**Wotif.com Holdings Limited** ACN 093 000 456
Wednesday 24 August 2011

## 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:

- Appendix 4E - Preliminary Final Report for the year ending 30 June 2011; and
- 2011 Annual Report (including the Directors' Report, the Financial Report, the Directors' Declaration and the Audit Report).

In accordance with the Australian Securities and Investments Commission Practice Note No.61, the documents required by Section 319 of the Corporations Act will not be lodged separately with the Australian Securities and Investment Commission.

---

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

**Media enquiries please contact:**

**PR Department:**
**Ph:** (+61) 7 3512 9920
**Kirsty Wallett** **Mob:** 0418 234 685
**E:** kirsty.wallett@wotifbrands.com
**Kate Fisher** **Mob:** 0410 085 103
**E:** kate.fisher@wotif.com

**Analysts and institutions please contact:**

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

# Wotif.com Holdings Limited and controlled entities

## Appendix 4E

## Preliminary final report

## For the year ending 30 June 2011

# Appendix 4E
# Preliminary Final Report

## Wotif.com Holdings Limited ABN 41 093 000 456

**Year ended 30 June 2011**

## Details of the Reporting Period and the Previous Corresponding Period

| | |
|---|---|
| **Current period:** | **1 July 2010 to 30 June 2011** |
| **Prior corresponding period:** | **1 July 2009 to 30 June 2010** |

## Results for Announcement to the Market

| Key information | Year ended 30 June 2011 $'000 | Year ended 30 June 2010 $'000 | Change % |
|---|---|---|---|
| Revenue from ordinary activities | 138,349 | 136,013 | Up 1.7% |
| Profit from ordinary activities after tax attributable to members | 50,963 | 52,950 | Down 3.8% |
| Net profit for the period | 50,963 | 52,950 | Down 3.8% |

| Dividends | Amount per security | Franked amount per security |
|---|---|---|
| Final dividend (211,209,444 shares on issue) | 12.5 cents | 100% |
| Interim dividend paid 31 March 2011(210,950,444 shares on issue) | 9.5 cents | 100% |
| **Record date for determining entitlements to the dividends** | | |
| Record date for the final dividend is 16 September 2011 | | |

| **Commentary** |
|---|
| Commentary on the Company's trading results is included on pages 8 to 16 (inclusive) of the 2011 Annual Report attached |

## Income Statement
Please refer to the Audited Financial Statements for the year ended 30 June 2011.

## Statement of Financial Position
Please refer to the Audited Financial Statements for the year ended 30 June 2011.

## Statement of Cash Flows
Please refer to the Audited Financial Statements for the year ended 30 June 2011.

## Statement of Changes in Equity
Please refer to the Audited Financial Statements for the year ended 30 June 2011.

## Additional Dividend Information
Details of dividends determined or paid during or subsequent to the year ended 30 June 2011 are as follows:

| Record date | Payment date | Type | Amount per security | Total dividend | Franked amount per security |
|---|---|---|---|---|---|
| 17 September 2010 | 13 October 2010 | Final | 12.5 cents | $26,333,361 | 12.5 cents |
| 18 March 2011 | 31 March 2011 | Interim | 9.5 cents | $20,043,148 | 9.5 cents |
| 16 September 2011 | 12 October 2011 | Final | 12.5 cents | $26,401,181 | 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 | 1.59 cents | (1.79 cents) |

## Control gained over Entities having Material Effect

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

## 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 2011 Annual Report.

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

Date: 24 August 2011

Print name: Robert Michael Sean COOKE


# 2011
## ANNUAL REPORT

Wotif.com Holdings Limited

# OPERATIONAL & FINANCIAL HIGHLIGHTS

| KEY INVESTOR FIGURES | FY2011 |
|---|---|
| Earnings per share | 24.19 cents |
| Dividend per share (interim and final – fully franked) | 22 cents |
| Return on shareholders' equity | 57.5% |
| Number of shareholders (as at 30 June 2011) | 8,016 |

| KEY RESULTS | FY2011 | FY2010 |
|---|---|---|
| Total revenue | $138.3M | $136.0M |
| Net profit before depreciation, amortisation and taxation | $77.8M | $79.3M |
| Net profit before tax | $71.6M | $73.6M |
| Net profit after tax | $51.0M | $53.0M |

We provide leading online travel products for business and leisure consumers, with emphasis on the Asia Pacific region.

$1.11B in transactions processed in the year
(FY2010 $1.09B)

More than 19,600 properties directly working with the Group providing accommodation deals in 66 countries ↑12%

3.67M accommodation bookings made
(FY2010: 3.66 million)

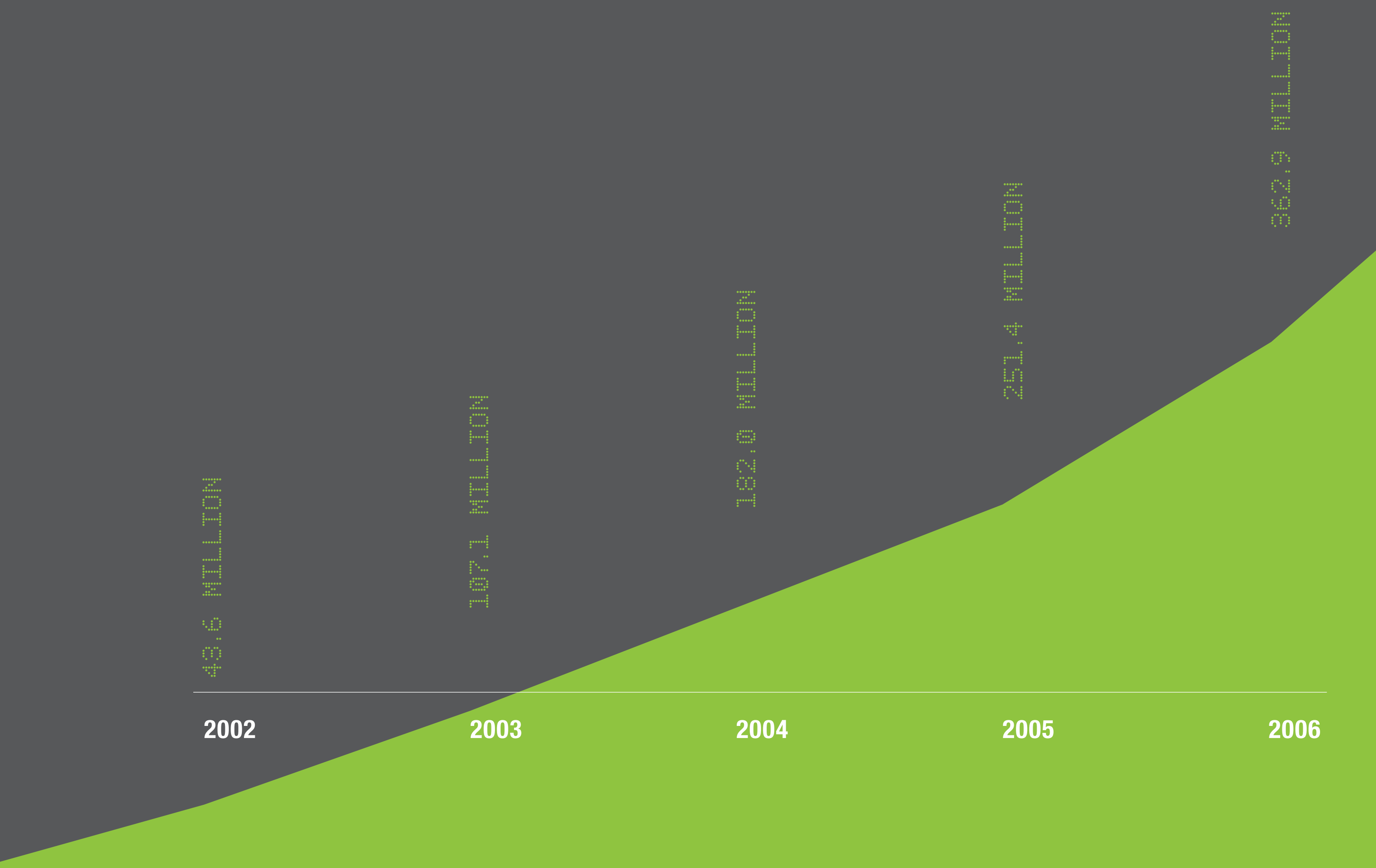
Room nights sold 6.97M
(FY2010: 7.12 million)

137,000 flight transactions
(FY2010: 102,000)

First Asian joint venture announced – iVIVU.com, purpose-built for the Vietnamese domestic market – and launched in August 2011

# TRANSACTIONS PROCESSED

This year the Group achieved record accommodation Total Transaction Value, record accommodation revenues and record flight transactions.



# $1,106M

529.2 MILLION
743.7 MILLION
992.5 MILLION
1,094.0 MILLION
1,105.8 MILLION
2007
2008
2009
2010
2011

# CONTENTS

# CHAIRMAN'S LETTER

To: Shareholders, Wotif.com Holdings Limited
24 August 2011

DICK McILWAIN
Chairman

There is little doubt that some years test your faith more than others. The 2011 financial year was one of them.

Profits in FY2011 were down on the record levels set in FY2010 as the domestic accommodation market struggled to find support throughout most of the 2011 financial year. It wasn't until the fourth quarter that Group room night sales by check-in date rose. This followed a positive build-up in forward bookings over the last five months of the year. By year's end, there can be no doubt that Wotif is a very special company and the business model is far more robust than most imagine.

The short-term interruption to Wotif's growth, and the aggressive and exuberant attempts by foreign interlopers to advertise their way into the Australian and New Zealand mainstream online accommodation market, occurred at a time when a stronger dollar dampened demand for local tourism and saw profits and earnings per share fall while the Company invested in new ways of stimulating growth during the first half of the financial year. This sequence of events has not shaken the Board's confidence in the Wotif business model, or the conviction of its creative and committed workforce.

The energy, creativity and adaptability of the Company's workforce are evident from its responses to the challenges encountered during FY2011. Attempts to reinvigorate the market with a substantial uplift in marketing were adjusted down after it became apparent that the additional activity by others in the market wasn't materially improving their brand positions as compared to Wotif.com. The "Wot Deal of the Day" response proved far more successful at stimulating sales and offered partner hotels a massive fillip at a time when it was difficult to fill rooms in a number of key domestic leisure destinations.

These are examples of adaptability and stakeholder cooperation that illustrate how important it is to build a creative, flexible and committed partnership with the Company's employees and its accommodation providers. It is a pity that the hard work in difficult circumstances went unrewarded when the employee short-term incentive program failed to produce annual cash bonuses.

The Board believes it is important to continue to acknowledge the contribution of staff in tough times despite the failure of a short-term bonus system to produce cash rewards. There is an unfortunate tendency for shareholders to criticise remuneration programs. This pattern has been more evident over the last few years. Many shareholders seem to have forgotten that it is during tough times that employees often work harder to create value. This is when their contribution needs to be recognised, celebrated, and rewarded. One way the Board has responded is by awarding many staff with share options for their work this year so that they benefit when the foundations set in FY2011 produce long-term value.

Meanwhile, Kaylene Gaffney accepted an invitation to join the Board. Her current airline and financial management experience makes her a welcome addition to the Board. She will present herself for election at the 2011 AGM.

The Board appreciates the support of its shareholders and their ongoing interest in the Company. There can be no doubt that the Company is committed to producing sustainable long-term shareholder wealth. The Company's performance in FY2011 and its progress into FY2012 have encouraged the Directors to pay a final dividend of 12.5 cents on 12 October 2011. This brings the full year FY2011 dividend to 22 cents. It was 21.5 cents for FY2010.

**Dick McIlwain**
Chairman

WOTIF.COM

The average 252,000 accommodation bookings that we transact each month is the most compelling measure of Wotif.com's success.

People know the Wotif.com brand[1]

↑60%

↑39%

(FY2010: 58% in Australia and 31% in New Zealand)

25-54 year-olds really know the Wotif.com brand[1]

72%

44%

1. Surveys conducted by Newspoll

Ranked #1 website by Hitwise
7 years running
(Travel –Destination and Accommodation category)

53.9M annual site visits
(FY2010: 46.1 million visits)

FY2005 → FY2011
7,000 → 18,700
accommodation providers selling deals

1.6M loyal followers
subscribe to Wotmail

# MANAGING DIRECTOR'S REPORT

## The year in review

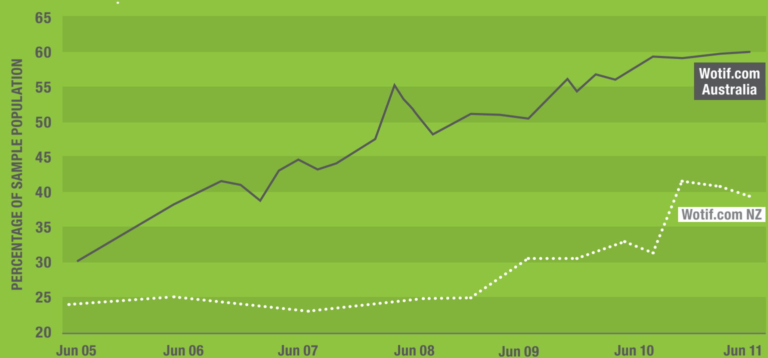
ROBBIE COOKE
Group CEO & Managing Director

In reflecting upon the 2011 financial year when writing our sixth report to shareholders, I think it is fair to say that we have not travelled through a more testing period in our 11 year history, and definitely not in my six years with the team. This time last year I flagged that we expected a few challenges in the coming year, however I did not predict the full extent of what would be thrown in our path — some of which we were able to bat away, but others unavoidably slowed our pace a little.

