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are re-negotiated.

29. KEY MANAGEMENT PERSONNEL

Details of key management personnel

(i) Directors

The following persons were directors of Wotif.com Holdings Limited during the financial year:

Chairman – Non-executive

R D McIlwain

Executive Directors

R M S Cooke, Group Chief Executive Officer and Managing Director
G T Wood

Non-executive Directors

R A C Brice
A B R Smith
D E Warneke
N A Cumming (Executive until 25 June 2009)

(ii) Executives (other than Directors) with the greatest authority for planning, directing and controlling the activities of the Company

The following persons were the executives with the greatest authority for planning, directing and controlling the Consolidated Entity (**key management personnel**) during the financial year:

Name	Position	Employer
A M Ross	Chief Information Officer	Wotif.com Pty Ltd
C A Dawson	Chief Financial Officer	Wotif.com Pty Ltd

P J Young was also a key management personnel in the year ended 30 June 2008. He ceased to be an Executive on 6 September 2007.

Compensation of key management personnel

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
Short-term employee benefits	2,257,143	1,802,073	-	-
Post-employment benefits	90,040	105,186	-	-
Other long-term benefits	12,106	4,023	-	-
Share-based payment	646,836	625,190	-	-
	3,006,125	2,536,472	-	-

Equity instrument disclosures relating to key management personnel

Options provided as remuneration

Details of options provided as remuneration, together with the terms and conditions of the options, can be found in Note 30.

Option holdings

No options over ordinary shares were provided as remuneration to any Director of Wotif.com Holdings Limited other than the Managing Director.

	Balance at the start of the year	Granted as remuneration	Options exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
FY2009 KEY MANAGEMENT PERSONNEL OF THE CONSOLIDATED ENTITY							
R M S Cooke	2,300,000	-	-	-	2,300,000	1,500,000	800,000
A M Ross	80,000	150,000	-	-	230,000	20,000	210,000
C A Dawson	250,000	120,000	-	-	370,000	50,000	320,000
FY2008 KEY MANAGEMENT PERSONNEL OF THE CONSOLIDATED ENTITY							
R M S Cooke	1,500,000	800,000	-	-	2,300,000	1,000,000	1,300,000
A M Ross	100,000	-	20,000	-	80,000	-	80,000
P J Young	300,000	-	60,000	-	240,000	-	240,000
C A Dawson	250,000	-	-	-	250,000	-	250,000

Shareholdings

The numbers of shares in the Company held during the financial year by each Director of Wotif.com Holdings Limited and other key management personnel of the Company, including their personally related parties, are set out below.

FY2009	Balance at the start of the year	Granted as remuneration	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
DIRECTORS OF WOTIF.COM HOLDINGS LIMITED *Ordinary shares*					
R D McIlwain	500,000	-	-	-	500,000
R M S Cooke	71,500	-	-	-	71,500
G T Wood	50,161,000	-	-	(1,000,000)	49,161,000
A B R Smith	150,000	-	-	-	150,000
R A C Brice	39,050,000	-	-	(3,550,000)	35,500,000
D E Warneke	135,000	-	-	-	135,000
N A Cumming	2,881,763	-	-	-	2,881,763
KEY MANAGEMENT PERSONNEL OF THE CONSOLIDATED ENTITY *Ordinary shares*					
A M Ross	4,233	-	-	(4,000)	233

FY2008	Balance at the start of the year	Granted as remuneration	Received during the year on exercise of options	Other changes during the year	Balance at the end of the year
DIRECTORS OF WOTIF.COM HOLDINGS LIMITED *Ordinary shares*					
R D McIlwain	500,000	-	-	-	500,000
R M S Cooke	37,500	-	-	34,000	71,500
G T Wood	51,000,000	-	-	(839,000)	50,161,000
A B R Smith	125,000	-	-	25,000	150,000
R A C Brice	40,000,000	-	-	(950,000)	39,050,000
D E Warneke	59,000	-	-	76,000	135,000
N A Cumming	-	-	-	2,881,763	2,881,763
KEY MANAGEMENT PERSONNEL OF THE CONSOLIDATED ENTITY *Ordinary shares*					
A M Ross	20,233	-	20,000	(36,000)	4,233
P J Young*	233	-	60,000	-	*

* Ceased to be an executive on 6 September 2007.

