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 2010; and

(b) 2010 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):

Media enquiries please contact:

Prue McMillan
Public Relations Manager, Wotif Group
Ph: (+61) 7 3512 9920
Mob: (+61) 0412 946 935
Email: prue.mcmillan@wotifgroup.com

Analysts and institutions please contact:

Cath McMurchy
Executive Assistant
Ph: (+61) 7 3512 9965
Mob: (+61) 0409 240 144
Email: cath.mcmurchy@wotifgroup.com

Wotif.com Holdings Limited
and controlled entities

Appendix 4E

Preliminary final report

For the year ending 30 June 2010

Appendix 4E
Preliminary Final Report

Wotif.com Holdings Limited ABN 41 093 000 456

Year ended 30 June 2010

Details of the Reporting Period and the Previous Corresponding Period

Current period:	**1 July 2009 to 30 June 2010**
Prior corresponding period:	**1 July 2008 to 30 June 2009**

Results for Announcement to the Market

Key information	Year ended 30 June 2010 $'000	Year ended 30 June 2009 $'000	Change %
Revenue from ordinary activities	136,013	121,306	Up 12.1%
Profit from ordinary activities after tax attributable to members	52,950	43,527	Up 21.6%
Net profit for the period	52,950	43,527	Up 21.6%

Dividends	Amount per security	Franked amount per security
Final dividend (208,390,044 shares on issue)	12.5 cents	100%
Interim dividend paid 28 March 2009 (208,245,044 shares on issue)	9 cents	100%
Record date for determining entitlements to the dividends		
Record date for the final dividend is 17 September 2010		

Commentary
Commentary on the Company's trading results is included on pages 6 to 14 (inclusive) of the 2010 Annual Report attached

Income Statement
Please refer to the Audited Financial Statements for the year ended 30 June 2010.

Statement of Financial Position
Please refer to the Audited Financial Statements for the year ended 30 June 2010.

Statement of Cash Flows
Please refer to the Audited Financial Statements for the year ended 30 June 2010.

Statement of Changes in Equity
Please refer to the Audited Financial Statements for the year ended 30 June 2010.

Additional Dividend Information
Details of dividends determined or paid during or subsequent to the year ended 30 June 2010 are as follows:

Record date	Payment date	Type	Amount per security	Total dividend	Franked amount per security
18 September 2009	13 October 2009	Final	11 cents	$22,926,601	11 cents
19 March 2010	31 March 2010	Interim	9 cents	$18,860,071	9 cents
17 September 2010	13 October 2010	Final	12.5 cents	$26,204,106	12.5 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	(1.79 cents)	(7.99 cents)

Control gained over Entities having Material Effect

Name of entity (or group of entities)	Refer Note 19 of the 2010 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

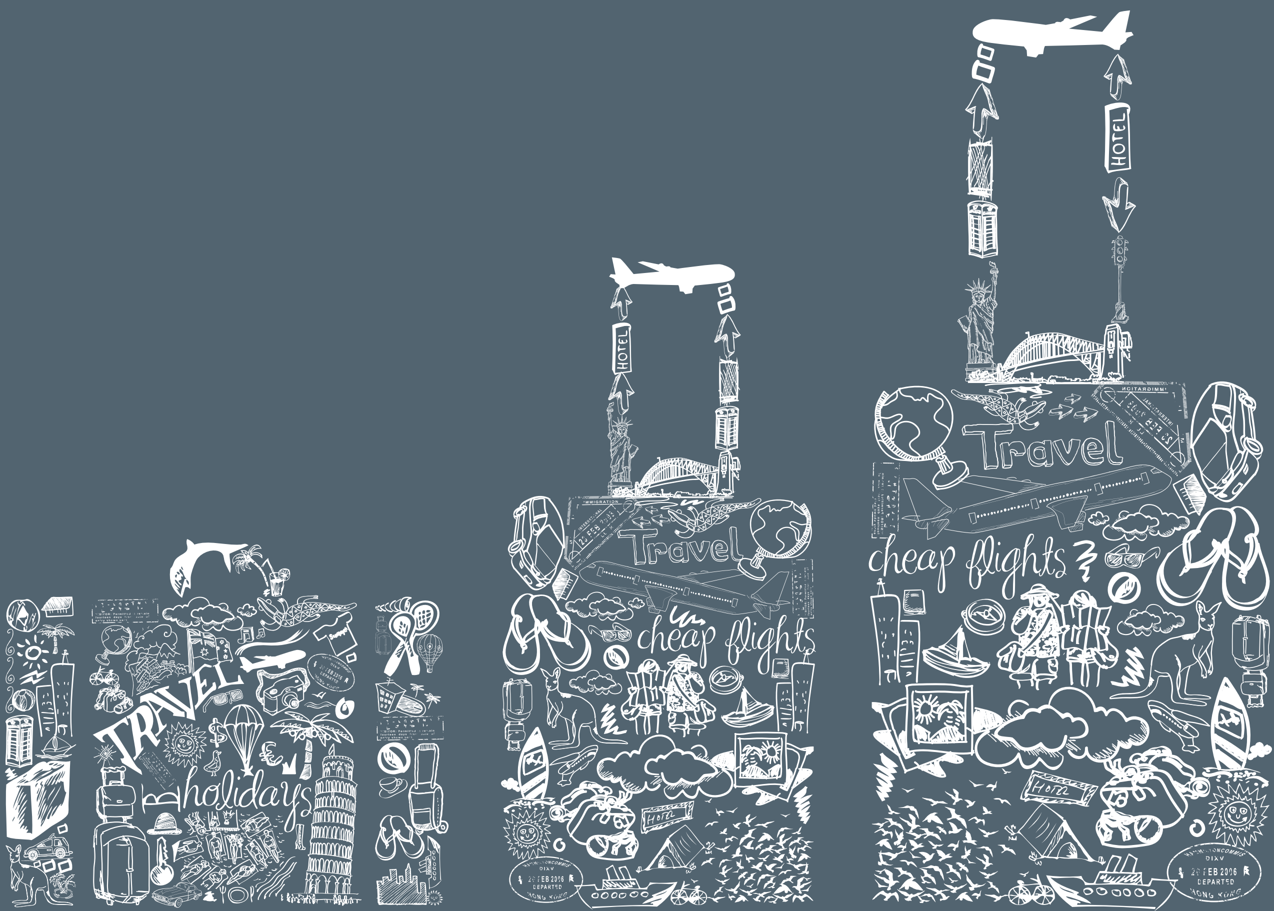
This report should be read in conjunction with the attached 2010 Annual Report.

Sign here: (Group Chief Executive Officer and Managing Director)

Date: 25 August 2010

Print name: Robert Michael Sean COOKE

Wotif.com Holdings Limited
Annual Report 2010



Operational and Financial Highlights

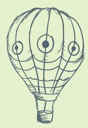
Flights revenue
$6.4 million
UP 23%

Total dividend
(interim & final)
21.5 cents
UP 23%

Room nights sold
7.12 million
UP 12.4%

NPAT
$53 million
UP
$9.5 million
UP 22%

Wotif.com
brand awareness
in Australia[1]
ABOVE 58%



- Record $1.1 billion in transactions processed in the year (FY2009: $992.5 million)
- NPAT up $9.5 million (22%) to $53.0 million (FY2009: $43.5 million)
- Acquisition of GoDo providing a "things to do" booking engine to the Group

- More than 17,500 properties (up 10%) from 57 countries offering deals direct to the Group
- 7.12 million room nights sold (FY2009: 6.33 million)
- iPhone mobile solution released for Wotif.com

- AsiaWebDirect.com redesign launched with new pricing display
- Successful launch of Wotflight with eight domestic carriers
- Released enhancements to the flight booking engine for lastminute.com.au and travel.com.au

- Wotif.com ranked #1 in Australia by Hitwise in the "Travel — Destinations & Accommodation" category for the sixth consecutive year
- Wotif.com brand awareness in Australia now above 58% and above 30% in New Zealand[1]

1. Surveys conducted by Newspoll

Key Figures and Results

Key Investor Figures	FY2010
Earnings per share	25.34 cents
Dividend per share (interim and final – fully franked)	21.5 cents
Return on shareholders' equity	62%
Number of shareholders (as at 30 June 2010)	7,306

Key Results	FY2010	FY2009
Total revenue	$136.0 m	$121.3 m
Net profit before depreciation, amortisation and taxation	$79.3 m	$68.6 m
Net profit before tax	$73.6 m	$62.2 m
Net profit after tax	$53.0 m	$43.5 m

Contents

WOTIF GROUP

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, experiences, travel packages or tours.

Our Group includes nine leading travel brands, as well as more than 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 sold more than 7.12 million room nights this year on their behalf. With each brand 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 18 countries on five continents. Our head office is in Australia, and we have additional offices in New Zealand, Thailand, Singapore, Indonesia, Hong Kong, China, 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, packages, travel insurance, car hire, experiences and gifts to a young-at-heart audience (see page 10 for more).

ASIAWEB DIRECT

AsiaWebDirect.com 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 11 for more).

travel.com.au

As a full service travel agency travel.com.au focuses on the leisure travel market and is committed to giving Australian travellers more for their travel budget (see page 11 for more).

wotflight – Just plane easy

Wotflight's unique display allows you to quickly see and compare options at a glance (with full international flight offerings available soon). Booking is then a few clicks away and seats are confirmed in an instant. All flight bookings score a $20 Wotif.com accommodation voucher – making it just plane easy! (see page 10 for more).

Arnold – Arnold Travel Technology Pty Limited

The ARNOLD Corporate system is a customisable online booking platform for the Australasian market that allows large corporates and small-to-medium businesses alike to manage their own travel needs (see page 11 for more).

travelmax

Our hand-picked team of travel experts combine their knowledge and passion for travel with their enthusiasm for friendly, efficient service, to help you plan and book the holiday you want. With a growing team spread across Australia, travelmax will continue to establish itself as a leading phone-based travel agency in Australia (see page 11 for more).

LateStays.com – 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 11 for more).

GoDo

As a leading provider in the "things to do" marketplace, GoDo works with hundreds of activity suppliers to offer more than 2,000 activities across Australia and New Zealand. Whether it's tandem sky diving, hot air ballooning or V8 racing – you can book it instantly online at GoDo.com.au (see page 11 for more).

“We have again been able to produce strong results that break a number of records for the business. We sold more than 7.12 million room nights for our travel partners. The Group lifted profits by $9.5 million, delivering a record after tax profit of $53.0 million.”

"Few Australian companies record cumulative growth in excess of 20% annually regardless of the economic times."

FY2010

NPAT

UP ↑22%

Chairman's Letter

DICK McILWAIN
Chairman

To: Shareholders,
Wotif.com Holdings Limited

25 August 2010

FEW AUSTRALIAN COMPANIES RECORD cumulative growth in excess of 20% annually regardless of the economic times. The Wotif Group is an exception and it is remarkable that the 2010 financial year continued this pattern of outperformance, from simply building on the gains from previous years.

Profit growth of 22% in FY2010 was delivered off an increase in FY2009 of 26%. This is a noteworthy achievement during a year when Asia Web Direct and Wotif.com struggled to attract accommodation bookings in response to the political turmoil in Thailand, and then experienced tighter inventory and less discounting within the core Australian metropolitan markets during the second half of the financial year. These are important reminders of the close links between the shifting demand within the various segments of the global travel market and the Wotif Group's success.

In many respects, it was a year of consolidation and incremental improvement without any significant benefits flowing from new acquisitions. This doesn't mean that the Group stood still in FY2010. Wotflight, coupled with enhancements to travel.com.au's and lastminute.com.au's flight booking engines and to our online corporate booking tool, has introduced the last phase of benefits from integrating travel.com.au Limited's businesses. The emerging benefits from these initiatives, and the value added to the Wotif.com travel experience by our small GoDo acquisition, will become more evident as we move through FY2011.

The Group's outperformance is reliant on the continuing migration to the internet by travellers seeking to conveniently navigate a way through a disaggregated market. The value Wotif.com offers is more than just price. Factors such as our comprehensive product range, ease of use, transparency and cutting down the time spent searching for the best travel option all rate highly with our customers. As ever, the pressure remains on the Company to ensure that it has the most extensive and competitively priced accommodation range on offer. The added value of ancillary travel services is simply part of our strategy to facilitate the convenient and efficient organisation of travel.

Our business model relies on the relationships we have with those who use the Group's sites to present their services and those who buy them. It isn't possible to create this connection without staff who are expert in engaging with our customers online and in building our supplier partnerships. It is a tribute to the team led by Robbie Cooke that they have converted these relationships into yet another year of growth in the number of bookings handled and in the profits needed to support a steady stream of dividends to shareholders.

A final dividend of 12.5 cents will be paid on 13 October 2010 from the profits generated by the Group in FY2010. The full year dividend distribution of 21.5 cents increases the 17.5 cents full year dividend in FY2009 by 23%.

During the year, Neil Cumming resigned and Dave Warneke announced that he will leave the Board at the conclusion of the 2010 Annual General Meeting. Neil Cumming was the founder of Asia Web Direct and he agreed to serve on the Wotif Group Board as part of the acquisition of AWD in 2008. His observations on doing business in Asia were particularly valuable. On joining the Board in 2006, Dave Warneke's background in new information technology businesses created a foundation for his contribution to the heavily IT-reliant Company, which had recently emerged from private ownership. The Board recognises and expresses its gratitude to them for making themselves available and contributing to the ongoing success of the Wotif Group.

Finally, on behalf of the Board I would like to thank you for your support and your continuing interest in the Wotif Group.

Dick McIlwain,
Chairman

Managing Director's Report

ROBBIE COOKE
Group CEO
and Managing Director

The year in review

THE WOTIF GROUP LIFTED PROFITS BY $9.5 MILLION, delivering a record after tax profit of $53.0 million in the year (up 22% on the FY2009 result of $43.5 million). One of the most impressive features of this result is that it comes off the back of a 26% profit increase in the preceeding year—a period in which unique market dynamics (discussed below) played in our favour.

Against that backdrop, and having set the bar fairly high for ourselves, it is very pleasing to be able to report that we have again been able to produce strong results that break a number of records for the business with:

- the value of transactions processed by the Group in the year reaching a record $1.1 billion, up 10%;
- revenues reaching a record $136 million, up 12%–with flights revenues up 23% to $6.4 million;
- profit after tax increasing $9.5 million over last year–a 22% uplift, reaching a record $53.0 million.

The challenge on entering the 2010 financial year was that we were riding on the tail winds of an exceptional combination of events that really played in our favour throughout FY2009 and propelled our outperformance that year. Cycling over that "purple patch" was never going to be an easy task.

Most significantly the Global Financial Crisis (GFC), in a contrarian way, provided a major uplift to our business in FY2009 with consumers in our key Australian and New Zealand markets avoiding offshore vacations, instead substituting domestic breaks. This was fuelled by:

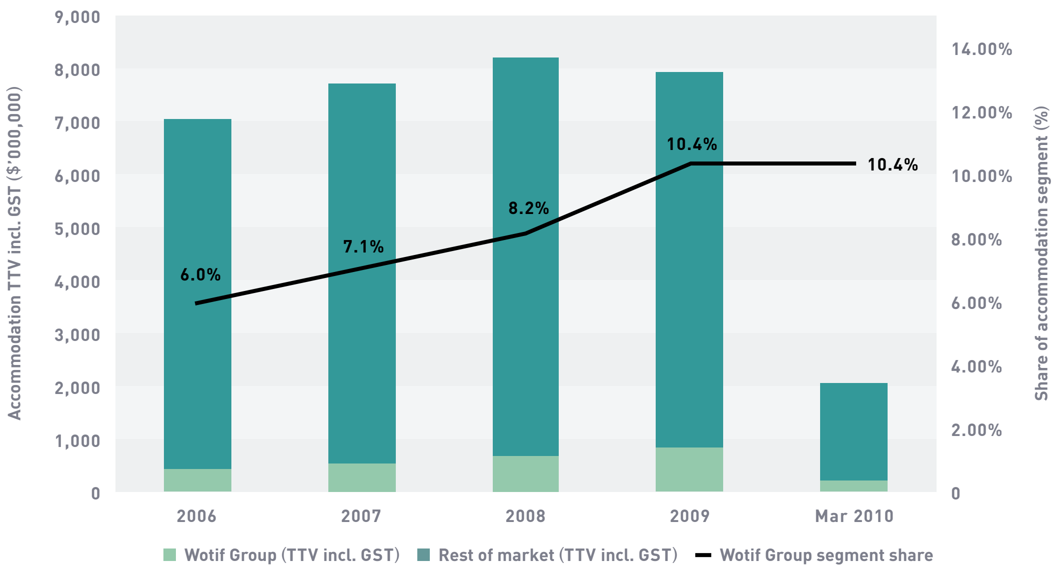
- weak consumer sentiment;
- very attractive room rates on offer, reflecting surplus accommodation inventory in the network due to the virtual collapse of the meetings/convention market and significant softness in the corporate travel market;
- the free-fall of the Australian dollar from July 2008 which made offshore travel a less financially attractive proposition for our significant Australian customer base;
- the benefit of Government stimulus moneys flowing from April 2009; and
- the low interest rate environment.