The biggest impact flowed from the continuing and seemingly ever-increasing strength of the Australian and New Zealand dollars — this had a profound effect on the travel patterns and behaviour of our core Australian and New Zealand customer base in the year. More than any time in the six years since our IPO, we have seen the consumer in Australia and New Zealand display an extraordinary appetite to depart our shores for "the overseas holiday". This behaviour was definitely to the detriment of the domestic break, which has traditionally been one of our key booking sources.

This trend is documented in recent Australian Bureau of Statistics data sets, which show short-term overseas trips by Australians were up 27% over the last two years[2]. This is considered to have very much played to the advantage of more traditional travel retailers, as offshore package holidays came strongly back in vogue. In chasing the buying power of the dollar, ironically, consumers have been outlaying significantly higher amounts to their annual travel budgets than ever before — notwithstanding other areas of consumer discretionary spend experiencing contractions in the last six months (explained perhaps by the longer lead times and pre-commitment for offshore travel).

**FIGURE 1** Wotif.com brand recognition among Australian and New Zealand consumers




Source: Newspoll and TNS surveys

No one could have foreseen the natural disasters that befell Christchurch, much of Queensland and areas of New South Wales and Victoria in the second half of the financial year. These tragic events have had devastating effects on communities that are still being felt today. Unsurprisingly, these events resulted in many travellers cancelling holiday plans both into and out of these regions. These events fell right in the middle of peak leisure holiday periods.

The competitive environment in Australia and New Zealand remained as robust in the year as it has always been. This is our normal operating environment and has been part of our "day-to-day" since inception — we have no expectation that competition will lessen in the future. Perhaps the only difference today is the names of those active, with the most aggressive marketers now bearing no similarity to those who were particularly active in our markets six years ago. The tactics and approaches being deployed, however, have not significantly changed over that time.

We continue to focus on those marketing avenues that we know work for our business, and remain quite prepared to test, experiment with and, where necessary, adapt our approach. This included some different marketing initiatives in the first half of the year compared to the second half, to position the Group for the differing market dynamics at play during those times. Pleasingly, our responses in our key markets have seen our key Wotif.com brand remain the most powerful in the online accommodation class both in Australia and New Zealand, and it continues to gain traction. Our brand awareness hit 60% in Australia, while it jumped to 39% in New Zealand. Figure 1 shows the growth in our brand position in Australia and New Zealand.

The resilience of the Group's business to the dramatic shift in consumer travel behaviour, and the other operating challenges mentioned above, saw the Group produce an after tax profit of $51.0 million, down 3.8% on last year's record $53.0 million. The key aspects underlying this result were:

- the sale of a total of 6.97 million room nights across the Group's network of sites (FY2010: 7.12 million);
- processing a total of 136,831 flight transactions in the reporting period (FY2010: 101,532);
- achieving average room rates of $145.26 per night (FY2010: $140.50)[3], up 3.4%;
- processing transactions with a total value of $1.11 billion in the year across the Group (up 1%);
- achieving total revenue of $138 million (up 2% on FY2010).

The underlying performance of the business improved through the course of the year. As we reported back in February 2011, our first half result was down 8% on the corresponding half, reflecting a 4.2% decrease in room nights sold and a $3.1 million increase in marketing spend in the half. In the second half, room nights sold were flat when compared against the same half in the prior year and we did not carry the same out-of-trend increase in marketing spend.

Significantly, in the fourth quarter of the reporting period (**Q4**), we saw improvements in our forward booked room nights (**bookings**), which started to flow through to improvements in room nights stayed (**check-ins**) in Q4[4]. Specifically in Q4 we saw:

- an 8% increase in bookings at a Group level over the corresponding quarter — with Wotif.com achieving a 9% increase and the Asia Web Direct network achieving a 10% increase;
- a 4% increase in check-ins at a Group level — with both Wotif.com and our Asia Web Direct network achieving 5% increases over the same period last year.

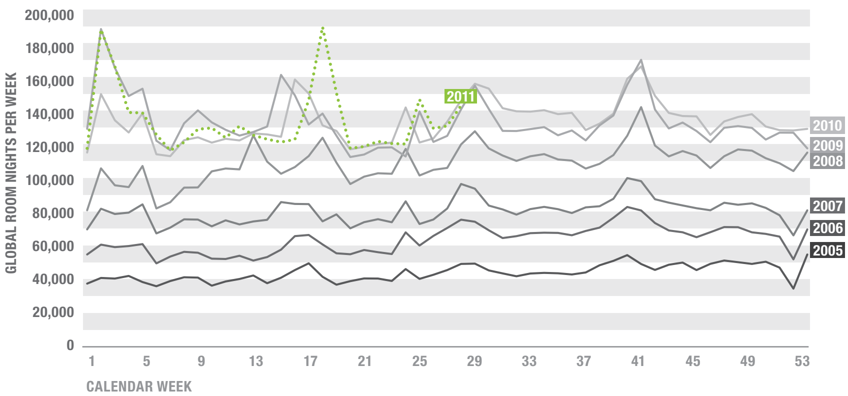
With major turbulence being experienced in markets across the globe and domestically, there is considerable uncertainty hanging over consumer spending and retail activity. The most recent Westpac-Melbourne Institute survey shows consumer confidence in Australia continues to deteriorate at a rapid rate[5] and the dollar has started to move away from its record highs.

If the past is any guide, our experience through the global financial crisis (**GFC**) may well provide some insight as to what we may expect this current year if the current economic outlook becomes reality. The GFC was a period of strong performance for the Wotif Group. This was driven by the fact that consumers did not abandon holidays altogether — they simply became more frugal and value focused, reducing overall travel budgets such that the "big ticket" offshore holiday was replaced with domestic breaks, and shorter spontaneous getaways became the norm. This trend played very much to the Wotif Group's strengths.

Notwithstanding the testing nature of the year and the challenges faced, the entire team at the Wotif Group remained focused on looking for avenues to grow our business, and continued laying down the foundations that should position us well for growth in future years. There is an enormous level of enthusiasm and commitment in the Group, and we have a strong pool of talented people to draw from for the future. We are fortunate to have such a team in place, who have delivered the following major initiatives in the year:

- Wot Deal of the Day: This marketing initiative leverages Wotif.com's extensive (1.3 million) Australian subscriber database. This promotional channel provides our hotel partners with all the advantages of "deal of the day" type distribution channels, but provides a more qualified audience at a much lower cost. This offering is extremely popular with our customers and reinforces the value and range we have on offer.

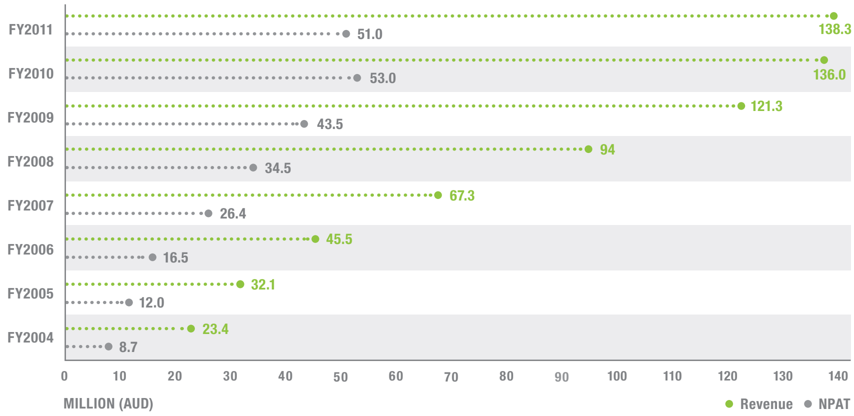
**FIGURE 2** Year-on-year (calendar) comparison global room nights by check-in




- iVIVU.com: We completed work to enable our platform to power our first Asian Joint Venture in the year, paving the way for the launch of iVIVU.com in August 2011. iVIVU.com is an accommodation booking site purpose-built for the Vietnamese consumer and has been established in partnership with a highly credentialled Vietnamese travel group.
- Data Centre Migration: One of our IT team's major initiatives in the year was to take over management of the Group's core data centre and operating environments. This function had previously been contracted out to third parties, and, by in-sourcing this activity, we have gained considerable operating advantages and flexibility.
- Multi-lingual in Asia: Multi-lingual capability was added to LateStays.com in the year, delivering Thai, Japanese, Chinese and Bahasa Indonesia to the site. In August 2011, Korean, Russian and Bahasa Malaysia were also included on the site.
- Six Month Booking Window: The Wotif.com booking window was extended from three months to now include six months of deals. More than 80% of our accommodation partners have deals in the extended window, demonstrating the attractiveness of this feature. Pleasingly, bookings made beyond the three month window are, on average, for longer stays (average length of stay beyond three months is three nights).
- User Reviews: The development of a user reviews module for Wotif.com has been a project invested in during the year. The first customer-facing component generated from this project was placed into production on 8 August 2011. There will be a series of additional releases to our user reviews module in the course of the current year that will add to this important customer initiative.
- Mobile: We ramped up our mobile investment by creating a dedicated specialist team in this important space. The first round of work by this team was released on 10 August 2011, delivering an enhanced mobile offering for Wotif.com. New features, better images, improved navigation and a "Wot's near me" search function are all now operational.

2. Australian Bureau of Statistics *3401.0 Overseas Arrivals and Departures, Australia* June 2011.
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. It should be noted that revenue is recognised on "check-in" not "booking" date
5. The Westpac-Melbourne Institute index of Consumer Sentiment — survey conducted in the week 1 August to 6 August 2011.

**FIGURE 3** Total revenue and NPAT




Source: 1999-2010 Euromonitor International from official sources

- GoDo: Our "things to do" site, godo.com.au, was redesigned and relaunched in the year, providing better functionality and enhanced features.
- Wotflight Offer Expanded: We added trans-Tasman and Pacific carriers alongside Wotflight's extensive range of Australian domestic airlines in the year. Additionally, much of the development work required to launch our comprehensive range of international carriers was completed in the year, with this product range coming online on 22 August 2011.
- Property Management System: We launched our hotel management system designed specifically for smaller hotels with "built for market" functionality and multi-lingual capability.

## OUR BUSINESS MODEL

As has been the case throughout our 11 years of operation, the business model for our online brands predominantly 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 ever-expanding customer base. In addition to booking margins, we obtain income from booking and credit card fees, administration charges for changed or cancelled bookings and advertising on some of our websites.

## OUR RESULTS

Profits were down on last year's record, with an after tax profit of $51.0 million being booked – down 3.8% on last year (FY2010: $53.0 million). This result, produced in spite of the challenges posed by the high Australian dollar in the year (discussed above) and the impost of increased marketing spend in the first half, does demonstrate the continuing strength of the Group's business.

The year saw the Group achieve:

- accommodation booking numbers marginally up on last year's record;
- the room night sales volumes (by check-in) slightly down on last year's record;
- a record in the value of accommodation transactions processed;
- record accommodation revenues; and
- record flights transaction volumes, however flight revenues were down due to airline discounting, making achievement of overrides difficult.

Each of our accommodation and flight segments are discussed in more detail below and in the following pages of my Report.

### Accommodation

Together, the Group's sites processed 3.67 million accommodation booking transactions (FY2010: 3.66 million) in the 12 month reporting period. This translated into a total of 6.97 million room nights (FY2010: 7.12 million) representing a 2% decrease from FY2010. More information with respect to our accommodation operations can be found on pages 13 to 15.

### Flights

At the beginning of the year (27 July 2010), we added trans-Tasman carriers to Wotflight's inventory, complementing its extensive offering of domestic carriers. In June this year, a number of Pacific carriers were added to our product range, and this was further enhanced following the end of the reporting period with the addition of a comprehensive suite of international carriers on 22 August 2011. This international offering will be progressively expanded through the course of this calendar year. Once our Wotflight product offering is complete, our focus will shift to increasing the promotion of our flights offering to our existing and sizeable Wotif.com audience.

lastminute.com.au and travel.com.au have also benefited from the improvements to our international flights booking engine and continue to be strong contributors to our flights sales.

The year saw the Group achieve 136,831 flight transactions from both domestic and international travellers (FY2010: 101,532) and revenues from flights (both international and domestic) of $5.6 million ($6.4 million in FY2010).

### Revenue

The Group's operating revenue for the 12 months to 30 June 2011 was $138,349,000 (FY2010: $136,013,000).

This result reflects a 2% drop in the number of room nights sold (by check-in) throughout the Group (FY2011: 6.97 million room nights sold; FY2010: 7.12 million room nights sold) and a 35% lift in flights transactions.

Our accommodation revenue was boosted by a 3.4% increase in the average value of rooms sold across the Group's suite of sites (FY2011: $145.26; FY2010: $140.50[6]). Average room rates achieved on Wotif.com increased in the reporting period by 4.1% (FY2011: $150.73; FY2010: $144.76). Our Asia Web Direct operations experienced a declining rate environment with rates down 12.3% on last year (FY2011: $85.26; FY2010: $97.19).

### Net profit

Consolidated net profit after tax for the Group in the reporting period was $50,963,000 (FY2010: $52,950,000). This represents a decrease of 3.8% compared to the previous year.