30. SHARE-BASED PAYMENT PLANS

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Options issued under the Executive Share Option Plan	982	946	-	-
Shares issued under Employee Share Plan	-	-	-	-
	982	946	-	-

(b) Executive Share Option Plan

In accordance with AASB 2 Share-based Payment, the Company has calculated the fair value of options issued to employees. The major terms of the options issued were as follows:

- Vesting Date

  In respect of 1,500,000 originally granted options (**Package 1**), the options vest in three equal tranches on 2 December 2006, 3 December 2007 and 3 December 2008 and have an exercise price of $2.00 per option;

  In respect of 2,883,000 originally granted options (**Package 2**), the options vest in five equal tranches on 1 October 2007 and each anniversary of that date and have an exercise price of $2.00 per option;

  In respect of 390,000 originally granted options (**Package 3**), the options vest in five equal tranches on 1 October 2008 and each anniversary of that date and have an exercise price of $4.20 per option;

  In respect of 800,000 originally granted options (**Package 4**), the options vest in three tranches (200,000 on 22 October 2009, 200,000 on 22 October 2010 and 400,000 on 22 October 2011) and have an exercise price of $4.75 per option.

  In respect of 1,815,000 options originally granted (**Package 5**), the options vest in three tranches (603,987 on 1 November 2011, 604,002 on 1 November 2012, and 607,011 on 1 November 2013) and have an exercise price of $2.92 per option;

In respect of 1,468,000 options originally granted (**Package 6**), the options vest in three tranches (489,307 on 1 November 2012, 489,339 on 1 November 2013, and 489,354 on 1 November 2014) and have an exercise price of $4.43 per option.

- Exercise Conditions

In respect of the Package 1 options, the performance criteria are as follows:

– for the first tranche, achieving Prospectus forecast earnings per share for FY2006 (this condition has been satisfied);

– for the second tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and

– for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007.

In respect of the Package 2 options, the performance criteria are as follows:

– for the first tranche, achieving Prospectus forecast earnings per share for FY2007 (this condition has been satisfied); and

– for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over Prospectus forecast earnings per share for FY2007.

In respect of the Package 3 options, the performance criteria are as follows:

– for the first tranche, achieving earnings per share of 10.34 cents; and

– for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.

In respect of the Package 4 options, the performance criteria are as follows:

– for the first tranche, achieving earnings per share of 16.453 cents;

– for the second tranche, achieving earnings per share of 18.510 cents; and

– for the third tranche, achieving earnings per share of 20.823 cents.

In respect of the Package 5 options, the performance criteria is as follows:

– for each tranche, achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.

In respect of the Package 6 options, the performance criterion is as follows:

– for each tranche, achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.

In respect of Packages 1 to 6 options, if the performance criteria for a tranche are not met, but subsequently the performance criteria for a later tranche are met, then the tranche with the earlier vesting date will vest as if the performance criteria had been met. In respect of Packages 1, 3, 4, 5 and 6 options, if there is a change in control of the Company after its admission to the Official List of ASX, any options that have not vested will immediately vest.

- Lapsing Date

  In respect of Package 1 options, 3 December 2010;

  In respect of Package 2 options, 31 December 2011;

  In respect of Package 3 options, 31 December 2012;

  In respect of Package 4 options, 31 December 2011;

  In respect of Package 5 options, 31 December 2013;

  In respect of Package 6 options, 31 December 2014.

The fair value of the options granted is estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the year ended 30 June 2009.