With consumers primarily seeking domestic travel and being, more than ever, focused on value, Wotif.com was perfectly placed to meet their needs. These unique attributes continued through the first half of FY2010 and contributed strongly to our reported first half result.

Our performance was also strongly assisted by the extension of the Wotif.com booking window from 28 days to 3 months. This initiative, which was launched at the end of January 2009, provided an out-of-trend uplift in sales for the 12 months running up to March 2010. This contributed very strongly to our performance in the first half of FY2010.

Perhaps the best evidence of what this "purple patch" has meant for our business is the out-of-trend gain in market segment share reflected in the chart below. This chart (based on Australian Bureau of Statistics data) shows the Group's share of the total

FIGURE 1 **Australian accommodation segment share***



Source: Australian Bureau of Statistics – Takings from accommodation establishments with 5 or more rooms spend (online and offline) on Australian located accommodation properties. As can be seen from the chart, the Wotif Group has typically grown market segment share by approximately 1% per annum – however in calendar 2009 (encompassing the second half of FY2009 and the first half of FY2010) this increase was more than 2%. It is pleasing to note that this lift in market segment share has been maintained in the first quarter of CY2010.

Moving into the second half of FY2010, a rapid change in market dynamics occurred with:

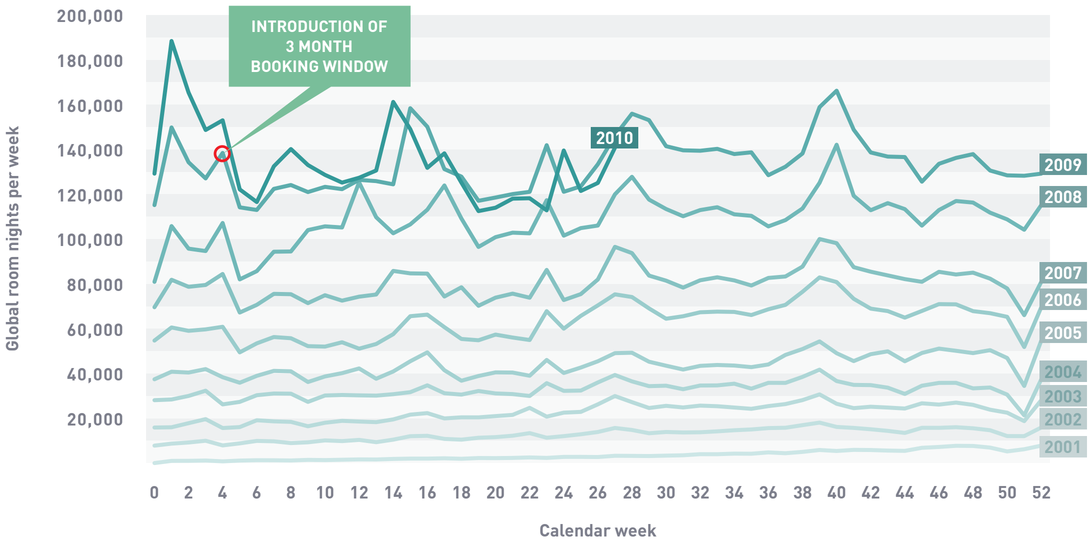
- the Australian dollar recovering to close to pre-GFC levels;
- consumer confidence improving in the belief that Australia had avoided much of the economic malaise experienced internationally;

February 2011, at which point we will have completely "washed over" the out-of-trend benefits delivered from this initiative.

We also expect that it will be very challenging to outperform the first half result achieved in FY2010 due to the benefits delivered from all the unique factors identified above. These short term challenges do not, however, diminish our views on the long term growth opportunity which is discussed in more detail in the section titled *Looking forward* on page 13.

The outcomes delivered in the reporting period would not have been possible without the huge dedication and drive of the entire team at the Wotif Group. Whilst the casual observer might consider operating an online business to be a simple exercise, I can assure you that it is not. Unsurprisingly, like any retailing business, it requires an absolute focus on ensuring perfect customer outcomes and providing

FIGURE 2 **Year-on-year (calendar) comparison global room nights sold**[2]



- demand from the corporate and convention/meeting markets rebounding, removing much of the surplus Australian stock that had fuelled the low price environment in the previous 12 plus months;
- consumers who had curtailed their overseas vacation for the previous years seeking to re-engage in that space – driven in part by the attractive deals on offer in the still struggling European and American markets.

All these factors are considered to have driven a disproportionate outbound travel flow (the polar opposite to the spike in domestic activity over the previous 12 plus months). This feature is expected to have played very much in favour of travel package operators (in particular), as there is still a perception that this type of holiday is more complicated to execute online.

Exacerbating these factors in the second half of FY2010, and as is clearly demonstrated in Figure 2, was the challenge of cycling over the benefits realised in the second half of FY2009 from the extension of the Wotif.com booking window. This will continue to challenge the business through to the end of

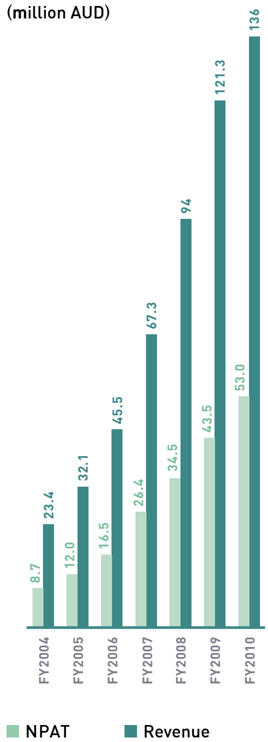
highly effective (both in terms of cost and customer reach) distribution channels for our travel product partners.

Results such as those delivered in the year require a large group of divergent skills to work harmoniously together – it requires an organisational structure and culture that is robust, prepared to challenge the norm and has a depth of talent to ensure there are no single points of failure. I think the team at the Wotif Group ticks all those boxes.

The major accomplishments delivered by the team this year included the following highlights:

- Launched the Wotflight brand – a website with an innovative new way of displaying domestic and trans-Tasman flights that lets consumers compare and book flights quickly and easily;
- Enhanced the flights booking engines for the lastminute.com.au and travel.com.au websites;
- Released a version of the Wotif.com website that is fully optimised for the iPhone;
- Integrated GoDo product inventory with some of our other websites to provide travellers with activity offerings targeted to their needs;

FIGURE 3
Total revenue and NPAT
(million AUD)



2. Chart displays room nights sold with a check-in date in the relevant week and includes room night sales by all Wotif Group brands.

> *"The year has been a very successful one for your Company. As you will see, we have delivered a number of record outcomes ..."*

- Released the WotConnect product, initially working with Accor Hotels Group to feed their accommodation content and inventory data direct to Wotif Group;
- Consolidated our disparate email marketing approaches across the Group into a single product that delivers greater efficiencies and reporting capabilities; and
- Established our Corporate Social Responsibility (CSR) Committee who have planned a strategy to set and meet CSR goals across the Group.

Our business model

As has been the case throughout our 10 years of operation, the business model for our online brands involves taking a margin on the value of the products we sell. These margins remain 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. In addition to booking margins, 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 results

The year has been a very successful one for your Company. As you will see, we have delivered a number of record outcomes. The Wotif Group's record after tax profit of $53.0 million in the year (up 22% on the FY2009 result of $43.5 million) was powered by record room night volumes, record transaction values and record accommodation and flight revenues, all of which are discussed further below.

Accommodation

Total room nights sold across all the Group's sites reached 7.12 million during the year (FY2009: 6.33 million), representing a 12.4% increase over FY2009. The Group processed a record 3.66 million accommodation booking transactions (FY2009: 3.28 million) for the year.

Flights

On 17 February 2010, we added to our original flight distribution channels of lastminute.com.au, travel.com.au and travelmax (our offline sales team) with the launch of Wotflight. This site promotes itself to the existing and sizeable Wotif.com audience, and was launched with eight Australian domestic carriers. Trans-Tasman carriers were added to Wotflight on 27 July 2010, and a full international offering will be added in FY2011.

The year saw the Group achieve revenues from flights (both international and domestic) of $6.4 million, up 23% from the $5.2 million in FY2009.

Revenue

Operating revenue for the Group for the 12 months to 30 June 2010 was up 12% to $136,013,000 (FY2009: $121,306,000).

This result was principally driven by a 12.4% growth in the number of room nights sold throughout the Group (FY2010: 7.12 million room nights sold; FY2009: 6.33 million room nights sold) and a 23% lift in flights revenue.

The result was, however, impacted by a 1.6% decrease in the average value of rooms sold across the Group's suite of sites (FY2010: $140.50; FY2009: $142.74[3]). Average room rates achieved on Wotif.com remained stable in the reporting period (FY2010: $144.76; FY2009: $144.72). Our Asia Web Direct operation experienced very soft rate outcomes with rates down 22.7% on last year (FY2010: $97.19; FY2009: $125.67).

Net profit

Consolidated net profit after tax for the Group in the reporting period was $52,950,000 (FY2009: $43,527,000). This represents an increase of 22% compared to the previous year.

Operating expenses (excluding amortisation of IT Development Costs and depreciation) were $56,747,000 (FY2009: $52,668,000), up 7.7%, principally reflecting:

- increased employee costs[4] (FY2010: $22,115,000; FY2009: $19,673,000) reflecting increased head count and salary increases;
- increased credit card commission costs associated with the increase in customer transactions in the reporting period (FY2010: $13,171,000; FY2009: $12,450,000);
- option expenses of $1,109,000 (FY2009: $982,000); and
- undertaking increased marketing activities (both online and offline).

IT Development Costs decreased in the reporting period to $3,115,000 (FY2009: $4,214,000).

Dividend

A final fully franked dividend of 12.5 cents per share has been determined, taking full year dividends to 21.5 cents (FY2009: 17.5 cents).

3. 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.

4. This excludes employee costs that were capitalised as IT Development Costs, which were amortised in the reporting period.

The following tables contrast the results from the 2010 financial year with those from previous years:

Financial performance

Year ended 30 June ($ million)	FY2010	FY2009	FY2008	FY2007	FY2006
Accommodation TTV	1,000.2	904.2	695.2	529.2	362.9
Flights and other TTV	93.8	88.3	48.5	–	–
Total TTV[5]	**1,094.0**	**992.5**	**743.7**	**529.2**	**362.9**
Accommodation revenue	120.9	109.3	83.5	62.3	42.9
Flights and other revenue	12.2	9.5	5.5	–	–
Interest revenue	2.8	2.5	5.0	5.0	2.6
Total revenue	**136.0**	**121.3**	**94.0**	**67.3**	**45.5**
Total operating expenses	(56.7)	(52.7)	(40.2)	(25.8)	(19.5)
Net profit (before depreciation, amortisation and taxation)	**79.3**	**68.6**	**53.8**	**41.5**	**26.0**
Depreciation	(2.3)	(2.0)	(0.9)	(0.2)	(0.4)
Amortisation of IT Development Costs[6]	(3.1)	(4.2)	(3.9)	(3.4)	(2.4)
Other amortisation	(0.3)	(0.2)	–	–	–
Profit before income tax	**73.6**	**62.2**	**49.0**	**37.9**	**23.2**
Income tax	(20.6)	(18.7)	(14.5)	(11.5)	(6.7)
Net profit	**53.0**	**43.5**	**34.5**	**26.4**	**16.5**

Key Operating Data	FY2010	FY2009	FY2008	FY2007	FY2006
Accommodation TTV growth	11%	30%	31%	46%	44%
Flights and other TTV growth	6%	82%	–	–	–
Total TTV growth	**10%**	**33%**	**31%**	**46%**	**44%**
Accommodation revenue growth	11%	31%	34%	45%	43%
Flights and other revenue growth	28%	73%	–	–	–
Total revenue growth	**12%**	**29%**	**40%**	**48%**	**42%**
Operating expenses growth	8%	31%	56%	33%	47%
Profit before income tax growth	18%	27%	29%	64%	36%
Net profit growth	22%	26%	31%	60%	37%
Accommodation revenue % of accommodation TTV	12%	12%	12%	12%	12%
Total revenue % of TTV	**12%**	**12%**	**13%**	**13%**	**13%**
Profit before income tax % of total revenue	54%	51%	52%	56%	51%
Profit before income tax % of total revenue (excluding option expenses)	**55%**	**52%**	**53%**	**58%**	**51%**
Net profit % of total revenue	**39%**	**36%**	**37%**	**39%**	**36%**
Capex[7] ($ million)	17.3	7.8	6.1	6.8	3.1

5. 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. From FY2008 this includes TTV contributions from acquired businesses, namely travel.com.au Limited from 1 January 2008 and Asia Web Direct (HK) Limited from 1 March 2008.

6. 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.

7. 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). In FY2010 this included the purchase of a new head office building for the Group ($8.3 million).

Our businesses

wotif.com

No.1 in online accommodation

As the leading accommodation booking service across Australasia, Wotif.com saw its brand awareness exceed 58% in Australia, with awareness in New Zealand exceeding 30%[8] (FY2009: 50% and 30% respectively).

We now have more than 16,700 accommodation providers selling rooms on Wotif.com in 57 countries (FY2009: 14,500 properties in 49 countries) and we continue to expand the breadth of our accommodation offering. More than 1 million of our customers have now opted in to receive our email newsletters (FY2009: 758,000).

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

It's not surprising then that our site visits across the year grew to more than 46.1 million visits (FY2009: 40.7 million visits), confirming our leading position. This was driven by our focus on:

- providing our customers with a convenient, simple-to-use and value-driven accommodation offering in a 3 month booking window;
- offering the broadest range of directly sourced accommodation;
- first-class customer service; and
- providing our accommodation supply partners with access to one of the lowest cost online distribution channels in the world (10% margin with no credit card processing fees).

The record 5.73 million room nights booked on the site by our leisure and business customers is the most compelling measure of Wotif.com's success – representing a 12% uplift on FY2009 (FY2009: 5.11 million). Booking levels also increased, with an average of 252,000 bookings sold each month, lifting from 230,000 bookings per month in FY2009. This performance was achieved against a stable room rate backdrop, with Wotif.com achieving an average rate of $144.76 per room night (FY2009: $144.72).

lastminute.com.au

lastminute.com.au offers a range of products and services including hotels, international and domestic flights, holidays, travel insurance, car hire, gifts and experiences.

It focuses on short- to mid-term holiday breaks, promoting spontaneity and a sense of adventure. It is all about living every last minute to the fullest. This is best demonstrated by Secret Hotels®. lastminute.com.au pioneered the Secret Hotels® concept in Australia, where luxury hotels offer rates so low they don't reveal the hotel name until after the customer has booked.

The Group acquired the brand in January 2008 and continues to benefit from the improved product range on offer since acquisition. This has assisted in driving the site's accommodation "look to book"[9] ratio from 2.5% at time of acquisition (January 2008) to 4.2% in FY2010 (FY2009: 3.9%).

Brand awareness for the site continues to improve, lifting from 36% to 46%[8]. Site visits have increased to approximately 1.15 million visits per month, up 21% (FY2009: approximately 948,000 visits per month).

lastminute.com.au achieved a 26% increase in the total value of transactions it processed in the year for flights, accommodation and other ancillary travel activities.

wotflight

Just plane easy

Wotflight is a flight booking site that enables customers to search, select and then book flights quickly and easily in an entirely new way. Its unique display allows customers to quickly see all flight options at a glance, with booking then just a few clicks away and seats confirmed in an instant.

Wotflight, as Wotif.com's sibling site, seeks to leverage off Wotif.com's audience and is perfectly positioned to provide a flight solution to the 35% of Wotif.com's customers who travel to their accommodation by air. All flight bookings achieve the added bonus of a free $20 Wotif.com accommodation voucher, ensuring that the whole experience is just plane easy!

The site commenced operation on 17 February 2010 with eight Australian domestic carriers on offer. Trans-Tasman carriers were added to the portfolio on 27 July 2010, and an extensive range of international carriers will be added to the site in the current financial year to complete the offering.

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8. Surveys conducted by **Newspoll**.

9. "Look to book" ratio is the percentage of the number of bookings made compared to unique visitors to the website during the relevant period.

Asia Web Direct has been at the forefront of online travel distribution since 1993. The Group acquired the business in March 2008. It provides web-based hotel reservations, travel information and related services to travellers worldwide. Its popular destination portals (such as Phuket.com and Bangkok.com), together with 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.

Asia Web Direct's destination portals (approximately 100 by number) offer 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.

Accommodation sales from the popular destination portals are channelled to the newly renovated AsiaWebDirect.com. This site was re-released in May 2010 and now provides a highly graphical and inspirational site for those looking to purchase their next holiday in Asia.

LateStays.com is targeted at consumers seeking last-minute accommodation deals up to 28 days in advance, and offers a way to access accommodation content in English, Japanese and Chinese.

Asia Web Direct's accommodation partners receive broad exposure across our multiple sites and world-class support. Asia Web Direct's key websites attract approximately 2.2 million visits per month.