# FINANCIAL PERFORMANCE

For the year ended 30 June

| AMOUNTS IN $'000,000 | FY2011 | FY2010 | FY2009 | FY2008 | FY2007 | FY2006 |
|---|---|---|---|---|---|---|
| Accommodation TTV | 1,012.1 | 1,000.2 | 904.2 | 695.2 | 529.2 | 362.9 |
| Flights and other TTV | 93.7 | 93.8 | 88.3 | 48.5 | – | – |
| **Total TTV**[8] | **1,105.8** | **1,094.0** | **992.5** | **743.7** | **529.2** | **362.9** |
| Accommodation revenue | 122.0 | 121.0 | 109.3 | 83.5 | 62.3 | 42.9 |
| Flights and other revenue | 12.1 | 12.2 | 9.5 | 5.5 | – | – |
| Interest revenue | 4.2 | 2.8 | 2.5 | 5.0 | 5.0 | 2.6 |
| **Total revenue** | **138.3** | **136.0** | **121.3** | **94.0** | **67.3** | **45.5** |
| Total operating expenses | (60.5) | (56.7) | (52.7) | (40.2) | (25.8) | (19.5) |
| **Net profit** (before depreciation, amortisation and taxation) | **77.8** | **79.3** | **68.6** | **53.8** | **41.5** | **26.0** |
| **Depreciation** | **(3.1)** | **(2.3)** | **(2.0)** | **(0.9)** | **(0.2)** | **(0.4)** |
| Amortisation of IT Development Costs[9] | (2.8) | (3.1) | (4.2) | (3.9) | (3.4) | (2.4) |
| Other amortisation | (0.3) | (0.3) | (0.2) | – | – | – |
| **Profit before income tax** | **71.6** | **73.6** | **62.2** | **49.0** | **37.9** | **23.2** |
| Income tax | (20.6) | (20.6) | (18.7) | (14.5) | (11.5) | (6.7) |
| **Net profit** | **51.0** | **53.0** | **43.5** | **34.5** | **26.4** | **16.5** |

| KEY OPERATING DATA | FY2011 | FY2010 | FY2009 | FY2008 | FY2007 | FY2006 |
|---|---|---|---|---|---|---|
| Accommodation TTV growth | 1% | 11% | 30% | 31% | 46% | 44% |
| Flights and other TTV growth | – | 6% | 82% | – | – | – |
| **Total TTV growth** | **1%** | **10%** | **33%** | **31%** | **46%** | **44%** |
| Accommodation revenue growth | 1% | 11% | 31% | 34% | 45% | 43% |
| Flights and other revenue growth | (1%) | 28% | 73% | – | – | – |
| **Total revenue growth** | **2%** | **12%** | **29%** | **40%** | **48%** | **42%** |
| Operating expenses growth | 7% | 8% | 31% | 56% | 33% | 47% |
| Profit before income tax growth | (3%) | 18% | 27% | 29% | 64% | 36% |
| Net profit growth | (4%) | 22% | 26% | 31% | 60% | 37% |
| Accommodation revenue % of accommodation TTV | 12% | 12% | 12% | 12% | 12% | 12% |
| **Total revenue % of TTV** | **13%** | **12%** | **12%** | **13%** | **13%** | **13%** |
| Profit before income tax % of total revenue | 52% | 54% | 51% | 52% | 56% | 51% |
| **Profit before income tax % of total revenue (excluding option expenses)** | **53%** | **55%** | **52%** | **53%** | **58%** | **51%** |
| **Net profit % of total revenue** | **37%** | **39%** | **36%** | **37%** | **39%** | **36%** |
| Capex[10] ($ million) | 6.7 | 17.3 | 7.8 | 6.1 | 6.8 | 3.1 |

6. 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.
7. This excludes employee costs that were capitalised as IT Development Costs, which were amortised in the reporting period.
8. 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.
9. 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 three 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.
10. Capex is comprised of property, plant and equipment, and IT Development Costs. In FY2007, this included the purchase of the Group's former head office ($2.4 million). In FY2010 this included the purchase of a new head office building for the Group ($8.3 million).

Operating expenses (excluding amortisation of IT Development Costs and depreciation) were $60,615,000 (FY2010: $56,747,000), up 6.8%, principally reflecting:

- increased employee costs[7] (FY2011: $23,512,000; FY2010: $22,115,000) reflecting increased head count and salary increases;
- credit card commission costs associated with customer transactions in the reporting period (FY2011: $13,379,000; FY2010: $13,171,000); and
- a 20% increase in online and offline marketing expenses due to undertaking increased marketing activities, particularly in the first half of the year (FY2011: $12,924,000; FY2010: $10,791,000).

IT Development Costs decreased in the reporting period to $2,756,000 (FY2010: $3,115,000).

### Dividend

A final fully franked dividend of 12.5 cents per share has been determined, taking full year dividends to 22 cents (FY2010: 21.5 cents).

## OUR BUSINESSES

### WOTIF.COM

During FY2011, Wotif.com again confirmed its status as the leading accommodation website in Australasia with another number 1 ranking from Hitwise in their "Travel - Destinations & Accommodation" category, and attracting more than 53.9 million site visits in FY2011 (FY2010: 46.1 million visits).

In the same period, we drove brand awareness to 60% in Australia and 39% in New Zealand (FY2010: 58% and 31% respectively), and among Wotif.com's core demographic of 25-54 year-olds, it grew to 72% in Australia and 44% in New Zealand.[11]

We now have more than 18,700 accommodation providers selling rooms on Wotif.com in 66 countries (FY2010: 16,700 properties in 57 countries) and we're continuing to extend our offering of accommodation categories with holiday houses, pubs and lodges.

More than 1.6 million customers have opted in to receive our best accommodation and flight deals by email through Wotmail (FY2010: 1 million) and we're now delivering more targeted deals to those subscribers.

We have driven our leading position again this year with a combination of site enhancements and reliance on our core business elements:

- Consumers can now book deals up to six months in advance.
- Following improvements and adjustments to our dedicated mobile site (mobile.wotif.com) throughout FY2011, site visits on this platform for the month of June 2011 reached more than 87,300 (June 2010: 11,853, up more than 600%).
- We developed a review platform to collect accommodation ranking and review data from customers who had completed their stay. In August 2011 we released guest rankings on Wotif.com, and will expand this to full reviews in the current financial year.
- New promotions such as "Wot bonus" and "Wot Deal of the Day" were launched.
- We continue to provide customers with a convenient, simple-to-use and value-driven accommodation offering through the website.
- We offer the broadest range of directly sourced accommodation in Australasia.
- Our first-class, Australian-based customer service centre is available by phone or email 24 hours a day.
- Our accommodation supply partners have access to one of the lowest cost online distribution channels in the world (10% margin with no credit card processing fees).

The average 252,000 accommodation bookings that we transact each month is the most compelling measure of Wotif.com's success. This performance was achieved against an increasing room rate backdrop, with Wotif.com achieving an average rate of $150.73 per room night (FY2010: $144.76)[12].

### LASTMINUTE.COM.AU

lastminute.com.au has built an identity as a leading lifestyle website, encouraging Australians to "live every last minute", and to "keep more in their memory banks than their piggy banks".

The broad range of hotels, international and domestic flights, holiday packages, travel insurance, car hire, gifts and experiences differentiates the brand from other travel websites.

Their fun and cheeky communication style has built a niche group of like-minded ambassadors from customers, who connect with the brand through the website, email newsletter, Twitter, Facebook and blog.

Testament to lastminute.com.au's popularity is the success of Secret Hotels®. Pioneered by lastminute.com.au ten years ago, a Secret Hotel® is now sold every three minutes.

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"[13] ratio from 2.5% at time of acquisition (January 2008) to 4% in FY2011. This has occurred in combination with an increase in site visits, with visits increasing to approximately 1.23 million visits per month, up 7% (FY2010: approximately 1.15 million visits per month).

### WOTFLIGHT

Wotflight customers continue to take advantage of our offer of a free $20 Wotif.com voucher for every Wotflight booking, along with the unique and easy search and book functionality that sets Wotflight apart from any other flight booking site.

The Wotflight brand moved closer to its sibling, Wotif.com, this financial year, with flight deals now sent to a joint Wotmail Australian database of 1.3 million, helping it capitalise on offers to the approximately one-third of Wotif.com's customers who travel to their accommodation by air.

The site commenced operation on 17 February 2010 with eight Australian domestic carriers on offer. Trans-Tasman carriers were added to the portfolio in July 2010 and a number of Pacific-based carriers were added in June 2011. We added an extensive range of international carriers to the site on 22 August 2011, with more to follow this year.

### ASIA WEB DIRECT & LATESTAYS.COM

Asia Web Direct is positioning itself as the premier booking and information source for travel destinations in Asia, providing features that include rich content, inspirational imagery, guest reviews, downloadable guides and an easy-to-use interface.

The AsiaWebDirect.com and LateStays.com sites appeal to a broad range of consumers through their various promotions (e.g. Mystery Hotels and Free Nights) and by offering deposit-only payment on some bookings, as opposed to full up-front payment. This also gives greater flexibility to our accommodation supply partners. Regardless of the payment model, all bookings are confirmed instantly.

While LateStays.com promotes last-minute accommodation deals, this year's re-design delivers a website perfect for quick, simple and straightforward bookings, whether for the same day or three months in the future. This year we have enhanced and added to LateStays.com's language offerings, and consumers can now browse and book in English, Simplified Chinese, Bahasa Indonesia, Japanese, Thai, Korean, Bahasa Malaysia, and Russian.

Asia Web Direct's approximately 100 destination websites offer customers online and downloadable 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, sophisticated reservation systems and exciting extras such as tour products.

### TRAVEL.COM.AU

travel.com.au provides a full-service travel offering covering all aspects of domestic and international travel, including flights, holidays, tours, hotels, travel insurance and car hire.

In December 2010, travel.com.au launched a new website, unveiling a new brand identity at the same time. The move to a new content management system provided benefits to both the business and customers, including the ability to roll-out site changes seamlessly, and to update site content without customer downtime. Along with usability and functionality enhancements, the new site also offers more opportunities to promote products to consumers.

We have added a call to action within travel.com.au's site header to reinforce the brand's unique selling proposition as a price-competitive online travel agency with the choice to book and manage travel online, or offline by calling a Travel Expert.

## Q4 saw an 8% improvement in room night bookings, flowing through to a 4% improvement in room night check-ins

### ARNOLD TRAVEL TECHNOLOGY

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. This regional focus and purpose-built approach has seen the ARNOLD platform achieve an extensive user base in Australia and New Zealand.

The platform is used by travel agencies, travel management companies, corporates, small-to-medium enterprises and government departments. The tool enhances an organisation's ability to manage its 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.

### GODO

GoDo is a leading provider in the activities and "things to do" marketplace. Through its website (godo.com.au), leisure and tourism affiliates (e.g. News Digital Media), and "white labelled" distribution channels (e.g. Virgin Australia), GoDo offers more than 2,500 activities across 12 categories — attractions and tours, driving, extreme, family, flying, group, outdoor, pamper, getaway, wine and dine, water activities and creative activities.

In FY2011, GoDo released a new look website, providing highly graphical and inspirational content for Australian and New Zealand consumers looking for something to do on the weekend, on holiday or even on their lunch break.

### OUR OPERATIONS

At a Group level our performance in the reporting period was driven by:

- transacting 3.67 million accommodation bookings (FY2010: 3.66 million);
- the sale of 6.97 million room nights across all sites within the Group (FY2010: 7.12 million);
- a 3.4% increase in room rates across the Wotif Group sites (FY2011: average rate $145.26 (net of GST/VAT) per room night versus $140.50 (net of GST/VAT) in FY2010). Core Wotif.com room rates increased 4.1% in the reporting period at $150.73 (FY2010: $144.76)[12]; and

11. Surveys conducted by Newspoll.
12. 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.
13. "Look to book" ratio is the percentage of the number of bookings made compared to unique visitors to the website during the relevant period.

# Recent Australian Bureau of Statistics data shows short-term overseas trips by Australians were up 27% over the last two years

- an increase of 35% in flights transactions (both domestic and international) (FY2011: 136,831 transactions vs FY2010: 101,532)—however, due to airline discounting, this resulted in a lower revenue outcome than in the prior year, with flight revenues down 12.7%.

Each of the Group's key operating units contributed positively to the year's profit result and each unit's operating performance is discussed in more detail below.

## Accommodation — Australia and New Zealand

| | PROPERTIES | ROOM NIGHTS SOLD | AVERAGE ROOM RATE |
|---|---|---|---|
| FY2010 | 8,308 | 5.87M | $145.05 |
| FY2011 | 9,036 | 5.82M | $149.91[15] |

The strength of the Group is best demonstrated by the significant number of bookings transacted and rooms nights sold in the reporting period for our partner properties in Australia and New Zealand. A total of 3.27 million bookings (FY2010: 3.23 million), generating sales of 5.82 million Australian and New Zealand room nights (FY2010: 5.87 million), was processed by the Group with a total transaction value of $872.8 million (FY2010: $851.4 million).

To put this distribution strength in perspective, the value of Australian room nights sold in the first three quarters of the financial year (based on available Australian Bureau of Statistics data) represented more than 10% of all accommodation sales in Australia (whether online or offline)[14].

We have secured the most extensive accommodation spread available within the Australasian region with coverage of:

- 7,071 properties from Australia, Fiji, Vanuatu and Papua New Guinea (FY2010: 6,547), up 8%; and
- 1,965 properties from New Zealand and the Cook Islands, up 12% on last financial year (FY2010: 1,761).

Our performance in Australia and New Zealand reflects the consistent trend we have seen since 2001 and is driven by a combination of factors including:

- BRAND STRENGTH—our leading brand position in the Australian and New Zealand markets.
- BOOKING WINDOW—the progressive extension of our booking window, which now sees our inventory bookable up to six months in advance (the most recent extension from three to six months being launched in January 2011).
- STRONG PROMOTIONAL AVENUES—our brands' online and offline marketing activities, in combination with our product promotional features, such as "Flaming Deal®", "Wot Hotel®", "Wot bonus" and "Secret Hotels®", the most recent example of this being the launch in the second half of the year of our "Wot Deal of the Day" promotion to our 1.3 million Australian Wotif.com newsletter subscribers.
- CHANNEL SHIFT—the continuing migration of consumers from traditional sales channels to the online environment as they discover the convenience, value and range available online, and our ability to continue to harness this growing online demand.
- EXCELLENT CUSTOMER SERVICE—our focus on providing excellence in customer service with team members at our Brisbane operations available 24 hours a day seven days a week.
- TRUE PARTNERSHIP WITH SUPPLIERS—strong partnerships with our accommodation suppliers delivering "win-win" outcomes and the broadest market coverage.
- LOWEST COST—a world leading low-cost distribution channel for our supply partners.