	Package 1 Options	Package 2 Options	Package 3 Options	Package 4 Options	Package 5 Options	Package 6 Options
Grant date	10 April 2006	10 April 2006	19 March 2007	22 October 2007	4 July 2008	30 June 2009
Share price	$2.00	$2.00	$4.20	$4.75	$2.92	$4.43
Exercise price	$2.00	$2.00	$4.20	$4.75	$2.92	$4.43
Dividend yield	4.45%	4.45%	3.26%	2.76%	5.86%	3.62%
Risk free rate	5.57%	5.57%	6.03%	6.45%	6.56%	5.32%
Volatility	30%-40%	30%-40%	25%-35%	25%-35%	30%40%	35%-40%
Vesting dates and fair value						
Tranche 1	2 December 2006 $0.428	1 October 2007 $0.4829	1 October 2008 $0.9960	22 October 2009 $1.835	1 November 2011 $0.6930	1 November 2012 $1.44
Tranche 2	23 December 2007 $0.4589	1 October 2008 $0.5047	1 October 2009 $1.0519	22 October 2010 $1.910	1 November 2012 $0.6990	1 November 2013 $1.48
Tranche 3	3 December 2008 $0.4820	1 October 2009 $0.5202	1 October 2010 $1.0995	22 October 2011 $1.975	1 November 2013 $0.6972	1 November 2014 $1.51
Tranche 4		1 October 2010 $0.5300	1 October 2011 $1.1391			
Tranche 5		1 October 2011 $0.5351	1 October 2012 $1.1713			
Expiry date	3 December 2010	31 December 2011	31 December 2012	31 December 2011	31 December 2013	31 December 2014

Note: Package 6 options were granted on 30 June 2009 and have not had a material impact on the profit and loss for FY2009.

The following table illustrates the number and weighted average exercise price of, and movements in, share options during the year.

	Balance at start of year	Granted during year	Exercised during year	Forfeited during year	Balance at end of year	Vested and exercisable at end of year
FY2009						
Package 1	1,500,000	-	-	-	1,500,000	1,500,000
Package 2	2,126,800	-	284,600	70,000	1,772,200	307,600
Package 3	390,000	-	-	100,000	290,000	70,000
Package 4	800,000	-	-	-	800,000	-
Package 5	-	1,815,000	-	130,000	1,685,000	-
Package 6	-	1,468,000	-	-	1,468,000	-
Total	4,816,800	3,283,000	284,600	300,000	7,515,200	1,877,600
Weighted average exercise price	$2.63	$3.59	$2.00	$3.13	$3.06	$2.08
FY2008						
Package 1	1,500,000	-	-	-	1,500,000	1,000,000
Package 2	2,760,000	-	457,800	175,400	2,126,800	93,000
Package 3	390,000	-	-	-	390,000	-
Package 4	-	800,000	-	-	800,000	-
Total	4,650,000	800,000	457,800	175,400	4,816,800	1,093,000
Weighted average exercise price	$2.18	$4.75	$2.00	$2.00	$2.63	$2.00

(c) Employee Share Plan

The Company has in place an Employee Share Plan under which shares to a value of $1,000 may be granted to employees for no cash consideration. This Plan was approved at a general meeting of shareholders on 10 April 2006. Employees who have been continuously employed by the Consolidated Entity for a period of at least 12 months are eligible to participate in the Plan. Shares issued under the plan may not be sold until the earlier of 3 years after issue or cessation of employment. The maximum number of shares each participant receives is $1,000 divided by the weighted average closing price of the Company's shares on the ASX on the 5 trading days prior to the date of offer to eligible employees.

No issue of shares under the Employee Share Plan was made in the reporting period.

31. EVENTS AFTER BALANCE DATE

On 26 August 2009, the Directors of Wotif.com Holdings Limited declared a final dividend on ordinary shares in respect of the 2009 financial year. The total amount of the dividend is 22,922,905, and is fully franked.