One of the challenges for the Asia Web Direct business in the reporting period was the impact of the political instability in our key Thailand market. Unsurprisingly, this had a significant impact on room night sales given the volume of traffic that is usually generated from our Thai portals (in particular Phuket.com and Bangkok.com) and that approximately 55% of our bookings (via the Asia Web Direct network) are usually for Thai-situated properties. With stability returning to Thailand, the very attractive hotel deals currently on offer and other changes implemented in the business, we are optimistic about Asia Web Direct's outlook.

Established in September 1997, travel.com.au was acquired by the Group in January 2008. It provides a full-service travel offering covering all aspects of domestic and international travel including holidays, hotels, flights, travel insurance, car hire and many other niche offerings.

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 5.4 million visits to the site each year.

It connects with customers both as an online service to research, book and manage their own itinerary, and offline through our travelmax team of travel experts. This team can provide access to products not available elsewhere online, and assist with more complicated itineraries 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. With a growing team spread across Australia, travelmax will continue to establish itself as a leading phone-based travel agency in Australia.

Arnold Travel Technology Pty 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 tool enhances an organisation's ability to manage travel expenditure and 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.

The platform is used by travel agencies, travel management companies, corporates, small-to-medium enterprises and government departments.

The Group has invested in this platform during the year to increase its speed and to add functionality for Arnold's significant Australian and New Zealand user base. Separate to this work, a project is in progress to enable Wotif.com to sell its inventory to Arnold's client base. This functionality is expected to be released in the first half of the 2011 financial year.

GoDo is an online booking service for activities or "things to do". GoDo works with hundreds of activity suppliers across Australia to provide our customers with a vast array of activities – be it tandem sky diving, hot air ballooning or V8 racing – which can all be booked instantly online.

As well as selling activities through its website (godo.com.au) GoDo also powers a number of major online distribution channels throughout Australia and New Zealand, including Virgin Blue, lastminute.com.au, News Digital Media and TimeOut to name a few.

Our operations

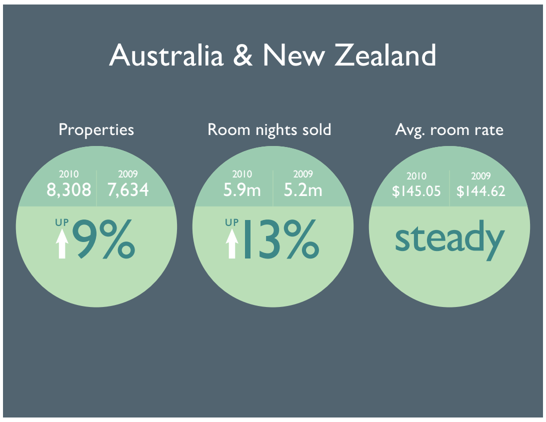
Overall, the Wotif Group's performance in the reporting period was driven by:

- a 12.4% increase in room nights sold across all sites within the Group; and
- a 23% lift in revenue contributions from our flights business.

This was achieved against a 1.6% drop in room rates across the Wotif Group sites (FY2010 average rate $140.50 (net of GST/VAT) per room night versus $142.74 (net of GST/VAT) in FY2009). Core Wotif.com room rates remained stable in the reporting period at $144.76 (FY2009 $144.72)[10].

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



The Group sold 5.9 million room nights for our partner properties located in Australia and New Zealand in the reporting period, up 13% on the previous year (FY2009: room nights sold 5.2 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;
- in the first half of the financial year, continuing uplift from the initiative to extend our booking window to 3 months (launched in January 2009);
- the continuing migration of 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 online market; and
- the continued support of our low-cost distribution channel by our supply partners.

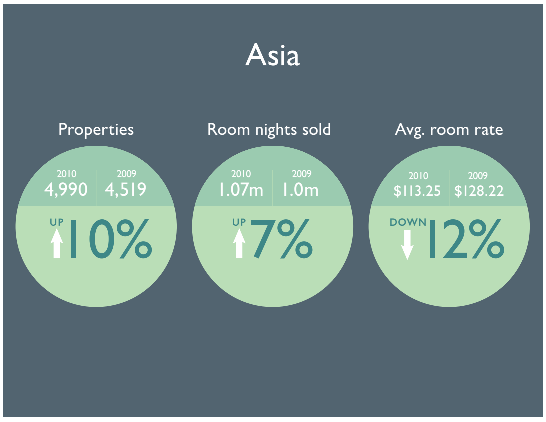
Our brands' online and offline marketing activities, in combination with our product promotional features, such as "Flaming Deals™", "Wot Hotel®", "Wotif Wednesdays" and "Secret Hotels®", have also contributed strongly to this growth.

We delivered a total of 3.23 million bookings for our Australian and New Zealand partner properties, up from 2.89 million in FY2009. These bookings were spread across:

- 6,547 properties from Australia, Fiji, Vanuatu and Papua New Guinea (FY2009: 6,080), up 8%; and
- 1,761 properties from New Zealand and the Cook Islands, up 13% on last financial year (FY2009: 1,554).

The average room rate realised for rooms booked in Australia and New Zealand in the financial year was $145.05 (net of GST), up slightly on the $144.62 average rate achieved in FY2009[10].

Accommodation–Asia



The contribution from our Asian Business Unit was subdued this year. As mentioned, one of the challenges faced arose from the political instability in Thailand, which is one of the key destination markets for our customers. Our growth expectations for our Asian operations were not achieved, either in relation to our targets for room volumes or with respect to our expectations for room rates. Total transaction value for Asian-based accommodation was $120.8 million net of GST/VAT (FY2009: $127.7 million) and was impacted by a significant drop in average room rates achieved as compared to last year.

Notwithstanding TTV growth being depressed, we still 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 1,066,670, up 7% (FY2009: 995,658 room nights sold).

The total number of bookings for Asian properties in the year was up 7%, reaching 350,812 (FY2009: 328,760). The average room rate realised for rooms booked in Asia during the financial year was $113.25 (FY2009: $128.22)[10]. We now have in excess of 4,990 properties providing inventory to the Group in our Asian markets (FY2009: 4,519).

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.

Accommodation – Rest of World

Accommodation sales in our Rest of World markets performed most strongly (albeit off a small base) in the reporting period with room nights sold increasing by 29% on FY2009, reaching 182,531 (FY2009: room nights sold 140,998). The average room rate realised for rooms booked in the financial year was $153.54 (net of GST/VAT) (FY2009: $175.91)[10] with total transaction values in the year reaching $28 million (net of GST/VAT) (FY2009: $24.8 million).

At the end of the reporting period, we had 4,301 properties (FY2009: 3,892) in the United Kingdom, Europe, and North and South America directly displaying inventory on the Group's websites (this excludes more than 3,380 properties sourced from Tourico Holidays Inc.).

The room night growth achieved in the year reflects the increase in available properties in destinations popular with customers from countries such as Australia and New Zealand. We continued to see the benefits flowing from opening up the Wotif.com booking window to include 3 months of deals (since January 2009). This initiative has proven to be popular with Wotif.com customers from our key Oceania source markets booking properties in Europe, and North and South America. During the financial year, the Group also made its first foray into the African and Middle Eastern markets by opening up South Africa and the UAE as new regions.

Flights – domestic and international

In FY2010 we continued our progress towards one Group flight booking engine for all our flights brands. This development approach has enabled us to upgrade the existing lastminute.com.au and travel.com.au booking engines and to power new sites, such as Wotflight, with the same IT platform and to leverage off the same management, customer service, fares and ticketing teams. The new booking engine, developed entirely in-house, provides a scalable, fast and reliable platform that is now servicing all our domestic flight bookings.

Part way through the year (17 February 2010) we commenced the operation of wotflight.com with eight Australian domestic carriers working with us. New Zealand carriers joined the offering on 27 July 2010, and a full international offering is expected to be available during the current financial year.

We achieved revenues of $6.4 million from the sale of flights in the reporting period (FY2009: $5.2 million).

Corporate bookings

During the reporting period, the ARNOLD corporate booking engine processed a total of 584,000 corporate transactions (FY2009: 440,000). This 33% increase in corporate transactions is evidence of how strongly the corporate market has rebounded following the impacts of the Global Financial Crisis last year. It also demonstrates that the investment made in the ARNOLD platform is paying dividends, enabling clients to achieve higher adoption rates among existing users and winning new business in what is a fiercely competitive market place.

Looking forward

Euromonitor International estimates released this year indicate that total online accommodation sales in Australia during calendar year 2009 were $1,653 million (CY2008: $1,322 million) from a total accommodation market valued at $10,349 million (CY2008: $10,772 million) (see Fig. 4). This data indicates that online sales represented 16% of total accommodation sales in Australia in CY2009 (CY2008: 12%).

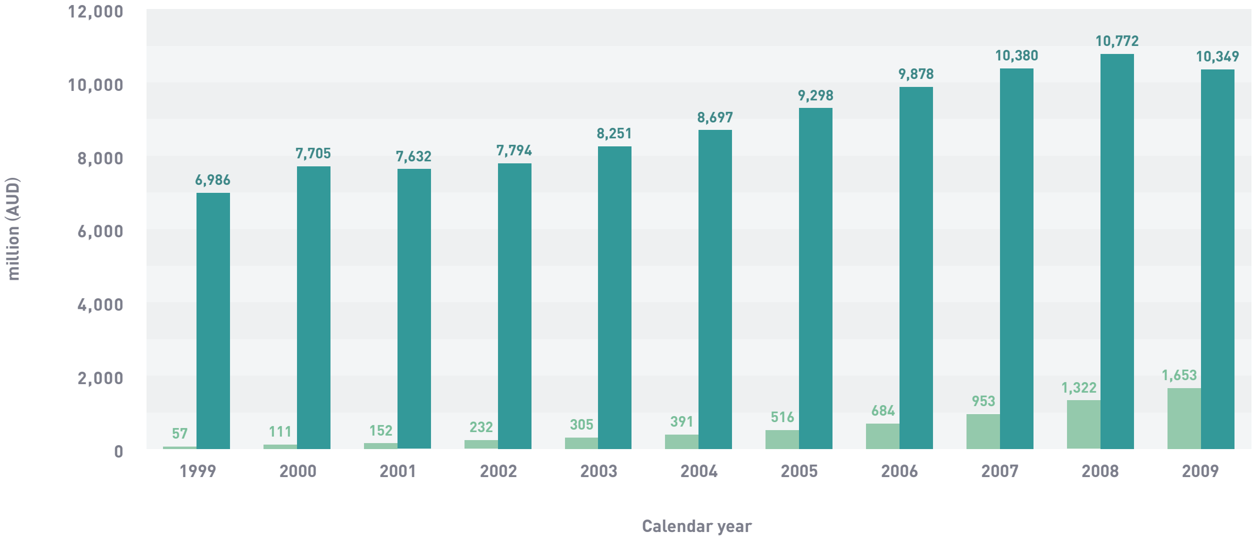
Euromonitor's research suggests, and supports our belief, that over the next 5 years the online accommodation sector will continue to attract customers away from traditional sales channels. Euromonitor International forecasts that online sales will represent 26% of total accommodation sales in Australia by 2014, as shown in Figure 5.

To deliver on these forecasts, total transaction value of the Australian online accommodation segment will need to grow by 13% per annum for the next 5 years. As mentioned earlier, the challenge for the business in the short term will be outperforming the period in which we benefited from the booking window extension and the out-of-trend spike in domestic sales experienced throughout calendar year 2009. Once we cycle over those benefits we should return to the longer-term growth profile suggested by Euromonitor's forecasts. As highlighted in previous years, this growing shift to online sales is expected to be a significant driver of future long-term growth for the Group's business over the next 5 plus years. The Group's focus remains on ensuring it continues to be a major beneficiary of this continuing transformation, particularly in the Australian, New Zealand and Asian markets.

We have not deviated from our strategy of harvesting the significant organic growth opportunity that exists in our core Australian accommodation segment, and in New Zealand where similar market dynamics exist. We also remain convinced of the opportunity to establish a significant business in those Asian markets targeted by the Group. As has been the case since listing in 2006, 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.

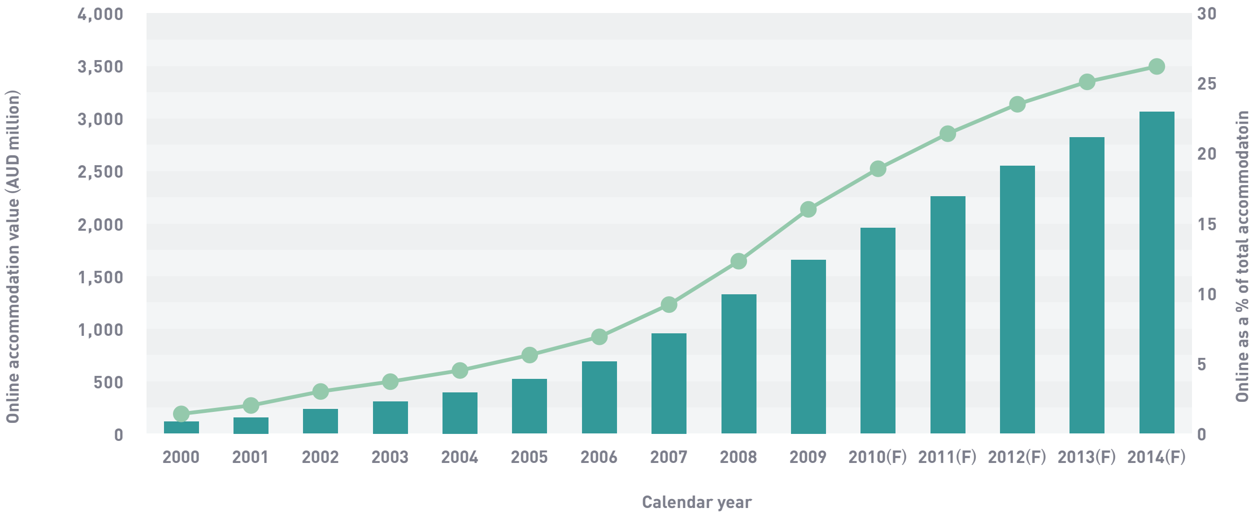
We also expect our flights business to grow as we complete our offering in the current year and build upon our marketing efforts.

FIGURE 4 Online sales of accommodation in Australia



Source: 1999-2009 Euromonitor International from official sources

FIGURE 5 Online sales as % of total accommodation sales in Australia



Sources: 2000-2009 Euromonitor International from official sources;
2010-2014 Euromonitor International estimates

"Euromonitor's research…supports our belief that over the next 5 years the online accommodation sector will continue to attract customers away from traditional sales channels."

Board of Directors

Andrew Brice (age 67)

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.

Dick McIlwain (age 63)

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 is the Managing Director and Chief Executive of Tatts Group Limited.

He was the Non-executive Chairman of Super Cheap Auto Group Limited until 28 October 2009 (appointed 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 44)

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 and of the Australian Institute of Company Directors.

Dave Warneke (age 52)

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.

Ben Smith (age 45)

Non-executive Director

Ben is a Managing Director in 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.

Graeme Wood (age 63)

Non-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 Wotnews Pty Ltd (the operator of news aggregator Wotnews) and the University of Queensland Endowment Fund.

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

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)[11]. 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:
  - a) overseeing the Group's systems of internal control and accountability and the systems for monitoring compliance; and
  - b) 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 six Directors, of whom:

- three (Dick McIlwain (Chairman), Ben Smith and Dave Warneke) are Non-executive, Independent Directors (see Independence section);
- one (Andrew Brice) is a Non-executive Director, however is not considered to be independent as a result of his shareholding in the Company; and
- two (Robbie Cooke and Graeme Wood) held their position in the reporting period in an Executive capacity and consequently are not considered to be independent. Graeme Wood moved into a Non-executive Director role on 1 July 2010, however continues to be considered non-independent due to his shareholdings in the Company.

Neil Cumming (the founder of Asia Web Direct) retired as a Non-executive Director on 28 February 2010.

The term of office held by each Director is set out in the section titled *Board of Directors* on pages 16 to 17 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

11. Subject to the Board not being comprised of a majority of Independent Directors – see explanation in section titled 'Independence' on page 19.

appropriate mix of skills and experience to ensure the interests of shareholders are served.

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

- 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 the management team and the opportunity to participate in Board and Committee meetings. The Board was satisfied in relation to each of these matters;
- considered the independence (or non-independence) of all Directors.

The Nomination and Remuneration Committee qualitatively reviewed the contribution Andrew Brice (who will resign and offer himself for re-election at the 2010 Annual General Meeting) had made to the Board during his tenure. The Committee considered that Andrew Brice's skills, experience, expertise, and contributions to the Audit and Risk Committee continued to meet the requirements of the Group. The Committee recommended, and the Board determined, in light of the Committee's review, that it would support the re-nomination of Andrew Brice. Andrew Brice did not attend or participate in this review process.

Independence

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council in its publication, *Corporate Governance Principles and Recommendations* (second 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 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.

Meetings of the Board

The Board met on 12 occasions in the reporting period. Details of individual attendance at Board meetings, and of Board committees, can be found on page 25 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 three times during the reporting period. Each Committee member's attendance at meetings is set out on page 25. 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. In the reporting period, the review of the retiring and

re-nominating Director was undertaken by the Committee while the full Board undertook the assessment of the Board's performance (see *Composition and Review of the Board* at pages 18 and 19).