The average room rate realised for rooms booked in Australia and New Zealand in the financial year was $149.91 (net of GST), up on the $145.05 average rate achieved in FY2010[15].

## Accommodation — Asia

| | PROPERTIES | ROOM NIGHTS SOLD | AVERAGE ROOM RATE |
|---|---|---|---|
| FY2010 | 4,990 | 1,066,670 | $113.25 |
| FY2011 | 5,947 | 972,999 | $115.77[15] |

Our Asian Business Unit's inventory accounted for approximately 14% of room nights sold by the Group's brands in the year, which affirms the significance of this operation to the Group.

The first three quarters of the year continued to be challenging for our Asian operations, with sales of properties in Asia not out-performing last year's results. This changed in the last quarter when we saw growth return to our room night sales for properties in Asia, both on our Asia-focused sites (AsiaWebDirect.com and LateStays.com) and at a Group level. While still performing below expectations, particularly in our key Thailand market, there are signs that the product and site initiatives undertaken in the reporting period, and also in FY2010, have started to gain some traction. We still have a way to go until our growth expectations for our Asian operations are realised, however we take a level of comfort from the stabilisation and improvements in performance seen in the last quarter of the year.

We transacted 320,014 bookings in Asia in the reporting period, generating sales of 972,999 room nights. Room rates continued to be low, with the average rate in the year being $115.77 (net of GST/VAT) (FY2010: $113.25)[15]. Total transaction value for Asia-based accommodation was $112.7 million net of GST/VAT (FY2010: $120.8 million).

Key initiatives undertaken in the year with respect to our Asian operations include:

- growing our accommodation inventory to the extent that we now have 5,947 properties directly providing inventory to the Group (FY2010: 4,990 properties);
- our continual program of enhancing the functionality and features on our AsiaWebDirect.com and LateStays.com sites;
- the addition of multi-lingual content to our LateStays.com offering;
- extension of the LateStays.com booking window from 28 days to three months;
- building on our marketing activities and efforts for our Asian inventory;
- entering into our first Asian Joint Venture, we built and released the iVIVU.com site, which targets the Vietnamese market.

### Accommodation — Rest of World

| PROPERTIES | ROOM NIGHTS SOLD | AVERAGE ROOM RATE |
|---|---|---|
| FY2010: 4,301 | FY2010: 182,531 | FY2010: $153.54 |
| FY2011: 4,652 | FY2011: 172,668 | FY2011: $154.76[15] |

Our "Rest of World" Business Unit, which is focused on all regions outside Australia, New Zealand and Asia, continued to expand its product range throughout the year in the United Kingdom, Europe, and North and South America. Increases were made to the hotels and other accommodation venues on offer to our customers by both:

- increasing our directly sourced hotels in our "Rest of World" territories (FY2011: 4,652 properties vs FY2010: 4,301 properties); and
- expanding the properties on offer from our arrangements with Tourico Holidays Inc. (a business-to-business provider of hotel inventory) adding an additional 4,107 properties to the mix.

While this Unit is primarily focused on the United Kingdom, European, and North and South American regions, it added hotels in a number of new territories in the year including South Africa, Qatar, Oman, Saudi Arabia and Kuwait.

Total transaction value for accommodation sales in the year reached $26.7 million (net of GST/VAT) (FY2010: $28 million) which reflected the sale of 172,668 room nights (FY2010: 182,531) in our "Rest of World" territories, generated from a total of 74,714 bookings (FY2010: 78,587) with average room rates of $154.76 (net of GST/VAT) (FY2010: $153.54)[15]. In terms of Group contribution, "Rest of World" room night sales represented approximately 2% of our Group sales.

### Flights — domestic and international

| BOOKING TRANSACTIONS | REVENUE |
|---|---|
| FY2010: 101,532 | FY2010: $6.4M |
| FY2011: 136,831 | FY2011: $5.6M |

Wotflight is a relatively new initiative for the Group, having originally launched in February 2010 with flight offerings from eight domestic carriers. This range was expanded at the beginning of the reporting period (27 July 2010) by the addition of trans-Tasman carriers to the site and this was followed by the addition of a number of Pacific carriers (28 June 2011). This step was the precursor towards our achieving a comprehensive international offering. The achievement of this milestone was reached following the close of the reporting period, with international carriers joining the site on 22 August 2011. Our international offering will be progressively expanded throughout the course of this calendar year.

The work undertaken for Wotflight international completes our journey towards one Group flight booking engine. Our new booking engine, which has been developed entirely in-house, provides a scalable, fast and reliable platform that is now servicing all Group flights sites. Beyond the benefits delivered from operating off one IT platform, this approach provides efficiencies by enabling the same management, customer service, fares and ticketing teams to be utilised across all brands.

We achieved an increase of 35% in flight (both domestic and international) transactions (FY2011: 136,831 transactions; FY2010: 101,532). As mentioned earlier, this increase did not drive revenue outcomes due to airline discounting, which saw revenues of $5.6 million from the sale of flights in the reporting period down 12.7% (FY2010: $6.4 million).

### Corporate bookings

| TRANSACTIONS |
|---|
| FY2010: 584,000 |
| FY2011: 774,000 |

Our ARNOLD corporate booking platform processed a total of 774,000 corporate transactions in the reporting

14. Australian Bureau of Statistics *8635.0 – Tourist Accommodation Australia March 2011*, Takings from accommodation establishments with 15 or more rooms.
15. 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.

period (FY2010: 584,000). This 33% increase in corporate transactions demonstrates:

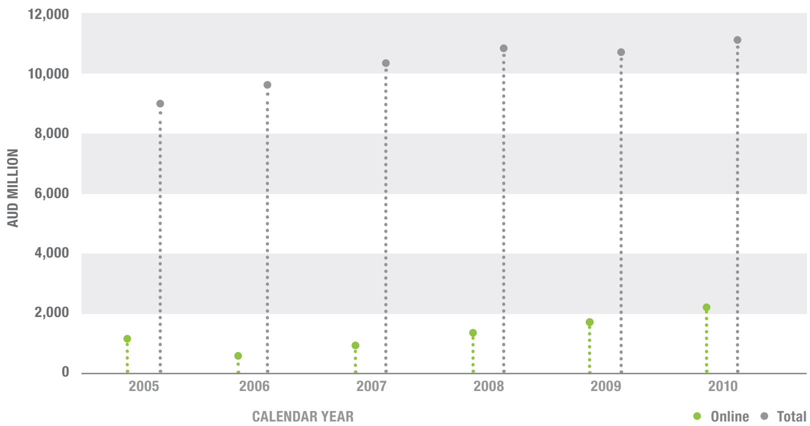
- the continued strength of the corporate travel segment; and
- that the investment made in the platform in the year has assisted our clients in achieving higher adoption rates among existing users and in winning new business in what is a fiercely competitive marketplace.

ARNOLD's performance to-date provides support for our decision to invest further in this multi-GDS platform to deliver enhancements and improvements for the ARNOLD client base.

## MARKET AND GROUP OUTLOOK

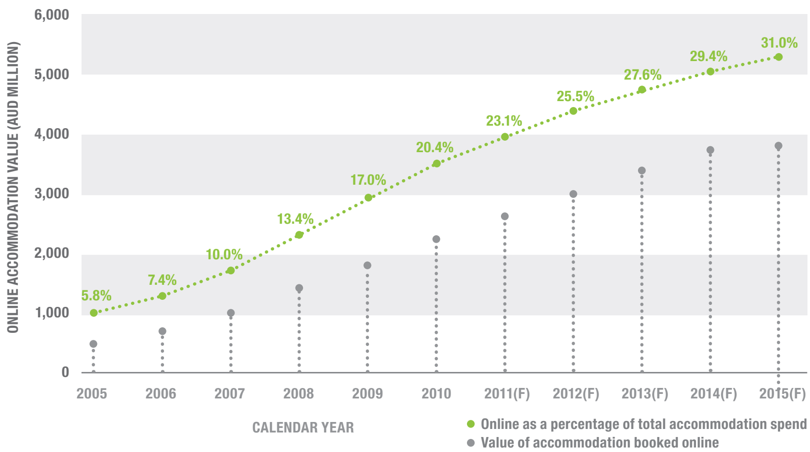
As has been our view in previous years, the continuing consumer shift to the online sales channel is expected to be a significant driver of future long-term growth for the Group's business over the next five-plus years. This "consumer shift" unsurprisingly will be impacted along

**FIGURE 4** Online sales of accommodation in Australia




Source: 2005-2010 Euromonitor International from official sources

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




Sources: 2000-2010 Euromonitor International from official sources
2011-2015 Euromonitor International estimates

the way by world and economic events and consumer sentiment — like any other retailer the Wotif Group is not immune to such factors.

As mentioned earlier, one of the biggest challenges for the Group in the reporting period has been the strength of the Australian and New Zealand dollars. Leisure travellers have taken the opportunity in the year to leverage the buying power this has provided and flocked to offshore destinations. It is our view that a significant portion of this activity has been transacted in more traditional retail channels — this fact represents a challenge and an opportunity for the Group that is being actively addressed with initiatives in the pipeline. It also goes without saying that the current seemingly unbridled enthusiasm for the offshore holiday remains vulnerable to general consumer confidence — and, as we have seen in the past, when this confidence wanes there is a rapid swing back to domestic travel activity and such times have historically benefited Wotif.com.

In forming a more long-term view (and ignoring the peaks and troughs influencing the immediate buying behaviour of travellers) of the likely trends in the "consumer shift" to the online environment in the Australian market, we have made reference in the past to the independent research published by Euromonitor International. Euromonitor International estimates released this year indicate that total online accommodation sales in Australia during calendar year 2010 were $2,309 million (CY2009: $1,853 million) from a total accommodation market valued at $11,318 million (CY2009: $10,879 million) (see Figure 4). This data indicates that online sales represented 20% of total accommodation sales in Australia in CY2010 (CY2009: 17%). Euromonitor's research suggests, and supports our belief, that over the next five years the online accommodation sector will continue to attract customers away from traditional sales channels. Euromonitor International forecasts that online sales will represent 31% of total accommodation sales in Australia by 2015, as shown in Figure 5. To deliver on these forecasts, the total transaction value of the Australian online accommodation segment will need to grow by 12.5% per annum for the next five years. While we are well-positioned to benefit from a shift to online bookings, the adaptable and highly skilled Wotif Group team will continue to offer innovations to seek to drive that migration.

Our strategy remains resolutely focused on harvesting the significant organic growth opportunity that exists in our core Australian accommodation segment, and in New Zealand where similar market dynamics exist. In addition, with our flights offering now nearing completion, we will focus on the promotion of these products to our existing and sizeable Wotif.com audience and beyond. 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.

## ARNOLD TRAVEL TECHNOLOGY

The platform has achieved higher adoption rates and won new business in what is a fiercely competitive marketplace.

774,000 transactions

(FY2010: 584,000)

---

## WOTFLIGHT

Expanded to include trans-Tasman and Pacific carriers alongside its extensive range of Australian domestic carriers. From 22 August 2011, a comprehensive range of international carriers was added.

Deals sent to 1.3M subscribers

# BOARD OF DIRECTORS

## Dick McIlwain (64)

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 (45)

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 six 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, a Graduate Diploma in Company Secretarial Practice, and is a member of Chartered Secretaries Australia and of the Australian Institute of Company Directors.

## Graeme Wood (64)

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. He is a member of the Company's Nomination and Remuneration Committee.

Graeme's background is in 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 music aggregator We Are Hunted), the University of Queensland Endowment Fund and The Global Change Institute.

Graeme holds a Bachelor of Economics, a Master of Information Systems and an honorary Doctorate of Economics, all from the University of Queensland.

## Andrew Brice (68)

Non-executive Director

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

Andrew has had a successful career as a chartered accountant. During this time he worked as an auditor at the accounting firm Arthur Andersen and went on to build his own accounting practice, AH Jackson & Co, from a sole trader to an established four-partner firm. He graduated from the University of Queensland with a Bachelor of Commerce, and is a fellow of the Institute of Chartered Accountants.

## Ben Smith (46)

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 more than 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.

## Kaylene Gaffney (41)

Non-executive Director

Kaylene was appointed to the Board on 22 November 2010 as a Non-executive Director. She is a member of the Company's Audit and Risk Committee and Nomination and Remuneration Committee.

Kaylene is a chartered accountant and has worked in a variety of senior finance roles across the information technology, telecommunications and aviation industries. Kaylene is currently the General Manager, Financial Accounting for Virgin Australia. She holds a Bachelor of Business (Accountancy), Graduate Diploma of Business (Professional Accounting) and a Master of Business Administration (International), all from the Queensland University of Technology.

The Board has determined that Kaylene is an Independent Director.

# CORPORATE GOVERNANCE

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 with 2010 Amendments)[16]. 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 oversight 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;
- Wotif Group Risk Management Policy; and
- Wotif Group Diversity 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) the Group's systems of internal control and accountability and the systems for monitoring compliance; and
  b) the 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 Kaylene Gaffney) are Non-executive, Independent Directors (see Independence section);
- two (Graeme Wood and Andrew Brice) are Non-executive Directors, however are not considered to be independent as a result of their shareholdings in the Company; and
- one (Robbie Cooke, Managing Director) holds his position in an Executive capacity and consequently is not considered to be independent.

Dave Warneke retired as a Non-executive Director on 25 October 2010. Dave joined the Board on 27 November 2006 as a Non-executive Director. He was a member of the Company's Nomination and Remuneration Committee and its Audit and Risk Committee. At the time he retired from the Board, Dave had more than 27 years' experience across a variety of industries including IT, financial services, professional services, and construction and mining. Dave was an Independent Director.