No other matter or circumstances have arisen since the end of the year which have significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in future financial years.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Wotif.com Holdings Limited made on 26 August 2009, we state that:

(a) in the opinion of the Directors:

(i) the financial report and the additional disclosures included in the Directors' Report, designated as audited, of the Company and the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

(A) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(B) complying with *Accounting Standards and Corporations Regulations 2001*; and

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

(b) there are reasonable grounds to believe that the parties to the Deed of Cross Guarantee dated 25 June 2008 (see Note 21 on page 76) will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee;

(c) this declaration has been made after receiving the declarations required to be made to Directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ending 30 June 2009.

R D McIlwain
Chairman

R M S Cooke
Group Chief Executive Officer
and Managing Director

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Independent auditor's report to the members of Wotif.com Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Wotif.com Holdings Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Auditor's Opinion

In our opinion:

1. the financial report of Wotif.com Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the financial position of Wotif.com Holdings Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and

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

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 30 to 39 of the directors' report for the year ended 30 June 2009. 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 Wotif.com Holdings Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
Brisbane

26 August 2009

TOP TWENTY SHAREHOLDERS

At 14 August 2009, the 20 largest shareholdings of the Company's fully paid ordinary shares were as follows:

Rank	Name of shareholder	Number of ordinary shares	Percentage held
1	Graeme Thomas Wood & Longtom Superannuation Pty Ltd	49,161,000	23.59%
2	J D B Services Pty Ltd (The RAC & JD Brice Inv A/C)	22,708,000	10.90%
3	J P Morgan Nominees Australia Limited	17,650,213	8.47 %
4	National Nominees Limited	15,028,057	7.21%
5	HSBC Custody Nominees (Australia) Limited	12,099,674	5.81%
6	Kevin Michael Fitzpatrick & Anthony John Fitzpatrick (The KM Fitzpatrick Family A/C)	10,000,000	4.80%
7	RAC & JD Brice Superannuation Pty Ltd (Brice Superannuation A/C)	7,792,000	3.74%
8	Brazil Farming Pty Ltd	7,000,000	3.36%
9	ANZ Nominees Limited (Cash Income A/C)	6,099,166	2.93%
10	UBS Wealth Management Australia Nominees Pty Ltd	5,204,246	2.50%
11	Anna Creeth Cottell	4,800,000	2.30%
12	Citicorp Nominees Pty Limited	4,523,584	2.17%
13	UQ Endowment Fund Pty Limited	4,000,000	1.92%
14	Citicorp Nominees Pty Ltd (Cwlth Bank Off Super A/C)	2,428,947	1.17%
15	Net Technologies Limited	2,096,927	1.01%
16	HSBC Custody Nominees (Australia) Limited - A/C 2	1,994,632	0.96%
17	Cogent Nominees Pty Limited	1,922,601	0.92%
18	AMP Life Limited	1,223,156	0.59%
19	Private Nominees Limited	1,107,694	0.53%
20	Queensland Investment Corporation	1,072,249	0.51%
	Total	177,912,146	85.37%

SUBSTANTIAL SHAREHOLDERS

At 14 August 2009, the following entries were contained in the register of substantial shareholdings with respect to the Company's ordinary shares:

Shareholdings	Number of ordinary shares
GT Wood (by notice dated 7 June 2008, last updated 21 April 2009)	49,161,000
RAC Brice and JD Brice / JDB Services Pty Ltd (by notice dated 7 June 2006, last updated 25 June 2009)	35,500,000
Hyperion Asset Management (by notice dated 10 January 2008, last updated 12 February 2008)	12,509,138

DISTRIBUTION OF SHAREHOLDINGS (AS AT 14 AUGUST 2009)

Range	Number of holders of ordinary shares	Percentage of holders	Number of shares	Percentage of shares
1 - 1,000 shares	2,526	44.15%	1,350,068	0.65%
1,001 - 5,000 shares	2,355	41.16%	6,279,493	3.01%
5,001 - 10,000 shares	457	7.99%	3,470,911	1.67%
10,001 - 100,000 shares	323	5.65%	8,480,183	4.07%
100,001 - and over	60	1.05%	188,809,389	90.60%
	5,721	100.00%	208,390,044	100.00%

HOLDERS OF NON-MARKETABLE PARCELS

As at 14 August 2009, there were 177 shareholders with less than a marketable parcel of the Company's shares (namely 101 shares or less).