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 25. 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 16 to 17. 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 auditor 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 have been reviewed by the executive management team, the Audit and Risk Committee and the Board to maintain 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 operating 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 (which 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 2010 financial year involved the Managing Director and Chief Financial Officer providing a declaration to the Board on 25 August 2010 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 26 to 35.

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 30 to 35.

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.

“Wotif Group has typically grown market segment share by approximately 1% per annum, however in CY2009 this increase was more than 2%.”

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:

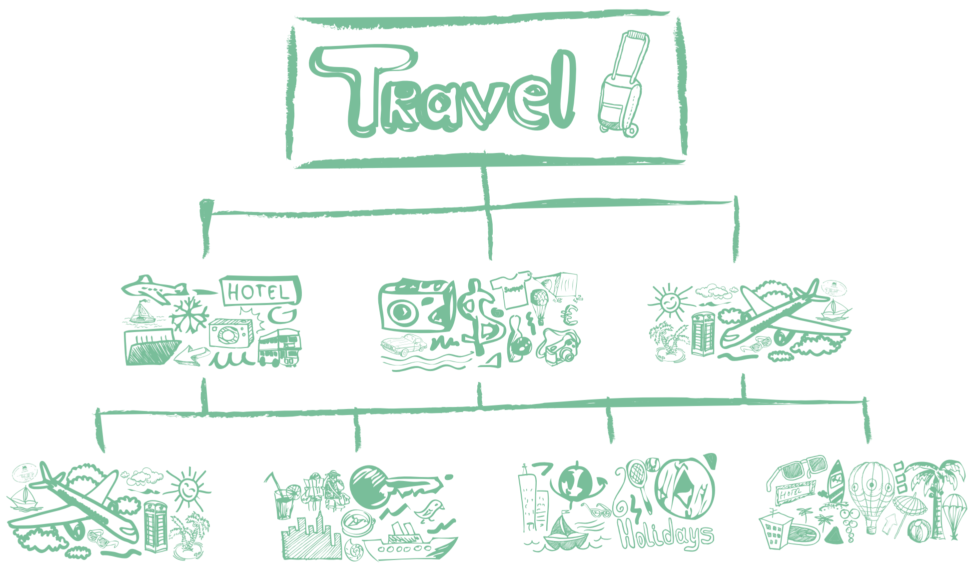
- must not enter into transactions in products associated with shares or options in Wotif.com Holdings Limited that operate to limit the economic risk to such security holdings; and
- must not trade in shares, options or derivatives of Wotif.com Holdings Limited for short-term gain and, accordingly, 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

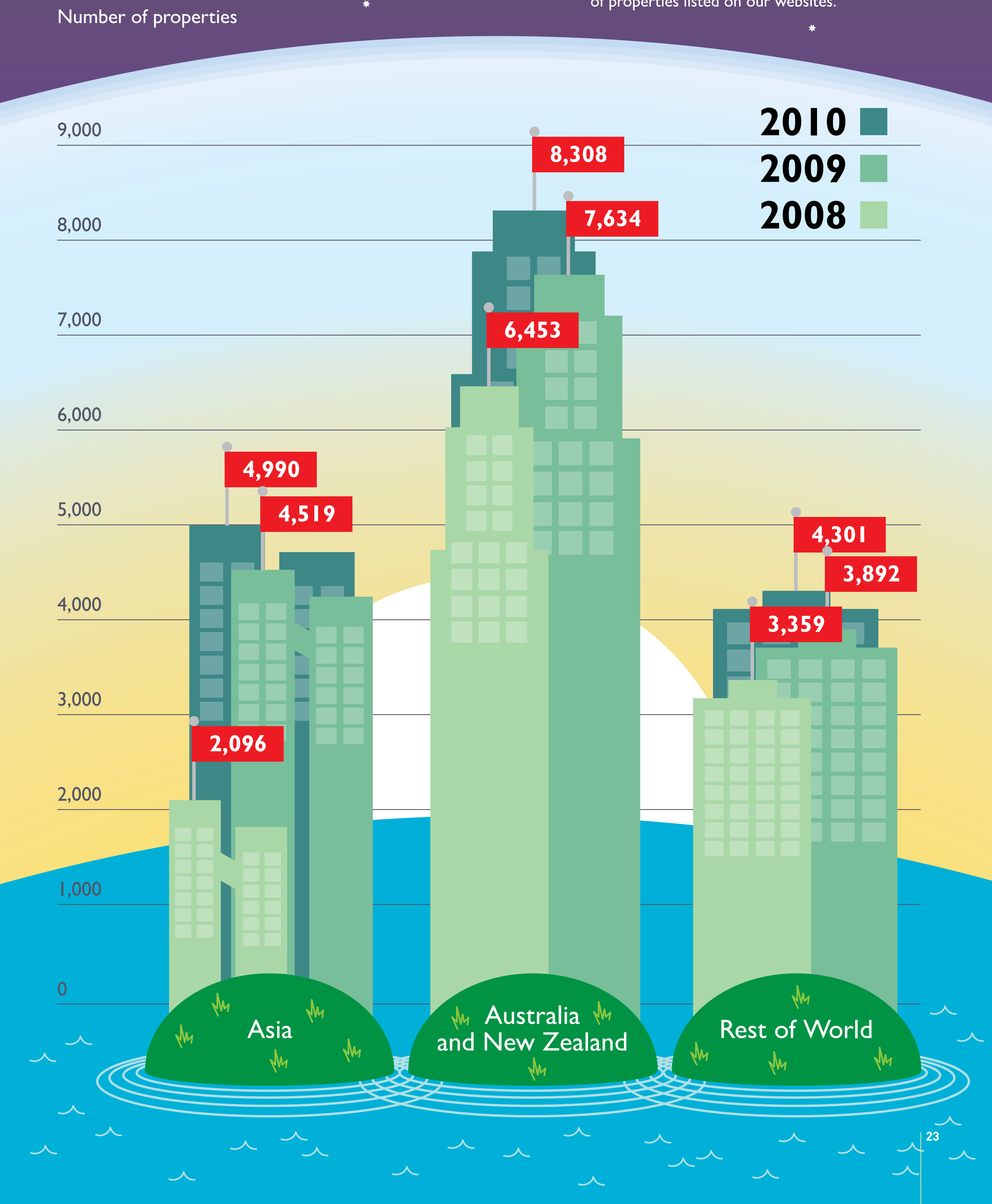
The Group has in place a written policy with respect to its continuous disclosure obligations and procedures, and its communication with shareholders (available at www.wotifgroup.com). The Board seeks to ensure that the Company’s shareholders are provided with sufficient information to assess the performance 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.

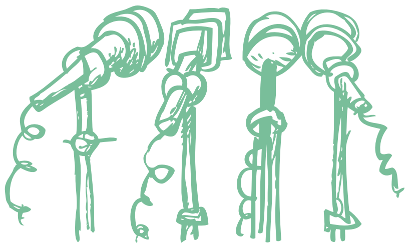
Shareholders may direct questions to the Board and its external auditors at the Annual General Meeting. The Company requires its external auditors to attend its Annual General Meeting.



Accommodation on the rise

We continue to maintain direct supply relationships with our accommodation partners. The 2010 financial year once again saw positive growth in the number of properties listed on our websites.





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 2010 (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 from 26 March 2008 to 28 February 2010*)

The continuing Directors' qualifications and experience are detailed on pages 16 and 17 under the heading *Board of Directors* and those pages are incorporated in and form part of this report. With respect to Neil Anderson Cumming, he was the founder of Asia Web Direct and had more than 40 years of computer industry experience with involvement in programming, system design, management and strategic planning.

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 senior legal positions with amazon.com and Clayton Utz. 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 Master of Laws (Technology & Intellectual Property) from the University of Queensland. He is an affiliate of Chartered Secretaries Australia, and has completed a Graduate Diploma in Applied Corporate Governance.

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 2010 was $53.0 million (FY2009: $43.5 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 6 to 14 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 18 on page 64) (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 Board determined a final dividend in respect of the 2010 financial year of 12.5 cents per share. The dividend will be paid on 13 October 2010 (total final dividend amount fully franked $26,204,106).

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.

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.

Dividend	Record date	Payment date	Amount per security	Total dividend	Franked amount per security
2009 final dividend	18 September 2009	13 October 2009	11 cents	$22,926,601	11 cents
2010 interim dividend	19 March 2010	31 March 2010	9 cents	$18,860,071	9 cents
2010 final dividend	17 September 2010	13 October 2010	12.5 cents	$26,204,106	12.5 cents

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 6 to 14). 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 its 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.

"Our strong operating performance was reflected in each of the Group's key operating units in the financial year."

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	1,800,000
G T Wood*	48,161,000	Nil
A B R Smith*	150,000	Nil
R A C Brice*	34,500,000	Nil
D E Warneke*	30,000	Nil

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

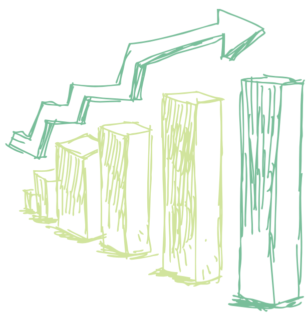
Directors' meetings

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	12	12	-	-	3	3
R M S Cooke	12	12	-	-	-	-
G T Wood	12	11	-	-	-	-
A B R Smith	12	12	5	5	3	3
R A C Brice	12	10	5	5	-	-
D E Warneke	12	12	5	5	3	3
N A Cumming	8	8	-	-	-	-

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 19.

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 earnings before interest, tax, depreciation and amortisation in a financial year exceeds the prior year result by a predetermined percentage set by the Remuneration and Nomination Committee at 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 prior year. This component of the bonus pool focuses senior executives on outperformance 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. It is intended to undertake a further grant of options in the 2011 financial year.

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

“… 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.”

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. No grant was made in the reporting period.

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 (during the financial year, became a Non-executive Director 1 July 2010);
- **C A Dawson**–Chief Financial Officer;
- **A M Ross**–Chief Information Officer.

In addition:

- **S W Moorhead**;
- **J Eawsakul**; 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. J Eawsakul has not been involved in the day-to-day operations of the Group since 30 March 2010 and will separate from employment with the Group on 15 September 2010.

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.

FY2010 Director Remuneration

Wotif.com Holdings Limited Directors	NON-EXECUTIVE DIRECTORS					Subtotal	EXECUTIVE DIRECTORS		Subtotal	Total
	R D McIlwain	A B R Smith	R A C Brice	D E Warneke	N A Cumming		G T Wood	R M S Cooke		
Short-term Benefits ($)										
Base cash salary and fees[12]	150,000	80,000	–	80,000	46,878	356,878	80,000	660,566	740,566	1,097,444
Performance related remuneration cash bonus	–	–	–	–	–	–	–	175,000	175,000	175,000
Non-monetary benefits	–	–	–	–	2,255	2,255	–	–	–	2,255
Post-employment benefits ($)										
Superannuation	13,500	7,200	–	7,200	643	28,543	7,200	14,461	21,661	50,204
Termination benefits	–	–	–	–	–	–	–	–	–	–
Long-term benefits ($)										
Long service leave	–	–	–	–	–	–	–	6,152	6,152	6,152
Equity ($)										
Options[13]	–	–	–	–	–	–	–	381,530	381,530	381,530
Employee bonus shares[14]	–	–	–	–	–	–	–	–	–	–
Total ($)	163,500	87,200	–	87,200	49,776	387,676	87,200	1,237,709	1,324,909	1,712,585
Percentage of remuneration that consists of:										
Fixed remuneration	100%	100%	–	100%	100%		100%	55%		
Bonus (short-term incentive)	0%	0%	–	0%	0%		0%	14%		
Options (long-term incentive)	0%	0%	–	0%	0%		0%	31%		

FY2009 Director Remuneration

Wotif.com Holdings Limited Directors	NON-EXECUTIVE DIRECTORS				Subtotal	EXECUTIVE DIRECTORS			Subtotal	Total
	R D McIlwain	A B R Smith	R A C Brice	D E Warneke		R M S Cooke	G T Wood	N A Cumming		
Short-term Benefits ($)										
Base cash salary and fees[12]	150,000	80,000	–	80,000	310,000	635,317	90,000	206,250	931,567	1,241,567
Performance related remuneration cash bonus	–	–	–	–	–	500,000	–	–	500,000	500,000
Non-monetary benefits	–	–	–	–	–	–	–	334	334	334
Post-employment benefits ($)										
Superannuation	13,500	7,200	–	7,200	27,900	14,369	8,100	5,284	27,753	55,653
Termination benefits	–	–	–	–	–	–	–	–	–	–
Long-term benefits ($)										
Long service leave	–	–	–	–	–	7,637	–	–	7,637	7,637
Equity ($)										
Options[13]	–	–	–	–	–	545,866	–	–	545,866	545,866
Employee bonus shares[14]	–	–	–	–	–	–	–	–	–	–
Total ($)	163,500	87,200	–	87,200	337,900	1,703,189	98,100	211,868	2,013,157	2,351,057
Percentage of remuneration that consists of:										
Fixed remuneration	100%	100%	–	100%		39%	100%	100%		
Bonus (short-term incentive)	0%	0%	–	0%		29%	0%	0%		
Options (long-term incentive)	0%	0%	–	0%		32%	0%	0%		

12. Non-executive Directors' remuneration represents fees in connection with attending Board meetings and Board Committee meetings.

13. 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.

14. Refers to shares issued pursuant to the Employee Share Plan.

FY2010 Executive Remuneration

Wotif.com Holdings Limited Executives	C A Dawson	A M Ross	S W Moorhead	J Eawsakul	H Demetriou	Total
Short-term Benefits ($)						
Base cash salary and fees	242,490	205,369	174,232	189,926	160,441	972,458
Performance related remuneration cash bonus	34,000	50,000	34,000	–	20,000	138,000
Non-monetary benefits	–	–	–	21,701	–	21,701
Post-employment benefits ($)						
Superannuation	14,461	23,850	18,158	6,836	14,132	77,437
Termination benefits	–	–	–	–	–	–
Long-term benefits ($)						
Long service leave	2,776	5,838	2,736	–	4,532	15,882
Equity ($)						
Options	56,883	31,229	27,674	25,409	26,125	167,320
Employee bonus shares[15]	–	–	–	–	–	–
Total ($)	350,610	316,286	256,800	243,872	225,230	1,392,798
Percentage of remuneration that consists of (%):						
Fixed remuneration	74%	74%	76%	90%	79%	
Bonus (short-term incentive)	10%	16%	13%	0%	9%	
Options (long-term incentive)	16%	10%	11%	10%	12%	

FY2009 Executive Remuneration

Wotif.com Holdings Limited Executives	C A Dawson	A M Ross	J Eawsakul	SW Moorhead	H Demetriou	Total
Short-term Benefits ($)						
Base cash salary and fees	238,756	183,486	195,067	163,991	150,107	931,407
Performance related remuneration cash bonus	28,000	65,000	17,101	30,000	16,000	156,101
Non-monetary benefits	–	–	20,139	–	–	20,139
Post-employment benefits ($)						
Superannuation	13,745	20,642	6,866	16,411	12,377	70,041
Termination benefits	–	–	–	–	–	–
Long-term benefits ($)						
Long service leave	766	3,703	–	1,437	5,176	11,082
Equity ($)						
Options	80,141	20,829	20,008	20,331	16,673	157,982
Employee bonus shares[15]	–	–	–	–	–	–
Total ($)	361,408	293,660	259,181	232,170	200,333	1,346,752
Percentage of remuneration that consists of (%):						
Fixed remuneration	70%	71%	78%	78%	84%	
Bonus (short-term incentive)	8%	22%	14%	13%	8%	
Options (long-term incentive)	22%	7%	8%	9%	8%	

15. Refers to shares issued pursuant to the Employee Share Plan.

SECTION C

Contractual arrangements

The table below sets out details of the contracts of employment[16] with the Managing Director, the key management personnel and the five most highly remunerated executives of the Group and/or Company:

G T Wood – Non-executive Director

EMPLOYED BY	TERM
Wotif.com Holdings Limited	Rolling term

Termination by Company:
The employer may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises).

Termination by Employee:
The employee may terminate the employment agreement on 60 days' notice (in which case no right to a severance payment arises).

R M S Cooke Group Chief Executive Officer and Managing Director

EMPLOYED BY	TERM
Wotif.com Pty Ltd	22 January 2011

Termination by Company:
The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 12 months' fixed remuneration).

Termination by Employee:
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

EMPLOYED BY	TERM
Wotif.com Pty Ltd	Rolling term

Termination by Company:
The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration).

Termination by Employee:
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

EMPLOYED BY	TERM
Wotif.com Pty Ltd	Rolling term

Termination by Company:
The employer may terminate the employment agreement without cause at any time (in which case the employee is entitled to 6 months' fixed remuneration).

Termination by Employee:
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

EMPLOYED BY	TERM
Wotif.com Pty Ltd	Rolling term

Termination by Company:
The employer may terminate the employment agreement with cause at any time without notice (in which case no right to a severance payment arises).