Kaylene Gaffney was appointed as a Non-executive Director on 22 November 2010 and has also been appointed to the Company's Audit and Risk Committee and Nomination and Remuneration Committee. Kaylene's appointment to the Board followed a selection process coordinated by the Nomination and Remuneration Committee in accordance with its Charter. This process was triggered by the resignation of Dave Warneke from the Board.

The incoming Director selection process involved the Committee considering:

- the size of the Board;
- the mix of skills, experiences and competencies appropriate to the Board's composition for it to discharge its mandate efficiently and effectively;
- Board renewal; and
- Director succession.

The Committee identified that the mix of skills, experiences and competencies sought to complement the existing Board (and the Committee roles appropriate to be performed by an Independent Non-executive Director) required strong financial expertise and substantial retail and/or travel industry experience. The selection criteria used by the Committee to assess candidates included the target skill set, as well as the base criteria of personal integrity, ability to make the necessary time commitment and ability to work with the existing Board. The selection process involved interviews of several potential candidates by members of the Committee and other Board members. After completing this process, and upon the recommendation of the Nomination and Remuneration Committee, the Board determined to appoint Kaylene as a Non-executive Director to the Board (and to the Audit and Risk Committee and Nomination and Remuneration Committee).

An induction process was carried out as part of Kaylene's appointment to the Board. This process was designed to enable the immediate, active and valuable contribution by the incoming Director to the Board's decision-making processes. The induction process involved a series of meetings between Kaylene and her fellow Directors and senior management to discuss the Company's strategic objectives, financial affairs, culture and values, risks and operations. An induction pack was also provided by the Company Secretary which documented a wide range of matters relevant to the Group's governance, including the roles, responsibilities and activities of the Board, its Committees and management.

The term of office held by each Director is set out in the section titled Board of Directors on pages 18 and 19 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 three years following the Director's last election or reappointment. Each retiring Director under the Constitution is eligible for re-election.
- Each retiring Director's performance is reviewed by the Nomination and Remuneration Committee and, following this review, that Committee makes a recommendation to the Board as to whether the Board should support the renomination of that Director.
- The composition of the Board is reviewed annually by the Nomination and Remuneration Committee or the full Board to ensure that it has available an appropriate mix of skills and experience to ensure the interests of shareholders are served.

In the reporting period, the 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. The Board considered that the arrival of Kaylene Gaffney to the Board brought additional and valuable skills, experience and competencies in relation to the travel industry and financial oversight;
- 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;
- considered that its focus on understanding and being closely in touch with the business enables the Board to add value to the Company; and
- considered that its current size is suitable for the Company's nature, size and complexity.

The Board qualitatively reviewed the contribution Graeme Wood and Ben Smith (who will resign and offer themselves for re-election at the 2011 Annual General Meeting) had made to the Board during their tenure. The Board considered that Graeme Wood's skills, experience, expertise and contributions to the Board continued to meet the requirements of the Group. The Board considered that Ben Smith's skills, experience, expertise, and contributions to the Board and its Committees continued to meet the requirements of the Group. The Board determined that it would support the re-nomination of Graeme Wood and Ben Smith. Graeme Wood and Ben Smith did not participate in their individual review process. The Board also determined that it would support the nomination of Kaylene Gaffney who joined the Board on 22 November 2010.

## 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 with 2010 Amendments)*. Under the terms of that definition, three of the Directors (namely Dick McIlwain, Ben Smith and Kaylene Gaffney) 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.

16. Subject to the Board not being comprised of a majority of Independent Directors – see explanation in section titled Independence above.

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 11 occasions in the reporting period. Details of individual attendance at Board meetings, and of Board committees, can be found on page 29 of this Report.

## NON-EXECUTIVE DIRECTORS' REMUNERATION

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

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

## BOARD COMMITTEES

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

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

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

### Nomination and Remuneration Committee

This Committee met twice during the reporting period. Each Committee member's attendance at meetings is set out on page 29. Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors. Currently the members of this Committee are Dick McIlwain (Committee Chairman), Ben Smith, Graeme Wood and Kaylene Gaffney. All are Non-executive Directors and the majority are Independent. Graeme Wood and Kaylene Gaffney were appointed to the Committee after the retirement of 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 establish and oversee the management of remuneration policies designed to meet the needs of the Group and to enhance corporate and individual performance.

By using merit-based criteria, the Committee will ensure an appropriate balance of skills, experience, expertise and diversity is maintained on the Board. The Committee will also refer to the Group's Diversity Policy (see page 24) to assess the performance, composition and future development of the Board.

### Audit and Risk Committee

This Committee met five times during the reporting period. Each Committee member's attendance at meetings is set out on page 29. Under its Charter, this Committee must have at least three members, a majority of whom must be Independent Directors and all of whom must be Non-executive Directors. Currently the members of this Committee are Ben Smith (Committee Chairman), Andrew Brice and Kaylene Gaffney (appointed to the Committee after the retirement of Dave Warneke). The qualifications and experience of the members of this Committee are set out in the section titled Board of Directors on pages 18 and 19. 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 five years with a minimum three-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 only Non-executive Directors and a majority of 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 facilities that provide leading-edge security services to minimise the risk of intrusion; and
- the Wotif.com site's operations being supported by an off-site disaster recovery site (which has been tested under simulated load, but has not been placed into a live environment).

In January 2011 during the Brisbane flood crisis the Company activated its disaster response plan for loss of access to the Brisbane head office. The disaster response plan is part of the Company's documented business continuity framework. Although the flood waters did not ultimately reach the head office, access to the building was prevented for five days during the crisis. Deployment of the disaster response plan successfully enabled the Group's online and telephone-based service delivery to continue to customers and suppliers without interruption.

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 2011 financial year involved the Managing Director and Chief Financial Officer providing a declaration to the Board on 24 August 2011 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 29 to 37.

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 37.

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

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

## DIVERSITY

The Group has adopted a Diversity Policy, which is available in the Corporate Governance section on the Group's website (www.wotifgroup.com). The Policy confirms the Group's longstanding commitment to embracing diversity (including gender, age, ethnicity and cultural background). The Group is committed to diversity throughout its entire workplace, senior management and Board. Specifically in relation to gender diversity, the Group is proudly made up of a team that has a balance of male and female employees across its whole organisation and in its senior executive ranks.

As at 30 June 2011 the number and proportion of women employees in the whole organisation, in senior executive positions and on the Board was:

| | |
|---|---|
| Female employees | 308 |
| % of workforce | 63% |
| Female senior executives | 25 |
| % of executive group | 57% |
| Female Directors | 1 |
| % of Board | 17% |

The Board will monitor these proportions on an ongoing basis.

Pursuant to its Diversity Policy, the Group has adopted the following measurable objectives relating to gender diversity for FY2012:

- the Board will include (subject to any temporary vacancies) each gender;
- candidates interviewed for any new Board appointment will include each gender, subject to all eligible candidates meeting the other specific skills, experience and diversity criteria being looked for by the Board;
- candidates interviewed for any new key management personnel positions will include each gender, subject to all eligible candidates meeting the other skills, experience and diversity criteria being looked for by the Group; and
- the Group's workforce will comprise a significant representation of genders.

The Board will assess these objectives and report on progress in achieving them in its FY2012 Annual Report.

The Board considers its performance and value to the Group's stakeholders is optimised by seeking the following mix of skills and diversity to be present in the Board's membership:

- travel or online sales and marketing industry experience;
- information technology experience;
- financial, legal and corporate governance expertise;
- backgrounds from within Asia Pacific;
- each gender; and
- multiple age generations.

## DEALING IN SHARES

The Group has adopted a written policy with respect to the dealing in shares by Directors and employees of the Group, which is available in the Corporate Governance section on the Group's website (www.wotifgroup.com).

The policy reinforces the *Corporations Act 2001* prohibitions on insider trading and use of non-public, price-sensitive information. The Policy was updated and provided to the ASX in accordance with its current Listing Rules in January 2011. 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 auditor at the Annual General Meeting. The Company requires its external auditor to attend its Annual General Meeting.

## SUSTAINABILITY

The Group's approach to sustainability is set out on pages 95 and 96, which is incorporated into and forms part of this Report.

## LASTMINUTE.COM.AU

Testament to lastminute.com.au's popularity is the success of Secret Hotels® with one sold every three minutes.

**1.23M** FY2011 site visits per month
(FY2010: 1.15 million per month)

---

FY2011 average room rate booked
(lastminute.com.au & travel.com.au
FY2010: $141.56)

**$147.49**

---

## TRAVEL.COM.AU

travel.com.au provides a full-service travel offering covering all aspects of domestic and international travel including flights, holidays, tours, hotels, travel insurance and car hire.

GODO.COM.AU

GoDo is a leading provider in the activities and "things to do" marketplace.

1.8M FY2011 site visits

Sales channels 53

2,652 products offered at 30 June 2011

# 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 2011 (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)*

**Kaylene Joan Gaffney**
*(Director since 22 November 2010)*

**David Ernest Warneke**
*(Director from 27 November 2006 to 25 October 2010)*

The continuing Directors' qualifications and experience are detailed on pages 18 and 19 under the heading Board of Directors, and those pages are incorporated in and form part of this Report.

## COMPANY SECRETARY

Sean Phillip Simmons ACIS, 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 a member 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 2011 was $51.0 million (FY2010: $53.0 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 8 to 16 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 20 on page 70) (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 2011 financial year of 12.5 cents per share. The dividend will be paid on 12 October 2011 (total final dividend amount fully franked $26,401,181).

The table at the bottom of this page 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.

## 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

| DIVIDEND | RECORD DATE | PAYMENT DATE | AMOUNT PER SECURITY | TOTAL DIVIDEND | FRANKED AMOUNT PER SECURITY |
|---|---|---|---|---|---|
| 2010 final dividend | 17 September 2010 | 13 October 2010 | 12.5 cents | $26,333,361 | 12.5 cents |
| 2011 interim dividend | 18 March 2011 | 31 March 2011 | 9.5 cents | $20,043,148 | 9.5 cents |
| 2011 final dividend | 16 September 2011 | 12 October 2011 | 12.5 cents | $26,401,181 | 12.5 cents |

Managing Director's Report (see pages 8 to 16). 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.

## 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 | 1,071,500 | 1,600,000 |
| G T Wood* | 47,161,000 | Nil |
| A B R Smith* | 150,000 | Nil |
| R A C Brice* | 33,500,000 | Nil |
| K J Gaffney | Nil | 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 are shown in the following table.

| NAME | BOARD OF DIRECTORS | | AUDIT & RISK COMMITTEE | | NOMINATION & REMUNERATION COMMITTEE | |
|---|---|---|---|---|---|---|
| | A | B | A | B | A | B |
| R D McIlwain | 11 | 11 | – | – | 2 | 2 |
| R M S Cooke | 11 | 11 | – | – | – | – |
| G T Wood | 11 | 10 | – | – | 1 | 1 |
| A B R Smith | 11 | 11 | 5 | 5 | 2 | 2 |
| R A C Brice | 11 | 11 | 5 | 5 | – | – |
| D E Warneke | 4 | 4 | 1 | 1 | 1 | 1 |
| K J Gaffney | 7 | 7 | 4 | 4 | 1 | 1 |

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 |
| 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 22.

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 exceed the prior year result by a predetermined percentage set by the Nomination and Remuneration 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 expense margin varies 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. In the reporting period, no bonus pool formed and no bonuses were paid to senior executives. In the 2010 financial year, 100% of the bonus pool as previously accrued in that period vested and was paid in the 2011 financial year.

**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. In the reporting period, 1,672,500 options were granted under the plan.

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 to Group personnel (excluding the Managing Director) in the 2012 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.

If the plan is re-activated, employees who have been continuously employed by the Group for a period of at least 12 months will be eligible to participate in the plan. Shares issued under the plan may not be sold until the earlier of three 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 five 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.
(RAC 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;
- **C A Dawson** — Chief Financial Officer (resigned 20 May 2011);
- **G R Timm** — Chief Financial Officer (appointed 23 May 2011);
- **A M Ross** — Chief Information Officer.

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.

## FY2011 DIRECTOR REMUNERATION

| WOTIF.COM HOLDINGS LIMITED DIRECTORS | NON-EXECUTIVE DIRECTORS | | | | | | SUBTOTAL | EXECUTIVE | SUBTOTAL | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|
| | R D McIlwain | G T Wood | R A C Brice | A B R Smith | D E Warneke[17] | K J Gaffney[18] | | R M S Cooke | | |
| **Short-term benefits** | | | | | | | | | | |
| Base cash salary and fees[19] | 150,000 | 80,000 | – | 80,000 | 26,666 | 46,666 | 383,332 | 837,099 | 837,099 | 1,220,431 |
| Performance related remuneration cash bonus | – | – | – | – | – | – | – | – | – | – |
| Non-monetary benefits | – | – | – | – | – | – | – | – | – | – |
| **Post-employment benefits** | | | | | | | | | | |
| Superannuation | 13,500 | 7,200 | – | 7,200 | 2,400 | 4,200 | 34,500 | 15,199 | 15,199 | 49,699 |
| Termination benefits | – | – | – | – | – | – | – | – | – | – |
| **Long-term benefits** | | | | | | | | | | |
| Long service leave | – | – | – | – | – | – | – | 12,705 | 12,705 | 12,705 |
| **Equity** | | | | | | | | | | |
| Options[20] | – | – | – | – | – | – | – | 375,717 | 375,717 | 375,717 |
| Employee bonus shares[21] | – | – | – | – | – | – | – | – | – | – |
| **TOTAL ($)** | **163,500** | **87,200** | **–** | **87,200** | **29,066** | **50,866** | **417,832** | **1,240,720** | **1,240,720** | **1,658,552** |
| **Percentage of remuneration that consists of:** | | | | | | | | | | |
| Fixed remuneration | 100% | 100% | – | 100% | 100% | 100% | | 70% | | |
| Bonus (short-term incentive) | 0% | 0% | – | 0% | 0% | 0% | | 0% | | |
| Options (long-term incentive) | 0% | 0% | – | 0% | 0% | 0% | | 30% | | |

## 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[22] | | G T Wood | R M S Cooke | | |
| **Short-term benefits** | | | | | | | | | | |
| Base cash salary and fees[19] | 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[20] | – | – | – | – | – | – | – | 381,530 | 381,530 | 381,530 |
| Employee bonus shares[21] | – | – | – | – | – | – | – | – | – | – |
| **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% | | |

17. D E Warneke resigned with effect from 25 October 2010.
18. K J Gaffney commenced in 22 November 2010.
19. Non-executive Directors' remuneration represents fees in connection with attending Board meetings and Board Committee meetings.
20. No options were granted to Directors in the financial year (other than the Managing Director, as approved by Shareholders on 25 October 2010). No options were outstanding to Directors other than the Managing Director during the financial year.
21. Refers to shares issued pursuant to the Employee Share Plan.
22. N A Cumming resigned with effect from 28 February 2010.