VOTING RIGHTS OF SHAREHOLDERS

The fully paid ordinary shareholders of the Company are entitled to vote at any meeting of the members of the Company and their voting rights are:

- on a show of hands — one vote per shareholder; and
- on a poll — one vote per fully paid ordinary share.

ON-MARKET BUY-BACK

There is no current on-market buy-back in respect of the Company's shares.

ABOUT THIS YEAR'S ANNUAL REPORT

Environmental impact

Wotif.com Holdings Limited takes our environmental impact seriously. Since 2007, we have used Mezzanine Group for our print production, who, together with Focus Press, employ leading environmentally sustainable print processes. Focus Press was one of the first print companies in Australia to receive environmental compliance certification from SAI Global for its use of vegetable-based inks, water management and recycling.

This year we have taken this one step further, realising the economic and environmental savings offered by legislative changes to allow online delivery of Annual Reports. This has reduced our print run for the Annual Report by more than 90%.

We are committed to continuing to investigate ways that we can achieve environmentally, socially and economically sustainable business practices.

Design

The layout and design for this report was completed in-house by our User Experience and Innovation team. The mosaics featured are made up of images that you can find on our consumer websites from our accommodation supply partners.

CORPORATE DIRECTORY

Registered Office

Wotif.com Holdings Limited
13 Railway Terrace
Milton Qld 4064
Telephone: (07) 3512 9965
Facsimile: (07) 3512 9914

Company Secretariat
S Simmons (Company Secretary)

Share Registry
Computershare Investor Services Pty Limited
GPO Box 523
Brisbane Qld 4001
Telephone: 1300 552 270

Auditors
Ernst & Young
Level 5 Waterfront Place
1 Eagle Street
Brisbane Qld 4000

Online communication
Shareholders can help us to reduce our costs and our impact on the environment by choosing to receive all communication from us electronically. To do so, contact our Share Registry, or go to their investor website: **www.investorcentre.com/au**

Change of address
Shareholders should advise the Share Registry immediately in writing as soon as their address changes. Broker-sponsored shareholders should advise their sponsoring broker.

Annual General Meeting
The Annual General Meeting of Wotif.com Holdings Limited will be held at UQ Business School Downtown, Level 19, Central Plaza One, 345 Queen Street (corner of Creek Street) Brisbane, at 2.30pm (Brisbane time) on Monday 26 October 2009.

Stock Exchange listed securities
Wotif.com Holdings Limited's shares are listed on the Australian Securities Exchange (ASX), under the ASX code "WTF".

Key dates*

Financial year end	30 June 2009
Announcement of audited results and dividend to ASX	26 August 2009
Dividend record date	18 September 2009
Dividend payment (final)	13 October 2009
Annual General Meeting	26 October 2009

* Dates may be subject to change.

Consolidation of shareholdings
Please contact Wotif.com's Share Registry if you have received more than one Annual Report for the same shareholding. Broker-sponsored shareholders should advise their sponsoring broker.

Tax file number
Shareholders who have not provided their tax file number and would like to do so should contact Wotif.com's Share Registry on 1300 552 270. The Company is required to deduct tax at the top marginal rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian resident shareholders who have not supplied their tax file number or exemption details.

WOTIF GROUP

ASIAWEB DIRECT | LateStays LAST MINUTE HOTEL BOOKINGS | wotif.com No.1 in online accommodation | lastminute.com.au | travel.com.au | Arnold Arnold Travel Technology Pty Limited

Our offices & representatives

Offices Representatives