Termination by Employee:
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

EMPLOYED BY	TERM
travel.com.au Limited	Rolling term

Termination by Company:
The employer may terminate the employment agreement with cause at any time without notice (in which case no right to a severance payment arises).

Termination by Employee:
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

EMPLOYED BY	TERM
Asia Web Direct Co., Ltd.	Rolling term

Termination by Company:
The employer may terminate the employment on 90 days' written notice (in which case no right to a severance payment arises).

Termination by Employee:
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;

16. In all cases the stipulated termination rights are subject to any applicable statutory legal requirements.

- 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 Packages 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	
Directors	FY2010	FY2009	FY2010	FY2009
R D McIlwain	-	-	-	-
R M S Cooke	-	-	200,000	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	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 shares issued on exercise of options during the year		Amount paid per ordinary share on exercise of option
Directors		FY2010	FY2009	FY2010
R M S Cooke	22 Feb 2010	500,000	Nil	$2.00
All other Directors	N/A	Nil	Nil	N/A
Key management personnel and other Group executives				
C A Dawson	22 Feb 2010	50,000	Nil	$4.20
A M Ross	22 Feb 2010	20,000	Nil	$2.00
J Eawsakul	N/A	Nil	Nil	N/A
H Demetriou	N/A	Nil	Nil	N/A
S W Moorhead	28 Aug 2009	10,000	30,000	$2.00
	23 Nov 2009	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 $53.0 million in FY2010 as shown in Figure 6 and earnings per share growth as shown in Figure 7. Since listing in June 2006 at an issue price of $2.00, Wotif.com Holdings Limited's shares have increased in value by 170% to $5.40 as at 30 June 2010 ($4.70 as at 30 June 2009) as shown in Figure 8.

FIGURE 6 NPAT CAGR since listing

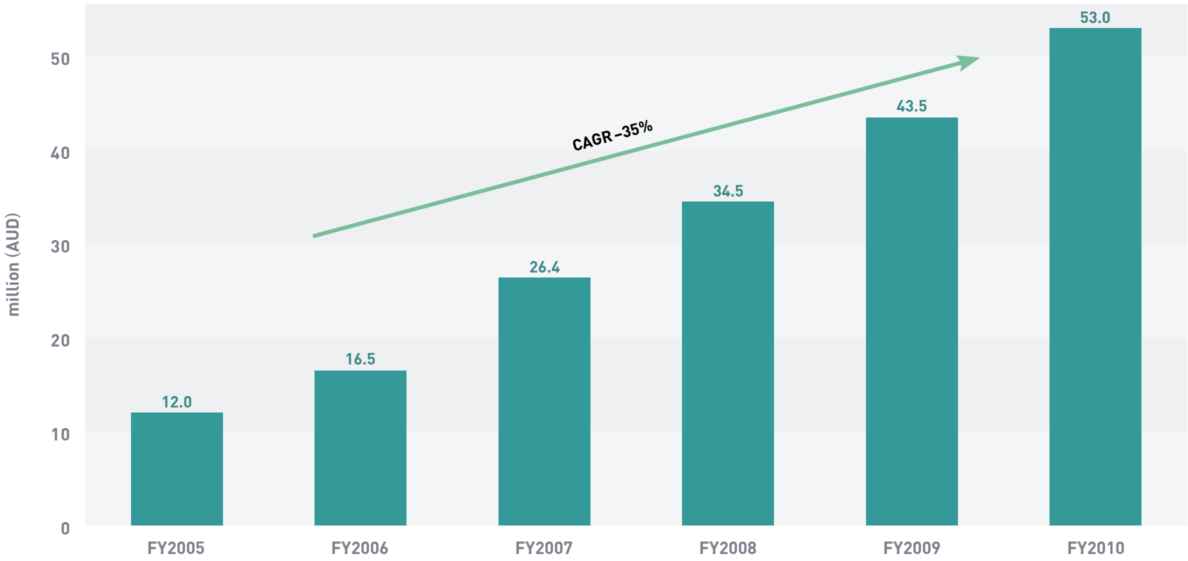


FIGURE 7 Earnings per share CAGR since listing

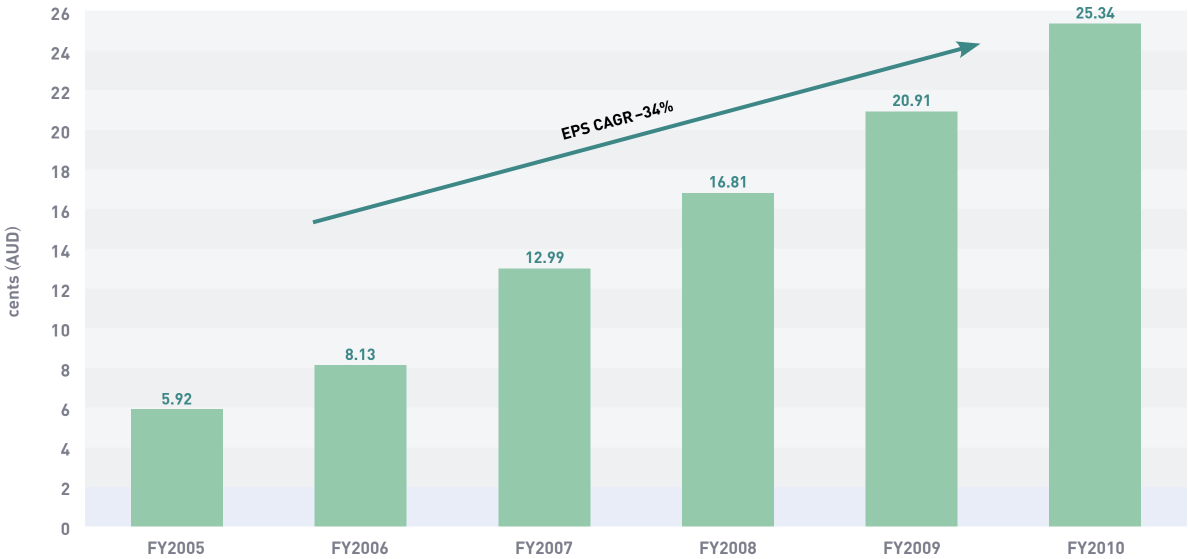
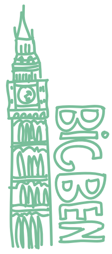
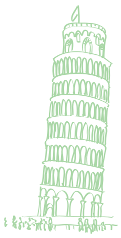
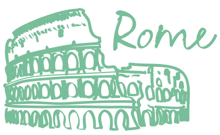


FIGURE 8 Share price since listing







Options

For each grant of options included in the tables on page 32, 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 page 31 are not met, hence the minimum value of options yet to vest is Nil.

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	N/A
	Package 4 (FY2008)	25%	0%	FY2011 FY2012	Nil	382,000 790,000
C A Dawson	Package 3 (FY2007)	40%	0%	FY2011 FY2012 FY2013	Nil	54,975 56,955 58,565
	Package 5 (FY2009)	0%	0%	FY2012 FY2013 FY2014	Nil	22,869 23,067 32,885
	Package 6 (FY2009)	0%	0%	FY2013 FY2014 FY2015	Nil	9,599 9,867 10,067
A M Ross	Package 2 (FY2006)	60%	0%	FY2011 FY2012	Nil	10,600 10,702
	Package 5 (FY2009)	0%	0%	FY2012 FY2013 FY2014	Nil	22,869 23,067 23,705
	Package 6 (FY2009)	0%	0%	FY2013 FY2014 FY2015	Nil	23,999 24,667 25,167
J Eawsakul	Package 5 (FY2009)	0%	0%	FY2012 FY2013 FY2014	Nil	34,650 34,950 34,860
	Package 6 (FY2009)	0%	0%	FY2013 FY2014 FY2015	Nil	9,599 9,867 10,067
S W Moorhead	Package 2 (FY2006)	60%	0%	FY2011 FY2012	Nil	21,200 21,404
	Package 5 (FY2009)	0%	0%	FY2012 FY2013 FY2014	Nil	9,240 9,320 9,296
	Package 6 (FY2009)	0%	0%	FY2013 FY2014 FY2015	Nil	23,999 24,667 25,167
H Demetriou	Package 5 (FY2009)	0%	0%	FY2012 FY2013 FY2014	Nil	28,875 29,125 29,050
	Package 6 (FY2009)	0%	0%	FY2013 FY2014 FY2015	Nil	16,799 17,267 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:

Name	Remuneration consisting of options	Value at grant date $	Value at exercise date $	Value at lapse date $
	A	B	C	D
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	31%	-	2,450,000	-
C A Dawson	16%	-	135,000	-
A M Ross	10%	-	98,000	-
J Eawsakul	10%	-	-	-
S W Moorhead	11%	-	208,200	-
H Demetriou	12%	-	-	-

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

Column 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.

Column 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.

Column 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 6,172,400 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 1,242,800 fully paid shares in the Company at a weighted average exercise price of $2.16. The above amount includes 620,000 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 2010 was $5.40.

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*.

Auditor's 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 37 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 2010 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 25 August 2010.

Dick McIlwain
Chairman

Robbie Cooke
Group Chief Executive Officer and Managing Director

Wot came first?

WOTIF GROUP

1999
The Idea, the Business Model and the Website

2000
Australian launch with 60 properties

INNOVATIONS:

- Live hotel inventory
- Instant booking confirmation
- Supplier control of rates and allotments
- Rate comparison matrix for consumer
- Short booking lead time

2005
Released 28 day booking window (October 2005)

2006
Listed on Australian Securities Exchange (June 2006)

2007
Surpassed 10,000 properties listed on our websites

2008
- Successful takeover of travel.com.au
- Acquisition of Asia Web Direct (HK) Limited (AWD)

2009
- Launched of 3 month booking window (January 2009)
- Released Wotif.com iPhone mobile site

2010
- Acquisition of GoDo
- Launched Wotflight (February 2010)
- 17,506 properties in over 56 countries
- Offices in Australia, New Zealand, Thailand, Malaysia, Indonesia, Singapore, Canada, and the UK

Auditor's Independence Declaration

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

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 2010, 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.

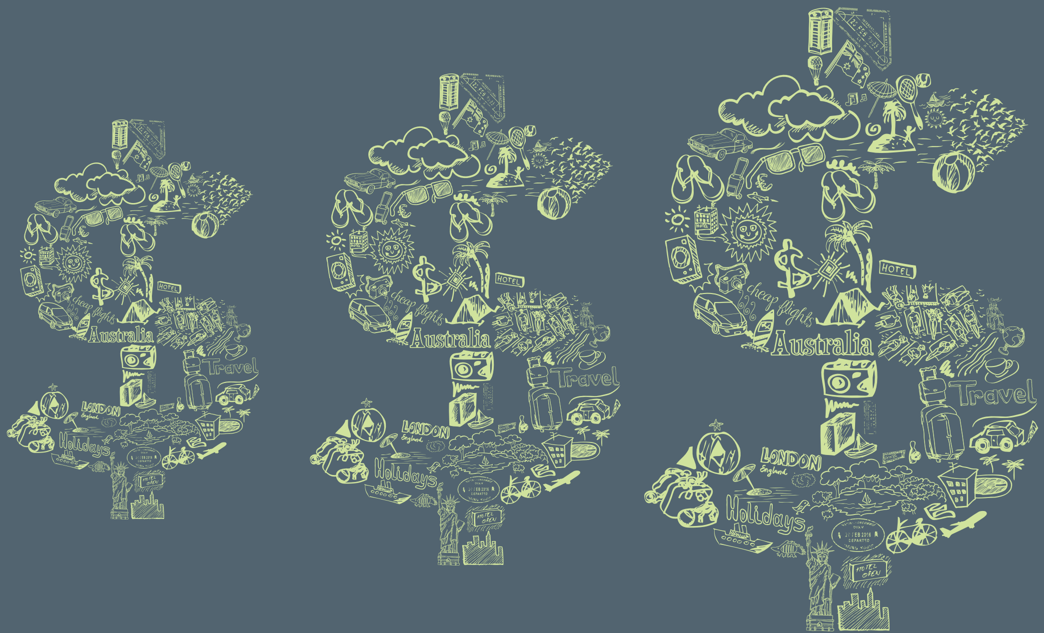
Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
25 August 2010

Financial Report to Shareholders



Income Statement

For the year ended 30 June 2010

(Amounts in $'000)	NOTE	CONSOLIDATED 2010	2009
Total Transaction Value		**1,094,010**	**992,501**
Revenue			
Accommodation revenue		120,945	109,294
Flights and other revenue	3	12,225	9,526
Interest received and receivable	3	2,843	2,486
Total revenue		136,013	121,306
Expenses			
Advertising and marketing expenses		14,153	11,670
Business development expenses		8,882	10,758
Operations and administration expenses	3	39,420	36,686
Total expenses		62,455	59,114
Profit from continuing operations before income tax		**73,558**	**62,192**
Income tax expense	4	20,608	18,665
PROFIT AFTER INCOME TAX		**52,950**	**43,527**

Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent:		2010 per share	2009 per share
Basic earnings per share	24	25.34 cents	20.91 cents
Diluted earnings per share	24	25.01 cents	20.73 cents

The accompanying notes form part of these financial statements

Statement of Comprehensive Income

For the year ended 30 June 2010

(Amounts in $'000)

	CONSOLIDATED	
	2010	2009
Profit for the period	52,950	43,527
Other Comprehensive Income		
Foreign currency translation	(65)	1,173
Net gain on available-for-sale financial asset	28	106
Income tax on other items of other comprehensive income	(8)	(32)
Other comprehensive income for the period, net of tax	(45)	1,247
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**52,905**	**44,774**

The accompanying notes form part of these financial statements

Statement of Financial Position

As at 30 June 2010

(Amounts in $'000)

	NOTE	CONSOLIDATED 2010	CONSOLIDATED 2009
Current Assets			
Cash and cash equivalents	6	103,592	101,761
Trade and other receivables	7	5,087	4,276
Available-for-sale financial assets		967	-
Total current assets		109,646	106,037
Non-current Assets			
Receivables	8	135	134
Available-for-sale financial assets		-	939
Property, plant and equipment	9	20,992	9,157
Deferred tax assets	4	9,073	9,623
Intangible assets and goodwill	10	89,679	87,825
Total non-current assets		119,879	107,678
TOTAL ASSETS		**229,525**	**213,715**
Current liabilities			
Trade and other payables	11	135,205	134,385
Interest bearing liabilities	12	34	105
Income tax payable		3,762	3,745
Provisions	13	1,388	1,125
Total current liabilities		140,389	139,360
Non-current liabilities			
Interest bearing liabilities	12	112	146
Deferred tax liabilities	4	2,678	2,678
Provisions	13	426	364
Total non-current liabilites		3,216	3,188
TOTAL LIABILITIES		**143,605**	**142,548**
NET ASSETS		**85,920**	**71,167**
Equity			
Contributed equity	14	25,574	22,890
Retained earnings		54,694	43,531
Reserves	15	5,652	4,746
TOTAL EQUITY		**85,920**	**71,167**

The accompanying notes form part of these financial statements

Statement of Cash Flows

For the year ended 30 June 2010

(Amounts in $'000)	NOTE	CONSOLIDATED 2010	CONSOLIDATED 2009
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,188,844	1,083,717
Payments to suppliers and employees (inclusive of GST)		(1,112,185)	(984,427)
Interest received		2,803	2,480
Interest paid		-	(41)
Income tax paid		(20,186)	(20,318)
Net cash flows from operating activities	17(a)	59,276	81,411
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		118	-
Payments for property, plant and equipment		(14,201)	(3,631)
Payments for web development		(3,115)	(4,214)
Payments for intangibles		-	(38)
Acquisition of subsidiary, net of cash acquired	19	(1,970)	(3,189)
Net cash flows used in investing activities		(19,168)	(11,072)
Cash flows from financing activities			
Proceeds from issue of shares		2,684	569
Dividends paid		(41,787)	(32,266)
Lease payments		(105)	(109)
Net cash flows used in financing activities		(39,208)	(31,806)
Net increase in cash and cash equivalents		900	38,533
Net foreign exchange differences		931	3,069
Cash and cash equivalents at beginning of year		101,761	60,159
CASH AND CASH EQUIVALENTS AT END OF YEAR	17(b)	**103,592**	**101,761**

The accompanying notes form part of these financial statements

Statement of Changes in Equity

For the year ended 30 June 2010

(Amounts in $'000) CONSOLIDATED	Ordinary shares	Employee equity benefits reserve	Foreign currency translation reserve	Available for sale investment reserve	Retained earnings	Total equity
At 1 July 2009	**22,890**	**4,158**	**631**	**(43)**	**43,531**	**71,167**
Profit for the period	-	-	-	-	52,950	52,950
Other comprehensive income	-	-	(65)	28	-	(37)
Income tax	-	-	-	(8)	-	(8)
Total comprehensive income for the period	**-**	**-**	**(65)**	**20**	**52,950**	**52,905**
Transactions with owners in their capacity as owners:						
Shares issued	2,684	-	-	-	-	2,684
Share-based payment	-	951	-	-	-	951
Dividends paid	-	-	-	-	(41,787)	(41,787)
At 30 June 2010	**25,574**	**5,109**	**566**	**(23)**	**54,694**	**85,920**

For the year ended 30 June 2009

(Amounts in $'000) CONSOLIDATED	Ordinary shares	Employee equity benefits reserve	Foreign currency translation reserve	Available for sale investment reserve	Retained earnings	Total equity
At 1 July 2008	**22,321**	**2,034**	**(542)**	**(117)**	**32,270**	**55,966**
Profit for the period	-	-	-	-	43,527	43,527
Other comprehensive income	-	-	1,173	106	-	1,279
Income tax	-	-	-	(32)	-	(32)
Total comprehensive income for the period	**-**	**-**	**1,173**	**74**	**43,527**	**44,774**
Transactions with owners in their capacity as owners:						
Shares issued	569	-	-	-	-	569
Share-based payment	-	2,124	-	-	-	2,124
Dividends paid	-	-	-	-	(32,266)	(32,266)
At 30 June 2009	**22,890**	**4,158**	**631**	**(43)**	**43,531**	**71,167**

The accompanying notes form part of these financial statements

Notes to the Financial Statements

1. *Corporate information*

The financial report of Wotif.com Holdings Limited (the **Company**) for the year ended 30 June 2010 was authorised for issue in accordance with a resolution of Directors made on 25 August 2010.