## FY2011 EXECUTIVE REMUNERATION

| WOTIF.COM HOLDINGS LIMITED EXECUTIVES | C A Dawson[23] | S W Moorhead | A M Ross[24] | H Demetriou | S Simmons | G Timm[25] | TOTAL |
|---|---|---|---|---|---|---|---|
| **Short-term benefits** | | | | | | | |
| Base cash salary and fees | 230,150 | 201,517 | 166,248 | 171,907 | 178,706 | 176,377 | 1,124,905 |
| Performance related remuneration cash bonus | – | – | – | – | – | – | – |
| Non-monetary benefits | – | – | – | – | – | – | – |
| **Post-employment benefits** | | | | | | | |
| Superannuation | 15,199 | 20,943 | 19,090 | 14,924 | 17,900 | 15,874 | 103,930 |
| Termination benefits | 25,453 | – | – | – | – | – | 25,453 |
| **Long-term benefits** | | | | | | | |
| Long service leave | 3,519 | 3,003 | 3,060 | 2,820 | 2,554 | 3,291 | 18,247 |
| **Equity** | | | | | | | |
| Options | 26,476 | 26,654 | 32,810 | 29,397 | 18,966 | 8,218 | 142,521 |
| Employee bonus shares[26] | – | – | – | – | – | – | – |
| **TOTAL ($)** | **300,797** | **252,117** | **221,208** | **219,048** | **218,126** | **203,760** | **1,415,056** |
| **Percentage of remuneration that consists of :** | | | | | | | |
| Fixed remuneration | 91% | 89% | 85% | 87% | 91% | 96% | |
| Bonus (short-term incentive) | 0% | 0% | 0% | 0% | 0% | 0% | |
| Options (long-term incentive) | 9% | 11% | 15% | 13% | 9% | 4% | |

## FY2010 EXECUTIVE REMUNERATION

| WOTIF.COM HOLDINGS LIMITED EXECUTIVES | C A Dawson | A M Ross | S W Moorhead | J Eawsakul[26] | 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[26] | – | – | – | – | – | **–** |
| **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% | |

In addition:

- **S W Moorhead;**
- **S P Simmons;** 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.

SECTION C

## CONTRACTUAL ARRANGEMENTS

Details of the contracts of employment[28] with the Managing Director, the key management personnel and the five most highly remunerated executives of the Group and/or Company are set out below:

### R M S Cooke Group Chief Executive Officer & Managing Director

EMPLOYED BY: Wotif.com Pty Limited

TERM: 22 January 2014

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 six months' notice (in which case no right to a severance payment arises).

### A M Ross Chief Information Officer

EMPLOYED BY: Wotif.com Pty Ltd

TERM: 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 six months' fixed remuneration).

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

### S W Moorhead Executive General Manager, User Experience & Innovation

EMPLOYED BY: Wotif.com Pty Ltd

TERM: 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 six months' fixed remuneration).

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

### H Demetriou Executive General Manager Flights Business Unit

EMPLOYED BY: ACN 079 010 772 Limited (formerly travel.com.au Limited)

TERM: Rolling term

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

### S P Simmons General Counsel & Company Secretary

EMPLOYED BY: Wotif.com Pty Ltd

TERM: 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 six months' fixed remuneration).

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

### G R Timm Chief Financial Officer

EMPLOYED BY: Wotif.com Pty Ltd

TERM: 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 six months' fixed remuneration).

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

SECTION D

## SHARE-BASED COMPENSATION

### Options

The Company has undertaken eight issues of options under the Executive Share Option Plan, the major terms of which are as follows (Directors, other than 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;

23. C A Dawson's employment ceased on 20 May 2011. No termination entitlements or severance payment applied.
24. During the reporting period, A M Ross took a significant period of unpaid annual leave. This resulted in a corresponding decrease in Fixed Remuneration.
25. G R Timm was appointed CFO on 23 May 2011, his remuneration includes remuneration paid prior to that date in his role as Finance Director.
26. Refers to shares issued pursuant to the Employee Share Plan.
27. J Eawsakul's employment ceased on 14 August 2010.
28. In all cases the stipulated termination rights are subject to any applicable statutory legal requirements.

- In respect of 800,000 options originally granted **(Package 4),** the options vest in three tranches (200,000 on 22 October 2009, 200,000 on 22 October 2010 and 400,000 on 22 October 2011) and have an exercise price of $4.75 per option;
- In respect of 1,815,000 options originally granted **(Package 5),** the options vest in three tranches (603,987 on 1 November 2011, 604,002 on 1 November 2012, and 607,011 on 1 November 2013) and have an exercise price of $2.92 per option;
- In respect of 1,468,000 options originally granted **(Package 6),** the options vest in three tranches (489,307 on 1 November 2012, 489,339 on 1 November 2013, and 489,354 on 1 November 2014) and have an exercise price of $4.43 per option.
- In respect of 872,500 options originally granted **(Package 7),** the options vest in three tranches (290,831 on 1 November 2013, 290,832 on 1 November 2014, and 290,837 on 1 November 2015) and have an exercise price of $4.43 per option.
- In respect of 800,000 options originally granted **(Package 8),** the options vest in three tranches (400,000 on 31 October 2013, 200,000 on 31 October 2014, and 200,000 on 31 October 2015) and have an exercise price of $4.68 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 8 options are as follows:

| | |
|---|---|
| PACKAGE 3 | 19 March 2007 |
| PACKAGE 4 | 22 October 2007 |
| PACKAGE 5 | 4 July 2008 |
| PACKAGE 6 | 30 June 2009 |
| PACKAGE 7 | 3 September 2010 |
| PACKAGE 8 | 25 October 2010 |

### Exercise conditions:

In respect of the Package 1 options, the performance criteria (all of which have been satisfied) were as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2006;
- for the second tranche, achieving Prospectus forecast earnings per share for FY2007; and
- for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007.

In respect of the Package 2 options, the performance criteria (all of which have been satisfied) were as follows:

- for the first tranche, achieving Prospectus forecast earnings per share for FY2007; 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 (all of which have been satisfied) were 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 (all of which have been satisfied) were 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 criterion 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 the Package 7 options, the performance criterion is as follows:

- for each tranche, achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.

In respect of the Package 8 options, the performance criterion is as follows:

- for each tranche, the Company's earnings per share for FY2013 must be at least 33.73 cents per share.

In respect of Packages 1 to 7 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, 6, 7 and 8 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:

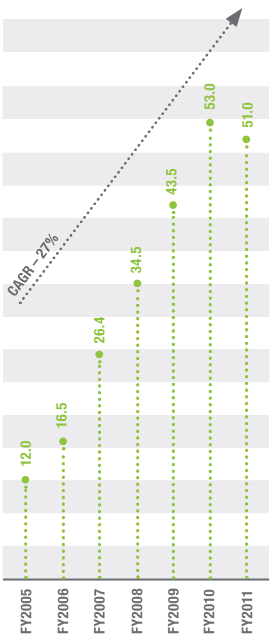
The lapse dates for the respective option packages are:

| 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 |
| PACKAGE 7 | 31 December 2015 |
| PACKAGE 8 | 31 December 2015 |

### Value:

The value per option at grant date is as set out in the table on the following page.

**FIGURE 6**
NPAT CAGR since listing
(million AUD)



| PACKAGE | TRANCHE & 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 |
| PACKAGE 7 | Tranche 1 | 1 November 2013 | $0.9400 |
| | Tranche 2 | 1 November 2014 | $1.0200 |
| | Tranche 3 | 1 November 2015 | $1.0700 |
| PACKAGE 8 | Tranche 1 | 31 October 2013 | $0.9100 |
| | Tranche 2 | 31 October 2014 | $1.0100 |
| | Tranche 3 | 31 October 2015 | $1.0700 |

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, key management personnel and the five highest paid executives are set out below.

| NAME | NUMBER OF OPTIONS GRANTED DURING THE YEAR | | NUMBER OF OPTIONS VESTED DURING THE YEAR | |
|---|---|---|---|---|
| Directors | FY2011 | FY2010 | FY2011 | FY2010 |
| R D McIlwain | – | – | – | – |
| R M S Cooke | 800,000 | – | 200,000 | 200,000 |
| G T Wood | – | – | – | – |
| R A C Brice | – | – | – | – |
| A B R Smith | – | – | – | – |
| D E Warneke | – | – | – | – |
| K A Gaffney | – | – | – | – |
| Key management personnel and other Group executives | | | | |
| C A Dawson | 24,240 | – | 50,000 | 50,000 |
| S W Moorhead | 24,240 | – | 40,000 | 40,000 |
| A M Ross | 24,240 | – | 40,000 | 20,000 |
| S Simmons | 21,210 | – | – | – |
| H Demetriou | 19,190 | – | – | – |
| G Timm | 9,090 | – | – | – |

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, other key management personnel and the five highest paid executive 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 | | FY2011 | FY2010 | FY2011 |
| R M S Cooke | 10 September 2010 | 1,000,000 | 500,000 | $2.00 |
| All Other Directors | – | Nil | | |
| Key management personnel and other Group executives | | | | |
| C A Dawson | 27 May 2011 | 100,000 | 50,000 | $4.20 |
| S W Moorhead | 27 May 2011 | 20,000 | 50,000 | $2.00 |
| A M Ross | 27 May 2011 | 40,000 | 20,000 | $2.00 |
| H Demetriou | N/A | Nil | Nil | N/A |
| S Simmons | N/A | Nil | Nil | N/A |
| G Timm | N/A | Nil | Nil | N/A |

* No amounts are unpaid on any shares issued on exercise of options.

Key management personnel 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.

A Director or employee of the Group 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.

Under Group policy, a breach of either of the above may lead to disciplinary action, including dismissal in serious cases.

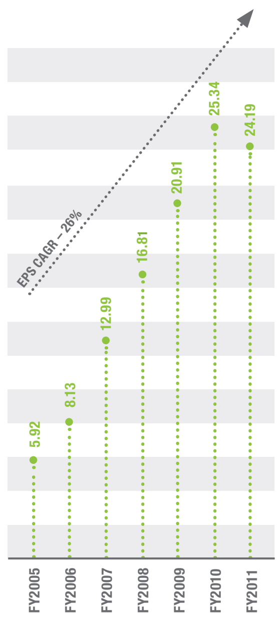
SECTION E

## 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 $51.0 million in FY2011 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 135% to $4.69 as at 30 June 2011 ($5.40 as at 30 June 2010) as shown in Figure 8 on page 37.

**FIGURE 7**
Earnings per share CAGR since listing (cents)




### OPTIONS

For each grant of options included in the tables on this page the percentage of the grant that has vested to-date and the percentage that was forfeited because the performance criteria were not met or lapsed are as set out on the following page. No options will vest if the performance criteria as set out on page 34 are not met, hence the minimum value of options yet to vest is Nil.

| NAME | OPTION PACKAGE AND YEAR GRANTED | VESTED | FORFEITED/ LAPSED | FINANCIAL YEARS IN WHICH OPTIONS MAY VEST | MINIMUM TOTAL VALUE OF GRANT YET TO VEST ($) | MAXIMUM TOTAL VALUE OF GRANT YET TO VEST[27] ($) |
|---|---|---|---|---|---|---|
| R M S Cooke | Package 1 (FY2006) | 100% | 0% | N/A | N/A | N/A |
| | Package 4 (FY2008) | 50% | 0% | FY2012 | Nil | 790,000 |
| C A Dawson[28] | Package 3 (FY2007) | 60% | 40% | FY2012<br>FY2013 | Nil | 56,955<br>58,565 |
| | Package 5 (FY2009) | 0% | 100% | FY2012<br>FY2013<br>FY2014 | Nil | 0<br>0<br>0 |
| | Package 6 (FY2009) | 0% | 100% | FY2013<br>FY2014<br>FY2015 | Nil | 0<br>0<br>0 |
| | Package 7 (FY2011) | 0% | 100% | FY2014<br>FY2015<br>FY2016 | Nil | 0<br>0<br>0 |
| S W Moorhead | Package 2 (FY2006) | 60% | 0% | FY2012 | | 21,404 |
| | Package 5 (FY2009) | 0% | 0% | FY2012<br>FY2013<br>FY2014 | Nil | 9,240<br>9,320<br>9,296 |
| | Package 6 (FY2009) | 0% | 0% | FY2013<br>FY2014<br>FY2015 | Nil | 23,999<br>24,667<br>25,167 |
| | Package 7 (FY2011) | 0% | 0% | FY2014<br>FY2015<br>FY2016 | Nil | 7,520<br>8,160<br>8,560 |
| A M Ross | Package 2 (FY2006) | 60% | 0% | FY2012 | | 10,702 |
| | Package 5 (FY2009) | 0% | 0% | FY2012<br>FY2013<br>FY2014 | Nil | 22,869<br>23,067<br>23,705 |
| | Package 6 (FY2009) | 0% | 0% | FY2013<br>FY2014<br>FY2015 | Nil | 23,999<br>24,667<br>25,167 |
| | Package 7 (FY2011) | 0% | 0% | FY2014<br>FY2015<br>FY2016 | Nil | 7,520<br>8,160<br>8,560 |
| S Simmons | Package 5 (FY2009) | 0% | 0% | FY2012<br>FY2013<br>FY2014 | Nil | 10,395<br>10,485<br>10,458 |
| | Package 6 (FY2009) | 0% | 0% | FY2013<br>FY2014<br>FY2015 | Nil | 16,799<br>17,267<br>17,617 |
| | Package 7 (FY2011) | 0% | 0% | FY2014<br>FY2015<br>FY2016 | Nil | 6,580<br>7,140<br>7,490 |
| H Demetriou | Package 5 (FY2009) | 0% | 0% | FY2012<br>FY2013<br>FY2014 | Nil | 28,875<br>29,125<br>29,050 |
| | Package 6 (FY2009) | 0% | 0% | FY2013<br>FY2014<br>FY2015 | Nil | 16,799<br>17,267<br>17,617 |
| | Package 7 (FY2011) | 0% | 0% | FY2014<br>FY2015<br>FY2016 | Nil | 5,954<br>6,459<br>6,777 |
| G Timm | Package 5 (FY2009) | 0% | 0% | FY2012<br>FY2013<br>FY2014 | Nil | 11,549<br>11,650<br>11,620 |
| | Package 6 (FY2009) | 0% | 0% | FY2013<br>FY2014<br>FY2015 | Nil | 9,599<br>9,867<br>10,067 |
| | Package 7 (FY2011) | 0% | 0% | FY2014<br>FY2015<br>FY2016 | Nil | 2,820<br>3,060<br>3,210 |

27. 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.
28. C A Dawson resigned on 20 May 2011 which resulted in all unvested options lapsing.