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' (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 2010 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

c) New accounting standards and interpretations

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009.

- AASB 3 Business Combinations (Revised)
- AASB 8 and AASB 2007-3 Operating Segments and consequential amendments to other Australian Accounting Standards
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards
- AASB 123 (Revised) and AASB 2007-6 Borrowing Costs and consequential amendments to other Australian Accounting Standards
- AASB 127 (Revised) Consolidated and Separate Financial Statements
- AASB 2008-1 Amendments to Australian Accounting Standard —Share-based Payments: Vesting Conditions and Cancellations
- AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2009-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 2 and AASB 138 and AASB Interpretations 9 & 16)
- AASB 2009-7 Amendments to Australian Accounting Standards (AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17)

When adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is assessed and described as follows:

AASB 3 Business Combinations (revised 2008) and AASB 127 Separate Financial Statements (revised 2008)

AASB 3 (Revised 2008) introduces significant changes in the accounting for business combinations that affect the valuation of non-controlling interests (previously "minority interests"), the accounting for transaction costs, the initial recognition and subsequent measurement of contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period when an acquisition occurs and future reported results.

AASB 127 (Revised 2008) requires that a change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income. Furthermore the revised Standard changes the accounting for losses incurred by a partially owned subsidiary as well as the loss of control of a subsidiary.

The changes in AASB 3 (revised 2008) and AASB 127 (Revised 2008) will affect future acquisitions, changes in, and loss of control of, subsidiaries and transactions with non-controlling interests.

The change in accounting policy was applied prospectively and had no material impact on earnings per share.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in Note 23.

AASB 101 Presentation of Financial Statements

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The Group has elected to present all items of recognised income and expense in two linked statements.

AASB 123 Borrowing Costs

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Group has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 July 2009. The Group did not incur any borrowing costs pertaining to a qualifying asset in the current year.

AASB 2008-7 Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments delete the reference to the "cost method" making the distinction between pre- and post-acquisition profits no longer relevant. All dividends received are now recognised in the income statement rather than having to be split between a reduction in the investment and the income statement. However, the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Annual improvements project

In May 2008 and April 2009 the AASB issued an omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions and application dates for each amendment. The Group considers that the adoption of the amendments resulting from the annual improvements project did not have a material or significant impact on the accounting policies, financial position or performance of the Group.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations applicable to the Group that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 30 June 2010 are outlined on pages 46–47.

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 except for the following:

The amendment to AASB 117 removes 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 vs. property, plant and equipment) needs to be determined.

The amendment to AASB 101 stipulates that the terms of a liability that could result, at any time, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.

The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity:

- has primary responsibility for providing the goods or service;
- has inventory risk;
- has discretion in establishing prices;
- bears the credit risk.

The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in AASB 8 before aggregation for reporting purposes.

The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 January 2010	1 July 2010

AASB 9

Financial instruments

AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes from AASB 139 are described below.

(a) Financial assets are classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows. This replaces the numerous categories of financial assets in AASB 139, each of which had its own classification criteria.

(b) AASB 9 allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in the income statement and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through the income statement at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 January 2013	1 July 2013

AASB 2009-11

Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)

The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which include:

- two categories for financial assets being amortised cost or fair value;
- removal of the requirement to separate embedded derivatives in financial assets;
- strict requirements to determine which financial assets can be classified as amortised cost or fair value, financial assets can only be classified as amortised cost if: (a) the contractual cash flows from the instrument represent principal and interest; and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows;
- an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through the income statement on derecognition;
- reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes; and
- changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 January 2013	1 July 2013

* *Designates the beginning of the applicable annual reporting period.*

AASB 124 (REVISED)

Related Party Disclosures (December 2009)

The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:

(a) the definition now identifies a subsidiary and an associate with the same investor as related parties of each other;

(b) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other; and

(c) the definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 January 2011	1 July 2011

AASB 2009-12

Amendments to Australian Accounting Standards (AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052)

This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations.

In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 January 2011	1 July 2011

AASB 2010-4

Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, 7, 101, 134 and Interpretation 13)

Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments.

Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions.

Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme is to be taken into account.

IMPACT ON COMPANY FINANCIAL REPORT

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report.

APPLICATION DATE OF STANDARD*	APPLICATION DATE FOR COMPANY
1 July 2010	1 July 2010

** Designates the beginning of the applicable annual reporting period.*

(d) 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 websites 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 income statement on issue of the ticket or voucher to the passenger. Revenue from airline overrides is 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 the income statement 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.

(e) 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 18 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, ACN 079 010 772 Limited (formerly travel.com.au Limited), Lastminute.com.au Pty Limited and Arnold Travel Technology Pty Ltd. Go Do Pty Ltd was added to the Deed of Cross Guarantee by an Assumption Deed dated 10 June 2010.

(f) 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. If the consideration transferred is less than than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in the Income Statement.

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 the income statement 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 the income statement 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.

(g) 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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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; and
- 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 reporting 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 reporting 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 reporting 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.

Current and deferred tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

iii. Tax consolidation legislation

Wotif.com Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Wotif.com Holdings Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Wotif.com Holdings Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in Note 4.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned consolidated tax entities.

(h) 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.

(i) 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 re-translated at the rate of exchange ruling at the reporting 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 reporting 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.

(j) 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.

(k) 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.

(l) Cash and cash equivalents

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

(m) Provisions

i. Provision for dividends

A provision for dividends is not recognised as a liability unless the dividends are declared or 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.

(n) 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.

(o) Comparative information

Where necessary, comparatives have been re-classified and re-positioned for consistency with current year disclosures.

(p) 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).

(q) 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.

(r) 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.

(s) 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 26).

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.

(t) 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.

(u) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in the income statement or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 July 2009

The purchase method of accounting was used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost was 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 were issued in a business combination, the fair value of the instruments was their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments were 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 were 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 was recognised as goodwill. If the cost of acquisition was less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference was recognised as a gain in the Income Statement, only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration was deferred, the amounts payable in the future were discounted to their present value as at the date of exchange. The discount rate used was the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

(v) Significant accounting judgements, estimates and assumptions

i. Significant accounting judgements

In the process of applying the Consolidated Entity's accounting pol-icies, 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 deter-mined 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.

(w) Parent entity financial information

The financial information for the parent entity, Wotif.com Holdings Limited, disclosed in Note 30 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Wotif.com Holdings Limited. Dividends received from associates are recognised in the parent entity's income statement, rather than being deducted from the carrying amount of these investments.

ii. Tax consolidation legislation

Wotif.com Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. Refer to Note 2(g), for details of the tax consolidation group.

iii. Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

3. Revenue and expense

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:		
a) Revenue		
Interest received/receivable – other parties	2,843	2,486
Flights and other revenue	12,225	9,526
Total	15,068	12,012
b) Operational and administration expenses		
Credit card commission	13,171	12,450
Amortisation of IT Development Costs	3,115	4,214
Other amortisation	276	259
Web maintenance costs	10,319	7,354
Depreciation	2,317	1,973
Foreign exchange loss and currency conversion fees	1,052	414
Loss/(gain) on disposal of property, plant & equipment	(35)	4
Rent and outgoings	552	592
Share-based payments expenses	1,109	982
Interest – other parties	-	50
Financial expense on capitalised leases	17	22
Administration employment expenses including Directors' costs	5,711	6,218
Other expenses	1,816	2,154
Total	39,420	36,686
c) Employee benefits expense		
Wages and salaries (excluding IT development employees' wages and salaries capitalised)	22,115	19,673
Share-based payments expense	1,109	982
Total	23,224	20,655

4. Income tax

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
The major components of income tax expense are:		
Income Statement		
Current income tax		
- Current income tax charge	20,602	19,184
- Adjustments in respect of current income tax of previous year	18	(54)
Deferred income tax		
- Relating to origination and reversal of temporary differences	(12)	(465)
Income tax expense reported in the Income Statement	20,608	18,665
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	8	32
Income tax expense reported in equity	8	32
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:		
Accounting profit before income tax	73,558	62,192
At the Consolidated Entity's statutory income tax rate of 30%	22,067	18,657
Adjustments in respect of current income tax of previous years	18	(54)
Research and development concession deduction	(176)	(219)
Foreign exchange and other translation adjustment	(22)	(7)
Foreign tax rate adjustment	(48)	(55)
Non-deductible amortisation	77	70
Other	33	(23)
Share-based payment expense	(1,341)	296
Income tax expense	20,608	18,665

(Amounts in $'000)	STATEMENT OF FINANCIAL POSITION 2010	STATEMENT OF FINANCIAL POSITION 2009	INCOME STATEMENT 2010	INCOME STATEMENT 2009
Deferred income tax at 30 June relates to the following:				
Deferred income tax liabilities				
Interest accrued not received	11	1	10	-
Brand names recognised in foreign subsidiary	2,678	2,678	-	-
Gross deferred tax liabilities	2,689	2,679		
Set off of deferred tax assets	(11)	(1)		
Net deferred tax liabilities	2,678	2,678		
Deferred income tax asset				
Tax losses	7,004	7,400	-	-
Accrued expenses	293	357	64	(107)
Provisions	522	436	(86)	(85)
Available-for-sale investment	10	18	-	-
Cash settled share-based payment	1,255	1,413	-	(273)
Gross deferred tax assets	9,084	9,624		
Set off of deferred tax liabilities	(11)	(1)		
Net deferred tax assets	9,073	9,623		
Deferred tax income			(12)	(465)

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. After acquisition, Go Do Pty Ltd joined the tax consolidated group on 1 January 2010. 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 reporting 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 as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

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 25 August 2010, the Directors determined a fully franked dividend on ordinary shares of 12.5 cents per share in respect of the period to 30 June 2010. In accordance with Accounting Standards, the total amount of this final dividend of $26,204,106 has not been provided for in the 30 June 2010 Financial Statements.

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
(a) Dividend paid		
Final franked dividend for 2009: 11 cents (2008 final: 9 cents)	22,927	18,730
Interim franked dividend for 2010: 9 cents (2009 interim: 6.5 cents)	18,860	13,536
	41,787	32,266
(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%	14,764	13,807
- franking that will arise from the payment of income tax as at the end of the period	4,385	3,856
	19,149	17,663
(c) Dividends proposed and not recognised as a liability		
2010: 12.5 cents fully franked (2009: 11 cents fully franked)	26,204	22,923
	26,204	22,923

6. *Current assets – cash and cash equivalents*

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
Cash at bank	82,687	84,607
Short-term deposits	5,964	2,480
Client funds account	14,941	14,674
	103,592	**101,761**

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*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Trade debtors	4,279	3,591
Prepayments	808	685
	5,087	**4,276**

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 2010 and 30 June 2009 all trade receivables were aged within 0-30 days. No receivables were past due. 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*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Loan to other parties, secured	135	134
	135	**134**

This loan bears interest at 8.5% p.a.

9. Non-current assets – property, plant and equipment

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Land and buildings		
Freehold land – at cost	3,090	790
Buildings – at cost	8,174	1,837
Less: Accumulated depreciation	(256)	(110)
	11,008	2,517
Plant and equipment		
Plant and equipment - at cost	17,067	11,817
Less: Accumulated depreciation	(7,083)	(5,177)
	9,984	6,640
TOTAL PROPERTY, PLANT AND EQUIPMENT	**20,992**	**9,157**

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

(Amounts in $'000)	Freehold Land	Freehold Buildings	Plant & Equipment	Total
Year end 30 June 2010				
Balance at 1 July 2009	790	1,727	6,640	9,157
Exchange difference	-	-	34	34
Additions	2,300	6,337	5,564	14,201
Disposals at written down value	-	-	(83)	(83)
Depreciation	-	(146)	(2,171)	(2,317)
Balance at end of year	3,090	7,918	9,984	20,992
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
Depreciation	-	(54)	(1,919)	(1,973)
Balance at end of year	790	1,727	6,640	9,157

10. *Non-current assets – intangible assets and goodwill*

CONSOLIDATED (Amounts in $'000)	IT Development Costs	Trademark & brand names	Domain names	Customer contracts	Goodwill	System software	Total
Year ended 30 June 2010							
At 1 July 2009 net of accumulated amortisation and impairment	–	23,001	219	460	64,145	–	87,825
Additions – internal development	3,115	–	–	–	–	–	3,115
Acquisition of subsidiaries	–	–	–	–	2,054	184	2,238
Exchange differences	–	–	(4)	–	(104)	–	(108)
Amortisation	(3,115)	–	(23)	(230)	–	(23)	(3,391)
At 30 June 2010 net of accumulated amortisation and impairment	–	23,001	192	230	66,095	161	89,679
At 30 June 2010							
Cost (gross carrying amount)	20,699	23,003	353	690	66,095	184	111,024
Accumulated amortisation and impairment	(20,699)	(2)	(161)	(460)	–	(23)	(21,345)
Net carrying amount	–	23,001	192	230	66,095	161	89,679
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
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

(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) Trademarks 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 periodof 3 years.

(v) System software

The system software has been acquired through a business combination and is carried at cost less accumulated amortisation. The intangible asset has been assessed as having a finite life of 5 years and is amortised using the straight line method over this period. At acquisition date, the acquired system software was considered to have 4 years remaining.

(vi) 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:

- Australia/New Zealand[1]; and
- Asia[2].

(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 Australia/New Zealand and the Asia units are shown in the table below.

	Australia/New Zealand unit		Asia unit		Total	
(AMOUNTS IN $'000)	2010	2009	2010	2009	2010	2009
Carrying amount of goodwill	39,845	37,791	26,250	26,354	66,095	64,145
Carrying amount of trademarks and brand names with indefinite lives	13,680	13,680	9,321	9,321	23,001	23,001

(c) Key assumptions used in value in use calculations for the Australia/New Zealand and the Asia cash-generating units for 30 June 2010

The calculations of value in use for all 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%.

Segment 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.

1. Australia/New Zealand includes accommodation booked at properties located within Australia, New Zealand, the Cook Islands, Fiji, Vanuatu and Papua New Guinea.

2. Asia includes accommodation booked at properties located within Asia and French Polynesia.

Growth rate estimates

In undertaking impairment testing a growth rate estimate was made. The estimate used (20% growth, declining 5% per year) supports the carrying value of the asset and is considered by management to be conservative and justified based on the history of the units.

(d) Sensitivity to changes in assumptions

With regard to the assessment of the value in use calculation for the Australia/New Zealand unit and the Asia 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.

11. *Current liabilities – trade and other payables*

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
Amounts due in relation to bookings made	82,522	81,297
Trade creditors and accruals	9,006	11,216
Unearned revenue	5,933	5,058
Deposits received not yet due	37,744	36,814
	135,205	**134,385**

12. *Interest bearing liabilities*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Current		
Lease liability	34	105
	34	105
Non-current		
Redeemable preference shares (see Note 18)	112	112
Lease liability	-	34
	112	146

There is no security over lease liabilities and repayment is over 1 year 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 (2009: $15 million). The facility is secured by a fixed and floating charge over the assets of the Group. As at 30 June 2010, no funds stood drawn under this facility and the Group was in compliance with all of the covenants.

13. *Provisions*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Current		
Employee benefits	1,364	1,099
Make good provision	24	26
	1,388	1,125
Non-current		
Employee benefits	426	364
	426	364

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.

14. *Contributed equity*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
209,632,844 (2009: 208,390,044) fully paid ordinary shares	25,574	22,890
	25,574	**22,890**

	CONSOLIDATED SHARES	CONSOLIDATED $'000
Movement in ordinary shares on issue		
At 1 July 2008	208,105,444	22,321
Employee options exercised	284,600	569
At 1 July 2009	208,390,044	22,890
Employee options exercised	1,242,800	2,684
At 30 June 2010	209,632,844	25,574

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 2010, dividends of $41,787,000 (2009: $32,266,000) were paid. The Company's stated dividend policy is to maintain an 80%–90% payout ratio.

15. *Reserves*

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Investment reserve		
Balance at the beginning of the year	(43)	(117)
Unrealised gain on available-for-sale investment	28	106
Income tax	(8)	(32)
Balance at end of year	(23)	(43)
Foreign currency translation reserve		
Balance at the beginning of the year	631	(542)
Currency translation differences	(65)	1,173
Balance at end of year	566	631
Employee equity benefits reserve		
Balance at the beginning of the year	4,158	2,034
Share-based payment	1,109	982
Deferred tax	(158)	1,142
Balance at end of year	5,109	4,158
TOTAL RESERVES	**5,652**	**4,746**

16. *Related party disclosures*

Other related party transactions

Marketing fee

During the year ended 30 June 2010, marketing services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received $43,600 (2009: $33,026) from the Group based on normal commercial terms.

17. *Statement of cash flows reconciliation*

(Amounts in $'000)	CONSOLIDATED 2010	2009
(a) Reconciliation of the net profit to the net cash flows from operations:		
Net profit	52,950	43,527
Depreciation of non-current assets	2,317	1,973
Amortisation of non-current assets	3,391	4,473
Net loss/(gain) on disposal of property, plant and equipment	(35)	4
Net exchange differences	(924)	(13)
Share options expensed	1,109	982
Income tax recognised directly in equity	(166)	(1,109)
Changes in assets and liabilities net of effect from acquisition of controlled entities:		
(Decrease)/increase in provisions	326	205
(Increase)/decrease in trade receivables and prepayments	(730)	930
(Decrease)/increase in trade creditors and accruals	452	30,511
(Decrease)/increase in income tax payable	17	(1,374)
(Increase)/decrease in deferred income tax asset	569	1,302
Net cash flows from operating activities	59,276	81,411
(b) Reconciliation of cash		
Cash at bank	97,628	99,281
Term deposits at call	5,964	2,480
	103,592	101,761

18. *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	
			2010	2009
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 (cancelled 15/9/09)	Delaware, USA	Ordinary	-	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%	100%
Go Do Pty Ltd	Australia	Ordinary	100%	-
ACN 079 010 772 Limited (formerly 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%
Travelmax Pty Ltd (formerly The Travel Specialists Pty Limited)	Australia	Ordinary	100%	100%
Travel.com.au Pty Ltd (formerly 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 20.

** Cumulative preference shares were issued by this entity to Thai business persons. The classification of these instruments is set out in Note 12.

19. *Business combinations*

Acquisition of Go Do Pty Ltd

On 11 December 2009, Wotif.com Holdings Limited announced that it had entered into an agreement to acquire all of the issued shares in Go Do Pty Ltd, a real time online booking service for activities for a provisional amount of $2,238,000.

Following completion of due diligence and satisfaction of conditions, the Wotif Group further announced that it had completed its acquisition with effect from midnight on the 31 December 2009.

The Group has provisionally recognised the fair values of identifiable assets and liabilities of Go Do Pty Ltd based on the best information available at the reporting date as follows:

	CONSOLIDATED	
(Amounts in $'000)	Recognised on acquisition	Carrying value
Deferred tax asset	19	19
Cash and cash equivalents	268	268
Trade receivables	81	81
Intangible assets – software	184	-
Trade and other payables	(319)	(319)
Provisional fair value of identifiable net assets	233	
Goodwill arising on acquisition (Note 10)	2,054	
Total cost of the combination	**2,287**	
Acquisition date fair value of consideration transferred:		
Cash paid	2,238	
Contingent consideration liability	49	
Consideration transferred	**2,287**	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	268	
Cash paid	(2,238)	
Net consolidated cash outflow	(1,970)	

The consolidated income statement includes sales revenue and net loss for the year ended 30 June 2010 of $711,495 and $98,497 respectively as a result of the acquisition of Go Do Pty Ltd. Had the acquisition of Go Do Pty Ltd occurred at the beginning of the reporting period, the consolidated income statement would have included revenue and profit of $2,002,587 and $748 respectively.

Key factors contributing to the $2,054,000 of goodwill are the synergies existing within the acquired business and its suppliers and synergies expected to be achieved as a result of combining Go Do Pty Ltd with the rest of the Group. With the addition of the Go Do Pty Ltd activities available across the Group's websites, the Group anticipates that additional cross-selling opportunities will be realised.

Included in the business acquired was a contingent liability in relation to the Share Sale Agreement (**Agreement**). Under the terms of the Agreement, the Final Adjusted Purchase Price shall be calculated and paid (either as applicable, as an addition to the base purchase price or as a partial refund of the base purchase price) to/from the former owners of Go Do Pty Ltd. This payment or refund is calculated on the basis of a multiple of the projected EBITDA one year after the acquisition date.

A contingent liability has been recognised separately as part of the business combination accounting on the basis that management considers the adjusted amount will be payable based on the financial performance of the acquired business.

Under the terms of the Agreement, the potential undiscounted amount of all future payment that could be required is between $0 and $5,762,000 based on the consideration already paid and the minimum and maximum adjusted purchase price in the Share Sale Agreement. The potential undiscounted amount of any refund from the vendor is between $0 and $350,000 based on the minimum adjusted purchase price.

The Group has forecast several scenarios, and probability weighted each to determine a fair value for this contingent payment arrangement, which has been included in the determination of the consideration transferred. Future changes in estimates of this amount will be recorded directly in the Income Statement in the periods in which they occur.

20. *Deed of Cross Guarantee*

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, ACN 079 010 772 Limited, Lastminute.com.au Pty Limited and Arnold Travel Technology Pty Limited. Go Do Pty Ltd was added to the Deed of Cross Guarantee by an Assumption Deed dated 10 June 2010.

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".

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 Income Statement and Statement of Financial Position of the entities that are members of the Closed Group are as follows:

Income Statement

	CLOSED GROUP	
(Amounts in $'000)	2010	2009
Total Transaction Value	**1,034,564**	**912,913**
Revenue		
Accommodation revenue	114,362	99,884
Flights and other revenue	11,720	9,287
Interest received and receivable	2,781	2,394
Total revenue	128,863	111,565
Expenses		
Advertising and marketing expenses	12,999	11,315
Business development expenses	6,544	6,023
Operations and administration expenses	37,259	34,000
Total expenses	56,802	51,338
Profit before income tax	**72,061**	**60,227**
Income tax expense	19,762	18,167
PROFIT AFTER INCOME TAX	**52,299**	**42,060**

Statement of Comprehensive Income

	CLOSED GROUP	
(Amounts in $'000)	2010	2009
Profit for the period	**52,299**	**42,060**
Other Comprehensive Income		
Net gain on available-for-sale financial asset	28	106
Income tax on other items of other comprehensive income	8	(32)
Other comprehensive income for the period, net of tax	36	74
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**52,335**	**42,134**

Statement of Financial Position

(Amounts in $'000)	CLOSED GROUP 2010	CLOSED GROUP 2009
Current assets		
Cash and cash equivalents	93,028	91,400
Trade and other receivable	4,731	4,808
Available-for-sale financial assets	967	-
Total current assets	98,726	96,208
Non-current assets		
Deferred income tax asset	9,058	9,593
Receivables	135	134
Available-for-sale financial assets	-	939
Investments in controlled entities	36,739	36,700
Property, plant and equipment	20,228	8,409
Intangible assets and goodwill	54,293	52,313
Total non-current assets	120,453	108,088
TOTAL ASSETS	**219,179**	**204,296**
Current liabilities		
Trade and other payables	132,522	130,805
Interest bearing liabilities	34	105
Income tax payable	3,686	3,857
Provisions	1,278	1,052
Total current liabilities	137,520	135,819
Non-current liabilities		
Interest bearing liabilities	-	34
Provisions	426	364
Total non-current liabilities	426	398
TOTAL LIABILITIES	**137,946**	**136,217**
NET ASSETS	**81,233**	**68,079**
Equity		
Contributed equity	25,574	22,890
Retained earnings	50,503	41,074
Reserves	5,156	4,115
TOTAL EQUITY	**81,233**	**68,079**

21. *Financial risk management objectives and policies*

The Group'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 22.

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

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group'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 2010 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
Cash and cash equivalents	103,592	101,761
Net exposure	103,592	101,761

At 30 June 2010, 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 $725,000 (2009: $712,000) higher/lower as a result of higher/lower income from cash and cash equivalents.

	POST-TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
(Amounts in $'000)	2010	2009	2010	2009
Consolidated				
+1% (100 basis points)	725	712	725	712
-1% (100 basis points)	(725)	(712)	(725)	(712)

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 2010, the Group had the following exposure to foreign currencies that are not designated in cash flow hedges:

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
Financial Assets		
Cash and cash equivalents	33,004	30,845
Trade and other receivables	2,038	1,611
	35,042	32,456
Financial Liabilities		
Trade and other payables	27,980	25,987
Interest bearing liabilities	112	111
	28,092	26,098
Net exposure	6,950	6,358

The Group has transactional currency exposure arising from it selling accommodation inventory in 14 different currencies which is dependent upon the geographical location of the accommodation concerned. The Group 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 Group 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 (AUD), 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 2010, 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)	
(Amounts in $'000)	2010	2009	2010	2009
Consolidated				
Actual as at 30 June	52,950	43,527	85,920	71,167
AUD increases against all currencies 5%	140	36	(769)	(640)
AUD decreases against all currencies 5%	(154)	(40)	850	708
AUD increases against all currencies 10%	266	69	(1,468)	(1,222)
AUD decreases against all currencies 10%	(326)	(83)	1,795	1,494

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.

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 Group'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 Group's exposure to bad debts is not considered to be significant. There are no significant concentrations of credit risk within the Group.

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 combinations. No other financing arrangements have been established.

Non-derivative financial liabilities

The following liquidity risk disclosures reflect all repayments and interest resulting from recognised financial liabilities and financial guarantees as of 30 June 2010. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables). Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments. This is actively managed with the "come and go" facility with National Australia Bank (refer Note 12).

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

(Amounts in $'000)	Less than 6 months	6-12 months	1-2 years	More than 5 years	Total
Consolidated					
Year ended 30 June 2010					
Liquid financial assets					
Cash and cash equivalents	103,592	-	-	-	103,592
Trade and other receivables	5,087	-	-	135	5,222
	108,679	-	-	135	108,814
Financial liabilities					
Trade and other payables	(135,205)	-	-	-	(135,205)
Interest bearing loans and borrowings	(34)	-	-	(112)	(146)
	(135,239)	-	-	(112)	(135,351)
Net inflow/(outflow)	(26,560)	-	-	23	(26,537)

22. *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.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- LEVEL 1 – the fair value is calculated using quoted market process in active markets.
- LEVEL 2 – the fair value is estimated using 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 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

(Amounts in $'000)	Year ended 30 June 2010 quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique – non-market observable inputs (Level 3)	Total
Consolidated				
Financial assets				
Available-for-sale investments	967	-	-	967
	967	-	-	967

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

23. *Segment information*

Identification of reportable segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's chief operating decision makers. The Company continued to operate 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 2010

By geographic region

(Amounts in $'000)	Australia/ New Zealand[1]	Asia[2]	Rest of World	Eliminations	Total
Accommodation revenue	102,841	14,518	3,586	-	120,945
Flights and other revenue	10,894	1,668	817	(1,154)	12,225
Interest	2,782	61	-	-	2,843
Total revenue	116,517	16,247	4,403	(1,154)	136,013
Expenses	50,581	6,565	755	(1,154)	56,747
Depreciation	2,007	308	2	-	2,317
Amortisation	3,368	23	-	-	3,391
Total expenses	55,956	6,896	757	(1,154)	62,455
Profit before income tax expense	60,561	9,351	3,646	-	73,558
Income tax expense	16,709	2,805	1,094	-	20,608
Net profit	43,852	6,546	2,552	-	52,950
Assets	179,051	50,398	5,868	(5,792)	229,525
Liabilities	121,084	16,209	6,312	-	143,605
Capital expenditure	16,953	363	-	-	17,316

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 2009

By geographic region

(Amounts in $'000)	Australia/ New Zealand[1]	Asia[2]	Rest of World	Eliminations	Total
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	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.

Operating segments

i. Segment revenue reconciled to the Income Statement:

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Total segment revenue	137,167	121,845
Inter-segment sales elimination	(1,154)	(539)
Total revenue	136,013	121,306

ii. Segment net operating profit after tax reconciliation to the Income Statement:

The Board of Directors meets on a monthly basis to assess the performance of each segment by analysing the segment's net operating profit after tax. A segment's net operating profit after tax excludes non-operating income and expenses such as dividends received, fair value gains and losses, gains and losses on disposal of assets and impairment charges. Income tax expenses are calculated as 30% (2009: 30%) of the segment's net operating profit.

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Segment net operating profit after tax	52,950	43,527
Income tax expense	20,608	18,665
Total net profit before tax per the Income Statement	73,558	62,192

iii. Segment assets reconciliation to the Statement of Financial Position:

In assessing the segment performance on a monthly basis, the Board of Directors analyses the segment result as described above and its relation to segment assets. Segment assets are those operating assets of the entity that the management committee views as directly attributing to the performance of the segment. These assets include plant and equipment, receivables and intangibles and exclude available-for-sale assets and deferred tax assets.

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Reconciliation of segment operating assets to total assets		
Segment operating assets	234,350	221,996
Available-for-sale assets	967	939
Inter-segment elimination	(5,792)	(9,220)
Total assets per the Statement of Financial Position	229,525	213,715

iv. Segment liabilities reconciled to the Statement of Financial Position:

Segment liabilities include trade and other payables and debt.

(Amounts in $'000)	CONSOLIDATED 2010	CONSOLIDATED 2009
Reconciliation of segment operating liabilities to total liabilities		
Segment operating liabilities	143,605	142,548
Total liabilities per the Statement of Financial Position	143,605	142,548

24. *Earnings per share*

(Amounts in $'000)	CONSOLIDATED 2010	2009
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net profit	52,950	43,527
(Number of Shares)		
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share:	**208,949,648**	**208,210,946**
Effect of dilution		
Share option	2,777,985	1,799,793
Weighted average number of ordinary shares used in the calculation of diluted earnings per share:	**211,727,633**	**210,010,739**

25. *Auditor's remuneration*

(Amounts in $)	CONSOLIDATED 2010	2009
Amounts received or due and receivable by the auditor 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)	278,000	259,730
- 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)	90,554	88,832
- 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	16,768	13,825
- other services in relation to the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia)	-	-
	385,322	362,387

26. *Contingent liabilities*

At reporting date, the Consolidated Entity had a bank guarantee facility of $2,300,000 (2009: $149,705). There is a bank guarantee drawn against the facility in respect of the lease of an office for an amount of $171,673 (2009: $149,705).

The Consolidated Entity also had purchasing card and direct debit facilities of $400,000 (2009: $500,000).

27. *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 October 2010;
- A hosting arrangement with Pipe Networks of $70,000 per month (excluding GST) continuing until 13 May 2013 as part of the data centre consolidation project; and
- A hosting agreement with Macquarie Telecom of $41,000 per month (excluding GST) continuing until 25 January 2011.

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, are payable as follows:

	CONSOLIDATED	
(Amounts in $'000)	2010	2009
Remuneration commitments:		
- within 1 year	381	675
- later than 1 year, but not later than 5 years	-	381
	381	1,056
Finance lease commitments:		
Finance lease commitments are payable:		
- not later than 1 year	34	113
- later than 1 year but not later than 5 years	-	34
- later than 5 years	-	-
	34	147
Less future finance charges	-	(8)
	34	139
Lease liabilities provided for in the financial statements:		
Current (see Note 12)	34	105
Non-current (see Note 12)	-	34
Total lease liability	34	139
Operating lease commitments:		
Future non-cancellable operating lease commitments not provided for in the financial statements and payable:		
- not later than 1 year	497	404
- later than 1 year but not later than 5 years	772	1,058
- later than 5 years	-	-
	1,269	1,462

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 renegotiated.

28. *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 (became a Non-executive Director 1 July 2010)

Non-executive Directors
R A C Brice
A B R Smith
D E Warneke
N A Cumming (resigned 28 February 2010)

(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

Compensation of key management personnel

	CONSOLIDATED	
(Amounts in $)	2010	2009
Short-term employee benefits	1,806,558	2,257,143
Post-employment benefits	88,515	90,040
Other long-term benefits	14,766	12,106
Share-based payment	469,642	646,836
	2,379,481	3,006,125

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 29.

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
FY2010 key management personnel of the Consolidated Entity							
R M S Cooke	2,300,000	-	500,000	-	1,800,000	1,200,000	600,000
A M Ross	230,000	-	20,000	-	210,000	20,000	190,000
C A Dawson	370,000	-	50,000	-	320,000	50,000	270,000
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

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.

FY2010	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	–	500,000	(500,000)	71,500
G T Wood	49,161,000	–	–	(1,000,000)	48,161,000
A B R Smith	150,000	–	–	-	150,000
R A C Brice	35,500,000	–	–	(1,000,000)	34,500,000
D E Warneke	135,000	–	–	(105,000)	30,000
N A Cumming *	2,881,763	–	–	(475,000)	*
Key management personnel of the Consolidated Entity					
ORDINARY SHARES					
A M Ross	233	–	20,000	(20,000)	233
C A Dawson	–	–	50,000	(50,000)	–

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

* Ceased to be a director on 28 February 2010.