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 | 30% | 780,000 | 2,656,492 | – |
| C A Dawson | 9% | 24,240 | 180,558 | 361,880 |
| S W Moorhead | 11% | 24,240 | 80,112 | – |
| A M Ross | 15% | 24,240 | 160,223 | – |
| S Simmons | 9% | 21,210 | – | – |
| H Demetriou | 13% | 19,190 | – | – |
| G Timm | 4% | 9,090 | – | – |

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 5,213,800 unissued ordinary shares under options.

## SHARES ISSUED AS A RESULT OF EXERCISE OF OPTIONS

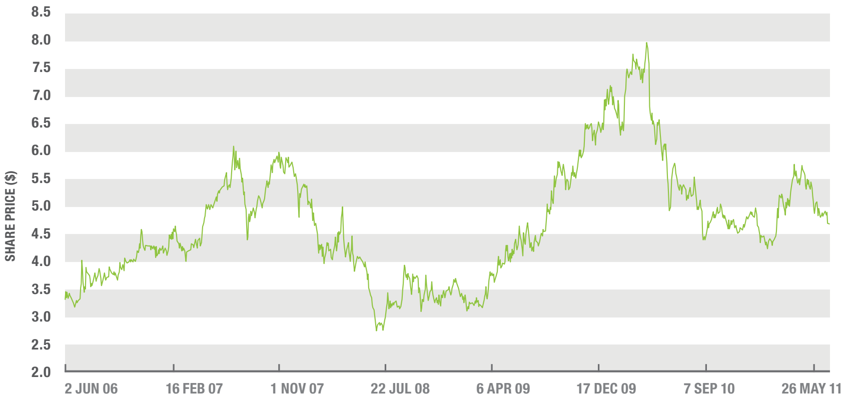
During the financial year, employees and executives have exercised options to acquire 1,576,600 fully paid shares in the Company at a weighted average exercise price of $2.14. The above amount includes 1,140,000 options exercised by Directors, key management personnel and the top five remunerated personnel.

The market price of Wotif.com Holdings Limited's shares at 30 June 2011 was $4.69.

## 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.

**FIGURE 8** Share price since listing




## 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 39 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 auditor of the Company for non-audit services provided during the 2011 financial year, were as follows:

| DESCRIPTION OF NON–AUDIT SERVICE | AMOUNT PAID OR PAYABLE |
|---|---|
| Tax | Nil |
| Accounting advices | 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 24 August 2011.

Dick McIlwain
Chairman

Robbie Cooke
Group Chief Executive Officer and Managing Director

# LATESTAYS &

# ASIA WEB DIRECT

The Asia Web Direct network of sites aims to be the first port of call for travellers, providing them with reliable local knowledge, comprehensive accommodation options, a sophisticated reservation system and exciting extras such as tour products.

---

2.5M

FY2011 site visits per month

(FY2010: 2.2 million per month)

---

8 languages

Chinese, Indonesian, English, Japanese, Korean, Russian, Malaysian & Thai

---

Subscribers June 2011

(June 2010: 131,000)

195,000

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 2011, 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
24 August 2011

# FINANCIAL REPORT TO SHAREHOLDERS

Contents

# INCOME STATEMENT

For the year ended 30 June 2011

| AMOUNTS IN $'000 | NOTE | CONSOLIDATED 2011 | 2010 |
|---|---|---|---|
| **Total transaction value** | | **1,105,820** | **1,094,010** |
| **Revenue** | | | |
| Accommodation revenue | | 121,986 | 120,945 |
| Flights and other revenue | 3 | 12,183 | 12,225 |
| Interest received and receivable | 3 | 4,180 | 2,843 |
| **Total revenue** | | **138,349** | **136,013** |
| **Expenses** | | | |
| Advertising and marketing expenses | | 17,663 | 14,153 |
| Business development expenses | | 9,812 | 8,882 |
| Operations and administration expenses | 3 | 39,312 | 39,420 |
| **Total expenses** | | **66,787** | **62,455** |
| **Profit from continuing operations before income tax** | | **71,562** | **73,558** |
| Income tax expense | 4 | 20,599 | 20,608 |
| **Profit after income tax** | | **50,963** | **52,950** |

| Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the parent: | | 2011 PER SHARE | 2010 PER SHARE |
|---|---|---|---|
| Basic earnings per share | 26 | 24.19 cents | 25.34 cents |
| Diluted earnings per share | 26 | 23.95 cents | 25.01 cents |

The accompanying notes form part of these financial statements

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **Profit for the period** | **50,963** | **52,950** |
| **Other comprehensive income** | | |
| Foreign currency translation | (5,805) | (65) |
| Net gain on available-for-sale financial asset | 33 | 28 |
| Income tax on other items of other comprehensive income | (10) | (8) |
| **Other comprehensive income for the period, net of tax** | **(5,782)** | **(45)** |
| **Total comprehensive income for the period** | **45,181** | **52,905** |

The accompanying notes form part of these financial statements

# STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2011

| AMOUNTS IN $'000 | NOTE | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 133,531 | 103,592 |
| Trade and other receivables | 7 | 4,665 | 5,087 |
| Available-for-sale financial assets | | – | 967 |
| **Total current assets** | | **138,196** | **109,646** |
| **Non-current assets** | | | |
| Receivables | 8 | 135 | 135 |
| Investment in joint venture | 9 | 126 | – |
| Property, plant and equipment | 10 | 18,123 | 20,992 |
| Investment property | 11 | 3,683 | – |
| Deferred tax assets | 4 | 7,752 | 9,073 |
| Intangible assets and goodwill | 12 | 85,158 | 89,679 |
| **Total non-current assets** | | **114,977** | **119,879** |
| **Total assets** | | **253,173** | **229,525** |
| **Current liabilities** | | | |
| Trade and other payables | 13 | 155,225 | 135,205 |
| Interest bearing loans and borrowings | 14 | – | 34 |
| Income tax payable | | 4,640 | 3,762 |
| Provisions | 15 | 1,397 | 1,388 |
| **Total current liabilities** | | **161,262** | **140,389** |
| **Non-current liabilities** | | | |
| Interest bearing loans and borrowings | 14 | 112 | 112 |
| Deferred tax liabilities | 4 | 2,678 | 2,678 |
| Provisions | 15 | 589 | 426 |
| **Total non-current liabilites** | | **3,379** | **3,216** |
| **Total liabilities** | | **164,641** | **143,605** |
| **Net assets** | | **88,532** | **85,920** |
| **Equity** | | | |
| Contributed equity | 16 | 28,947 | 25,574 |
| Retained earnings | | 59,280 | 54,694 |
| Reserves | 17 | 305 | 5,652 |
| **Total equity** | | **88,532** | **85,920** |

The accompanying notes form part of these financial statements

# STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

| AMOUNTS IN $'000 | NOTE | CONSOLIDATED 2011 | 2010 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers (inclusive of GST) | | 1,215,798 | 1,188,844 |
| Payments to suppliers and employees (inclusive of GST) | | (1,117,732) | (1,112,185) |
| Interest received | | 4,221 | 2,803 |
| Interest paid | | – | – |
| Income tax paid | | (18,827) | (20,186) |
| **Net cash flows from operating activities** | 19(a) | **83,460** | **59,276** |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of property, plant and equipment | | 50 | 118 |
| Proceeds from sale of available-for-sale financial asset | | 1,000 | – |
| Payments for property, plant and equipment | | (3,963) | (14,201) |
| Payments for web development | | (2,756) | (3,115) |
| Purchase of investment | | (126) | – |
| Acquisition of subsidiary, net of cash acquired | 21 | – | (1,970) |
| **Net cash flows used in investing activities** | | **(5,795)** | **(19,168)** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | 3,373 | 2,684 |
| Dividends paid | | (46,377) | (41,787) |
| Lease payments | | (34) | (105) |
| **Net cash flows used in financing activities** | | **(43,038)** | **(39,208)** |
| **Net increase in cash and cash equivalents** | | 34,627 | **900** |
| Net foreign exchange differences | | (4,688) | 931 |
| Cash and cash equivalents at beginning of year | | 103,592 | 101,761 |
| **Cash and cash equivalents at end of year** | 19(b) | **133,531** | **103,592** |

The accompanying notes form part of these financial statements

# STATEMENT OF CHANGES IN EQUITY

## For the year ended 30 June 2011

| CONSOLIDATED<br>AMOUNTS IN $'000 | ORDINARY SHARES | EMPLOYEE EQUITY BENEFITS RESERVE | FOREIGN CURRENCY TRANSLATION RESERVE | AVAILABLE FOR SALE INVESTMENT RESERVE | RETAINED EARNINGS | TOTAL EQUITY |
|---|---|---|---|---|---|---|
| **At 1 July 2010** | **25,574** | **5,109** | **566** | **(23)** | **54,694** | **85,920** |
| Profit for the period | – | – | – | – | 50,963 | 50,963 |
| Other comprehensive income | – | – | (5,805) | 33 | – | (5,772) |
| Income tax | – | – | – | (10) | – | (10) |
| **Total comprehensive income for the period** | **–** | **–** | **(5,805)** | **23** | **50,963** | **45,181** |
| **Transactions with owners in their capacity as owners:** | | | | | | |
| Shares issued | 3,373 | – | – | – | – | 3,373 |
| Share-based payment | – | 1,022 | – | – | – | 1,022 |
| Income tax | – | (587) | – | – | – | (587) |
| Dividends paid | – | – | – | – | (46,377) | (46,377) |
| **At 30 June 2011** | **28,947** | **5,544** | **(5,239)** | **–** | **59,280** | **88,532** |

## For the year ended 30 June 2010

| CONSOLIDATED<br>AMOUNTS IN $'000 | 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 | – | 1,109 | – | – | – | 1,109 |
| Income tax | – | (158) | – | – | – | (158) |
| Dividends paid | – | – | – | – | (41,787) | (41,787) |
| **At 30 June 2010** | **25,574** | **5,109** | **566** | **(23)** | **54.694** | **85,920** |

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 2011 was authorised for issue in accordance with a resolution of Directors made on 24 August 2011.

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 2011 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 Australia Accounting Standards and AASB Interpretations as of 1 July 2010.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] effective 1 January 2010
- AASB 2009-8 Amendments to Australian Accounting Standards—Group Cash-settled Share-based Payment Transactions [AASB 2] effective 1 January 2010
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]

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 2009-8 Amendments to Australian Accounting Standards—Group Cash-Settled Share-based Payment Transactions***

The amendments clarify the scope of AASB 2 Share-based Payment by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments incorporate the requirements previously included in Interpretation 8 Scope of AASB 2 and Interpretation 11 AASB 2—Group and Treasury Share Transactions. It did not have an impact on the financial position or performance of the Group.

***Annual improvements project***

In May 2009 and June 2010 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 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 2011 are outlined in the following columns:

## 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; (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 profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Financial assets can be designated and measured at fair value through profit or loss 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]

These amendments arise from the issuance of AASB 9 Financial Instruments that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This Standard shall be applied when AASB 9 is applied.

**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 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;

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 1054

**Australian Additional Disclosures**

This standard is as a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

(a) Compliance with Australian Accounting Standards

(b) The statutory basis or reporting framework for financial statements

(c) Whether the financial statements are general purpose or special purpose

(d) Audit fees

(e) Imputation credits

**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 2011 | 1 July 2011 |

### AASB 2010-4

**Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 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 January 2011 | 1 July 2011 |

### AASB 2010-5

**Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]**

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.

These amendments have no major impact on the requirements of the amended pronouncements.

**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 2011-1

**Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]**

This Standard amends many Australian Accounting Standards, removing the disclosures which have been relocated to AASB 1054.

**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 |

## 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 website for sale at the hotels' discretion. When bookings are made they are paid for immediately by customers using their credit cards as verified by an online merchant facility. The Consolidated Entity recognises the revenue when customers have commenced their stay at hotels.

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

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

***Flights and travel-related services revenue***
Revenue from services rendered is recognised in the 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.

***Rental revenue***
Rental revenue from investment properties is accounted for on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income.