29. *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	
(Amounts in $'000)	2010	2009
Options issued under the Executive Share Option Plan	1,109	982
Shares issued under Employee Share Plan	-	-
	1,109	982

(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 originally granted options (**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 originally granted options (**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 (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 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 2010.

	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 $0.0519	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			

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
FY2010						
Package 1	1,500,000	-	500,000	-	1,000,000	1,000,000
Package 2	1,772,200	-	652,800	8,000	1,111,400	145,000
Package 3	290,000	-	90,000	-	200,000	50,000
Package 4	800,000	-	-	-	800,000	200,000
Package 5	1,685,000	-	-	250,000	1,435,000	-
Package 6	1,468,000	-	-	42,000	1,426,000	-
Total	**7,515,200**	**-**	**1,242,800**	**300,000**	**5,972,400**	**1,395,000**
Weighted average exercise price	$3.06	-	$2.16	$3.11	$3.24	2.47
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

(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.

30. *Parent entity financial information*

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

Statment of Financial Position	PARENT ENTITY	
(Amounts in $'000)	2010	2009
Current assets	**684**	**134**
Total assets	120,215	106,883
Current liabilities	**27,720**	**80,610**
Total liabilities	27,720	80,610
Shareholders' equity		
Issued capital	25,574	22,890
Employee equity benefit reserve	4,440	3,016
Retained earnings	366	367
	30,380	26,273
Profit for the year	**41,874**	**32,256**
Total comprehensive income	**41,874**	**32,256**

As noted in Note 20, pursuant to Class Order 98/1418, relief has been granted for the relevant entities within the closed group from the *Corporations Act 2001* for the preparation, audit and lodgement of their financial reports.

The effect of the Deed is that Wotif.com Holdings Limited has guaranteed to pay any deficiency in the event of either the winding up of 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.

There are no contractual commitments for the acquisition of property, plant and equipment by Wotif.com Holdings Limited.

31. *Events after reporting date*

On 25 August 2010, the Directors of Wotif.com Holdings Limited determined a final dividend on ordinary shares in respect of the 2010 financial year. The total amount of the dividend is $26,204,106, and is fully franked.

No other matters or circumstances have arisen since the end of the 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.

Directors' Declaration

In accordance with a resolution of the Directors of Wotif.com Holdings Limited made on 25 August 2010, 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 Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

(A) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(B) complying with *Accounting Standards* and the *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) the financial statements and notes also comply with International Financial Reporting Standards, as discussed in Note 2;

(c) there are reasonable grounds to believe that the parties to the Deed of Cross Guarantee dated 25 June 2008 (see Note 20 on page 66) 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;

(d) 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 2010.

R D McIlwain
Chairman

R M S Cooke
Group Chief Executive Officer and Managing Director

Independent Audit Report

Ernst & Young
1 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001
Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
www.ey.com/au

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 statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

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 consolidated entity's financial position at 30 June 2010 and of its performance for the year ended on that date; and

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

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 in pages 26 to 35 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner

25 August 2010

Shareholder Information

Top 20 shareholders

At 13 August 2010, the 20 largest shareholdings of the Company's fully paid ordinary shares were as follows:

Rank	Shareholder	Number of ordinary shares	Percentage held
1.	Mr Graeme Thomas Wood	48,000,000	22.90%
2.	J P Morgan Nominees Australia Limited	21,982,555	10.49%
3.	National Nominees Limited	14,952,725	7.13%
4.	HSBC Custody Nominees (Australia) Limited	14,587,491	6.96%
5.	Mr Robert Andrew Creeth Brice	11,050,000	5.27%
6.	Mr Kevin Michael Fitzpatrick & Mr Anthony John Fitzpatrick <The K M Fitzpatrick Fam A/C>	8,455,000	4.03%
7.	Cogent Nominees Pty Limited	7,661,540	3.65%
8.	Brazil Farming Pty Ltd	7,000,000	3.34%
9.	RAC & JD Brice Superannuation Pty Ltd <Brice Superannuation A/C>	6,792,000	3.24%
10.	JDB Services Pty Ltd <The RAC & JD Brice Inv A/C>	6,658,000	3.18%
11.	UBS Wealth Management Australia Nominees Pty Ltd	5,336,779	2.55%
12.	Citicorp Nominees Pty Limited	5,184,123	2.47%
13.	Mr Robert Andrew Creeth Brice	5,000,000	2.39%
14.	Ms Anna Creeth Cottell	4,647,000	2.22%
15.	UQ Endowment Fund Pty Ltd	3,402,650	1.62%
16.	ANZ Nominees Limited <Cash Income A/C>	2,253,699	1.08%
17.	Australian Reward Investment Alliance	1,653,396	0.79%
18.	Citicorp Nominees Pty Limited	1,495,083	0.71%
19.	AMP Life Limited	1,322,065	0.63%
20.	Private Nominees Limited	1,191,294	0.57%
	TOTAL	178,625,400	85.22%

Substantial shareholders

At 13 August 2010, 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 2009, last updated 21 April 2010)	48,000,000
RAC Brice and JD Brice / JDB Services Pty Ltd (by notice dated 7 June 2006, last updated 25 June 2010)	34,500,000
FMR LLC and FIL Limited (by notice dated 5 July 2010, last updated 3 August 2010)	12,884,087
Hyperion Asset Management (by notice dated 1 April 2010)	10,615,705

Distribution of shareholdings

(as at 13 August 2010)

Range	Number of holders of ordinary shares	Percentage of holders	Number of shares	Percentage of shares
1 - 1,000	3,451	46.13%	1,819,752	0.87%
1,001 - 5,000	3,073	41.08%	7,973,446	3.74%
5,001 - 10,000	562	7.51%	4,270,808	1.92%
10,001 - 100,000	349	4.67%	8,831,617	4.08%
100,001 - and over	46	0.61%	186,737,221	89.39%
	7,481	**100.00%**	**209,632,844**	**100.00%**

Holders of non-marketable parcels

As at 13 August 2010, there were 216 shareholders with less than a marketable parcel of the Company's shares (namely 100 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.

“Results such as those delivered in the year require a large group of divergent skills to work harmoniously together…an organisational structure and culture that is robust, prepared to challenge the norm and has a depth of talent to ensure there are no single points of failure.”

Corporate Social Responsibility

Wotif Group has a long-standing commitment to contributing to the communities of which it is a part. To further enshrine this culture, over the past 9 months we have formalised an avenue for planning and monitoring our corporate social responsibility (CSR) activities through the establishment of our CSR Committee.

Environmental sustainability

Our main business of selling travel products online appears, at face value, to have little environmental impact. We don't manufacture or build anything, our customers aren't buying products that may end up as landfill, and our low business margin means company infrastructure is kept to a minimum.

The two areas most relevant to us are how we use resources in our offices and the impact of our servers and other hardware that deliver our websites to the world.

Offices

We have adopted the Queensland Government's *Business Sustainability Roadmap* as a guide to taking sustainability action in all our offices, and are working towards what the Roadmap labels "Destination 2: *Establishing baseline position and planning action*". This includes:

- the CSR Committee taking on the planning and adoption of sustainability initiatives;
- an audit of our energy (electricity and gas), water and paper consumption;
- engaging staff from each office to provide innovative approaches to reducing unsustainable consumption;
- over time, setting targets to reduce this consumption to an acceptable level; and
- setting targets to purchase products that are produced and operated sustainably, and that contribute to reducing our consumption.

Over the past few years we have been actively encouraging our suppliers to send us electronic rather than paper invoices. In addition, by simply beginning to be more aware of our paper usage, we have seen a 15% reduction in overall paper product usage (notebooks, copy paper, diaries, etc) from January 2009 to May 2010.

Our Investor Relations team has helped to further reduce our consumption of paper materials by offering a $10 Wotif.com Gift Voucher for any investor who chooses to receive all their communication from us electronically. This has resulted in almost 30% of our investors opting in to receive all communication electronically. This is in addition to the 90% of investors who opted out of receiving printed copies of our Annual Report.

Servers

In 2010 we are undertaking a number of initiatives that will reduce the impact of our internet hardware on the environment:

- consolidating all servers across the Group from five data centre facilities down to two. This reduces duplication of some equipment required for each server facility;
- upgrading older hardware with newer, more energy-efficient products; and
- by using existing high-grade data centres, we avoid the additional environmental cost involved in building, powering and cooling our own data centre. By aligning ourselves with leading co-location providers, in shared facilities, we are positioning ourselves to take advantage of best practice and advances in this space.

Changes in FY2011

Charity partnerships

Our CSR Committee will bring together and provide an important focus for what had previously been ad hoc donations from our brands. The Committee, representative of all staff, aims to achieve more for the Group and our charity partners by strategically allocating our financial and staff resources.

After calling for formal applications from charities and non-profit groups interested in partnering with us early in 2010, the Group's CSR Committee selected four major charity partners which we will assist by promoting their campaigns and offering staff the opportunity to volunteer on specific projects during work time.

As a relatively young company, we wanted to support other young organisations and those that don't yet enjoy the same notoriety that our brands enjoy.

FY2010 volunteering

Beacon Foundation

Beacon's programs focus on school students who are falling between the cracks, typically from low socio-economic status schools, by engaging and influencing the attitudes and behaviour of the broader community.

During FY2010, Wotif Group staff regularly participated in their Speed Careering, Lunch with the Girls and Industry tour events with local schools.

Wotif Young Achievers Program

Staff at the Brisbane office were asked to get involved in the University of Queensland's Wotif Young Achievers Program (established by Wotif Group Director, Andrew Brice) as Industry Mentors.

Thirteen staff members undertook training and participated in the program's inaugural residential camp in February 2010. Student participants and the university student mentors in the program can contact the Industry Mentors regarding general career advice or specific industry information.

FY2010 donations

Donations to direct requests from charities

Organisation
AEIOU Foundation
Andrew Olle Trust
Andrews Family Benefit Night
Childhood Cancer Support
Cure for Life
Cystic Fibrosis Foundation
Forget me not children's home
Ipswich Grammar School
Make a Wish Foundation
St Vincent de Paul
Storehouse One
Street Swags
Tour Duchenne (Muscular Dystrophy Foundation)
Voluntary Service Overseas
Wesley Mission

Raising money for special appeals

Appeal
Haiti Earthquake Appeal
Premier's SW Qld Flood Appeal
Together We Can Fund "Rebuilding Bangkok"

Matching donations from staff-initiated fundraisers

Organisation
Canteen
Chile Earthquake Appeal
Movember
RSPCA
Shave for a Cure

FY2011 major charity partner

OAKTREE FOUNDATION

SCHOOLS 4SCHOOLS

Other charity partners

australian orangutan project

ACT FOR KIDS
An initiative of the Abused Child Trust

CCF Foundation Thailand

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

Key dates*

FINANCIAL YEAR END	30 June 2010
ANNOUNCEMENT OF AUDITED RESULTS AND DIVIDEND TO ASX	25 August 2010
DIVIDEND RECORD DATE	17 September 2010
DIVIDEND PAYMENT (FINAL)	13 October 2010
ANNUAL GENERAL MEETING	25 October 2010

* Dates may be subject to change.

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 visit their 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 25 October 2010.

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

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.

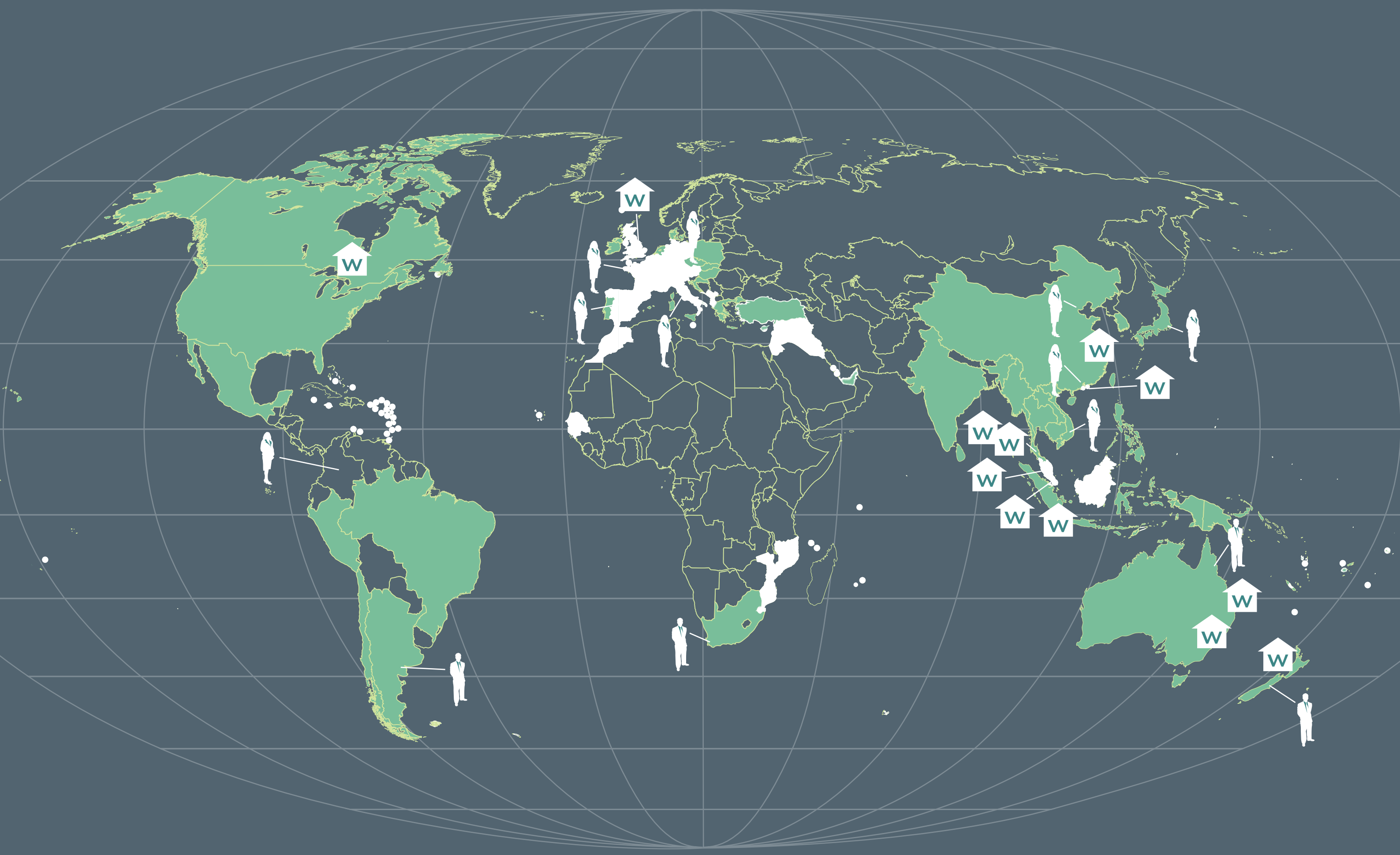
Tax File Number
Shareholders who have not provided their Tax File Number and would like to do so should contact Wotif.com's Share Registry on 1300 552 270. The Company is required to deduct tax at the top marginal rate plus the Medicare levy from unfranked or partially franked dividends paid to Australian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

Printing this year's Annual Report
This year's Annual Report was printed by our Share Registry, Computershare Communication Services. The paper used for this year's Report is ENVI, an Australian-made, 100% carbon neutral stock, certified under the Federal Government's Greenhouse Friendly™ program. In addition, the wrap used on our mailing packs is biodegradable.

To date, our incentives offered to investors have reduced demand for all printed investor communication by 30%, and for the Annual Report specifically by more than 90%. If you'd like to help reduce our costs and environmental impact, contact our Share Registry for more information on switching to electronic communication.

Design
The layout and design for this report was completed in-house by our User Experience and Innovation team.

Where is Wotif Group?



57 Countries with Wotif Group partner accommodation

Argentina
Australia
Austria
Belgium
Brazil
Brunei
Cambodia
Canada
Chile
China
Cook Islands
Croatia
Cyprus
Czech Republic
Denmark
Fiji
France
French Polynesia
Germany
Greece
Hong Kong
Hungary
India
Indonesia
Ireland
Italy
Japan
South Korea
Laos
Macau
Malaysia
Mexico
Myanmar
New Caledonia
New Zealand
Papua New Guinea
Peru
Philippines
Poland
Portugal
Samoa
Seychelles
Singapore
Slovakia
South Africa
Spain
Sri Lanka
Switzerland
Taiwan
Thailand
Turkey
United Arab Emirates
United Kingdom
USA
Vanuatu
Vietnam

9 Locations with Wotif Group offices

Australia
Canada
China
Hong Kong
Indonesia
Malaysia
New Zealand
Singapore
Thailand
United Kingdom

7 Locations with local representatives

Argentina
Australia
China
Columbia
Czech Republic
France
Italy
Japan
New Zealand
Spain
South Africa
Vietnam