### 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 20 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 was entered into between Wotif.com Holdings Limited and certain of its wholly-owned subsidiaries, being Wotif.com Pty Ltd, A.C.N 079 010 772 (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 the fair value of the acquiree's identifiable net 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. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. The Group performs its impairment testing at 30 May each year using discounted cash flows and using the value-in-use methodology. Further details on the methodology and assumptions used are outlined in Note 12.

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 three 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 profit or loss in the expense category consistent with the function of the intangible asset.

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

## 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:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and is probable that the temporary difference will reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each 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) Investment property

Investment property is measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property is measured at cost, less accumulated depreciation and any impairment losses.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. The Group accounts for investment property in accordance with the policy stated under Property, plant and equipment.

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

*Land*—not depreciated

*Buildings*—40 years

### j) Foreign currency transactions and balances

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

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

### k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

***i) Group as a lessee***
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

***ii) Group as a lessor***

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### l) 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.

### m) 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.

### n) 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 three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### o) Provisions

#### *i) Provision for dividends*

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

#### *ii) Provisions—general*

Provisions are recognised when the Group has 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.

### p) 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.

### q) Comparative information

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

### r) 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).

### s) Trade and other receivables

Trade receivables, principally amounts owing from debit or credit card companies, which generally settle within five 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.

### t) 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.

### u) 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 29).

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.

### v) 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.

### w) 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.

### x) Significant accounting judgements, estimates and assumptions

#### *i) Significant accounting judgements*

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

#### *ii) Significant accounting estimates and assumptions*

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

- ***Operating lease commitments***
  The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains substantially all the significant risks and rewards of ownership of these properties primarily as the lease does not transfer ownership of the asset to the lessee at the end of the lease term. Thus the Group has classified the leases as operating leases.
- ***Recovery of deferred tax asset***
  Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.
- ***Impaiment of intangible assets—goodwill***
  The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. An impairment loss of $Nil (2010: $Nil) was recognised in the current year in respect of goodwill. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill including a sensitivity analysis are discussed in Note 12.

- ***IT Development Costs***
  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. The period of expected benefit is reviewed at least on an annual basis. In the reporting period, all IT Development Costs have been capitalised and amortised within the reporting year.

- ***Share-based payment transactions***
  The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in Note 31. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

  The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black-Scholes formula, taking into account the terms and conditions upon which the instruments were granted (see Note 31).

### y) Joint venture entities

A jointly controlled entity is a corporation, partnership or other entity in which each participant holds an interest. A jointly controlled entity operates in the same way as other entities, controlling the assets of the joint venture, earning its own income and incurring its own liabilities and expenses. Interests in jointly controlled entities are accounted for using the equity method, whereby the share of the joint venture entity's profits or loss is recognised in the income statement, and the share of post-acquisition movements in reserves is recognised in other comprehensive income reserves in the statement of financial position. Joint venture details are set out in Note 9.

### z) Operating 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.  Flights revenue is determined by the location of where the ticket is issued. Expenses are determined by the location in which they are incurred.

### aa) Parent entity financial information

The financial information for the parent entity, Wotif.com Holdings Limited, disclosed in Note 32 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 2011 | 2010 |
|---|---|---|
| **Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity:** | | |
| **i) Revenue** | | |
| Interest received/receivable—other parties | 4,180 | 2,843 |
| Flights and other revenue | 12,183 | 12,225 |
| **Total** | **16,363** | **15,068** |
| **ii) Operational and administration expenses** | | |
| Credit card commission | 13,379 | 13,171 |
| Amortisation of IT Development Costs | 2,756 | 3,115 |
| Other amortisation | 298 | 276 |
| Web maintenance costs | 11,269 | 10,319 |
| Depreciation | 3,117 | 2,317 |
| Foreign exchange loss and currency conversion fees | 533 | 1,052 |
| Loss/(gain) on disposal of property, plant & equipment | (40) | (35) |
| Rent and outgoings | 621 | 552 |
| Share-based payments expenses | 1,022 | 1,109 |
| Financial expense on capitalised leases | 2 | 17 |
| Administration employment expenses including Directors' costs | 5,403 | 5,711 |
| Other expenses | 952 | 1,816 |
| **Total** | **39,312** | **39,420** |
| **iii) Employee benefits expense** | | |
| Wages and salaries (excluding IT development employees' wages and salaries capitalised) | 23,512 | 22,115 |
| Share-based payments expense | 1,022 | 1,109 |
| **Total** | **24,534** | **23,224** |

## 4. INCOME TAX

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **The major components of income tax expense are:** | | |
| **Income Statement** | | |
| **Current income tax** | | |
| Current income tax charge | 20,266 | 20,602 |
| Adjustments in respect of current income tax of previous year | (401) | 18 |
| **Deferred income tax** | | |
| Relating to origination and reversal of temporary differences | 734 | (12) |
| **Income tax expense reported in the Income Statement** | **20,599** | **20,608** |
| **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 | 10 | 8 |
| Income tax expense reported in equity | 587 | 158 |
| **Income tax expense reported in equity** | **597** | **166** |
| 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 | 71,562 | 73,558 |
| At the Consolidated Entity's statutory income tax rate of 30% | 21,469 | 22,067 |
| Adjustments in respect of current income tax of previous years | (401) | 18 |
| Research and development concession deduction | (262) | (176) |
| Foreign exchange and other translation adjustment | (31) | (22) |
| Foreign tax rate adjustment | (52) | (48) |
| Non-deductible amortisation | 83 | 77 |
| Other | 108 | 33 |
| Share-based payment expense | (315) | (1,341) |
| **Income tax expense** | **20,599** | **20,608** |

| AMOUNTS IN $'000 | STATEMENT OF FINANCIAL POSITION 2011 | 2010 | INCOME STATEMENT 2011 | 2010 |
|---|---|---|---|---|
| **Deferred income tax at 30 June relates to the following:** | | | | |
| **Deferred income tax liabilities** | | | | |
| Interest accrued not received | 8 | 11 | (3) | 10 |
| Brand names recognised in foreign subsidiary | 2,678 | 2,678 | – | – |
| **Gross deferred tax liabilities** | **2,686** | **2,689** | | |
| Set off of deferred tax assets | (8) | (11) | | |
| **Net deferred tax liabilities** | **2,678** | **2,678** | | |
| **Deferred income tax asset** | | | | |
| Tax losses | 7,004 | 7,004 | – | – |
| Accrued expenses | 88 | 293 | 205 | 64 |
| Provisions | 540 | 522 | (18) | (86) |
| Available-for-sale investment | – | 10 | 10 | – |
| Cash settled share-based payment | 128 | 1,255 | 540 | – |
| **Gross deferred tax assets** | **7,760** | **9,084** | | |
| Set off of deferred tax liabilities | (8) | (11) | | |
| **Net deferred tax assets** | **7,752** | **9,073** | | |
| **Deferred tax income/(expense)** | | | **734** | **(12)** |

### Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Wotif.com Holdings Limited and its 100% Australian-owned subsidiaries formed a tax consolidated group. Wotif.com Holdings Limited is the head entity of the tax consolidated group. Members of the Consolidated Entity have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the 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 24 August 2011, the Directors determined a fully franked dividend on ordinary shares of 12.5 cents per share in respect of the period to 30 June 2011. In accordance with Accounting Standards, the total amount of this final dividend of $26,401,181 has not been provided for in the 30 June 2011 Financial Statements.

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **a) Dividend paid** | | |
| Final franked dividend for 2010: 12.5 cents (2009 final: 11 cents) | 26,334 | 22,927 |
| Interim franked dividend for 2011: 9.5 cents (2010 interim: 9 cents) | 20,043 | 18,860 |
| | **46,377** | **41,787** |
| **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% | 14,521 | 14,764 |
| — franking that will arise from the payment of income tax as at the end of the period | 4,313 | 4,385 |
| | **18,834** | **19,149** |
| **c) Dividends proposed and not recognised as a liability** | | |
| 2011: 12.5 cents fully franked (2010: 12.5 cents fully franked) | 26,401 | 26,204 |
| | **26,401** | **26,204** |

## 6. CURRENT ASSETS—CASH AND CASH EQUIVALENTS

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| Cash at bank | 112,593 | 82,687 |
| Short-term deposits | 5,211 | 5,964 |
| Client funds account | 15,727 | 14,941 |
| | **133,531** | **103,592** |

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

## 7. CURRENT ASSETS—TRADE AND OTHER RECEIVABLES

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| Trade debtors | 3,917 | 4,279 |
| Prepayments | 748 | 808 |
| | **4,665** | **5,087** |

Trade receivables, principally amounts owing from credit card companies, generally settle within five 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 2011 and 30 June 2010 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

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| Loan to other parties, secured | 135 | 135 |
| | **135** | **135** |

This loan bears interest at 8.5% p.a.

## 9. INTEREST IN JOINT VENTURES

***Joint venture entity***
In April 2010 the Group entered into a joint venture agreement with Thien Minh Travel Joint Stock Company in relation to the establishment of a joint venture company which will own and operate the travel website iVIVU.com.

Information relating to the joint venture is presented in accordance with the accounting policy described in Note 2(y) and is set out below.

| | OWNERSHIP INTEREST % | | CARRYING VALUE OF THE INVESTMENT CONSOLIDATED $'000 | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| iVIVU Joint Venture | 50% | – | 126 | – |

At reporting date there were no commitments or contingent liabilities relating to the joint venture.

## 10. NON-CURRENT ASSETS—PROPERTY, PLANT AND EQUIPMENT

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|
| **Land and buildings** | | |
| Freehold land—at cost | 3,090 | 3,090 |
| Buildings—at cost | 11,215 | 8,174 |
| Less: accumulated depreciation | (388) | (256) |
| Less: transfers to investment property | (3,695) | – |
| | **10,222** | **11,008** |
| Plant and equipment—at cost | 17,291 | 17,067 |
| Less: Accumulated depreciation | (9,390) | (7,083) |
| | **7,901** | **9,984** |
| **Total property, plant and equipment** | **18,123** | **20,992** |

**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 2011** | | | | |
| Balance at 1 July 2010 | 3,090 | 7,918 | 9,984 | 20,992 |
| Exchange difference | – | – | (19) | (19) |
| Additions | – | 3,041 | 922 | 3,963 |
| Transfer to investment property | (790) | (2,905) | – | (3,695) |
| Disposals at written down value | – | – | (13) | (13) |
| Depreciation | – | (132) | (2,973) | (3,105) |
| **Balance at end of year** | **2,300** | **7,922** | **7,901** | **18,123** |
| **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** |

## 11. NON-CURRENT ASSETS—INVESTMENT PROPERTY

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| Opening balance as at 1 July 2010 | – | – |
| Transfer from property, plant and equipment | 3,695 | – |
| Depreciation | (12) | |
| **Closing balance as at 30 June 2011** | **3,683** | **–** |
| **Reconciliation of net profit on investment property** | | |
| Rental income from investment property | 47 | – |
| Direct operating expenses (including repairs and maintenance) generating rental income | (7) | – |
| **Net profit arising from investment property carried at cost** | **40** | **–** |

The Group has no restrictions on the realisability of its investment property and no contractual obligations to either purchase, construct or develop investment property or for repairs, maintenance and enhancements. Investment properties are carried at cost, less accumulated depreciation and any impairment losses. Using current prices in an active market for similar properties, the Group used an internal valuation process to estimate the fair market value of the investment property is $4,075,200.

| AMOUNTS IN $'000 | FREEHOLD LAND | FREEHOLD BUILDINGS | TOTAL |
|---|---|---|---|
| **Year end 30 June 2011** | | | |
| Balance at 1 July 2010 | - | - | - |
| Transfer from property, plant and equipment | 790 | 2,905 | 3,695 |
| Depreciation | - | (12) | (12) |
| **Balance at end of year** | **790** | **2,893** | **3,683** |

## 12. NON-CURRENT ASSETS—INTANGIBLE ASSETS AND GOODWILL

| CONSOLIDATED<br>AMOUNTS IN $'000 | IT DEVELOPMENT COSTS | TRADEMARK & BRAND NAMES | DOMAIN NAMES | CUSTOMER CONTRACTS | GOODWILL | SYSTEM SOFTWARE | TOTAL |
|---|---|---|---|---|---|---|---|
| **Year Ended 30 June 2011** | | | | | | | |
| At 1 July 2010 net of accumulated amortisation and impairment | – | 23,001 | 192 | 230 | 66,095 | 161 | 89,679 |
| Additions—internal development | 2,756 | – | – | – | – | – | 2,756 |
| Additions—other | – | – | – | – | – | 5 | 5 |
| Exchange differences | – | – | (43) | – | (4,185) | – | (4,228) |
| Amortisation | (2,756) | – | (20) | (230) | – | (48) | (3,054) |
| **At 30 June 2011 net of accumulated amortisation and impairment** | **–** | **23,001** | **129** | **–** | **61,910** | **118** | **85,158** |
| **At 30 June 2011** | | | | | | | |
| Cost (gross carrying amount) | 23,455 | 23,003 | 276 | 690 | 61,910 | 190 | 109,524 |
| Accumulated amortisation and impairment | (23,455) | (2) | (147) | (690) | – | (72) | (24,366) |
| **Net carrying amount** | **–** | **23,001** | **129** | **–** | **61,910** | **118** | **85,158** |

| CONSOLIDATED<br>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** |

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

### *i) IT Development Costs*

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

### *ii) Trademark and brand names*

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

### *iii) Domain names*

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

### *iv) Customer contracts*

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

### *vi) 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 five years and is amortised using the straight-line method over this period. At acquisition date, the acquired system software was considered to have four years remaining.

### *v) Goodwill*

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

No impairment losses have been recognised.

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

- Australia/New Zealand[28]; and
- Asia[29].

## b) Carrying amount of goodwill, trademarks and brand names allocatedto each of the cash-generating units

The carrying amounts of goodwill and trademark and brand names allocated to the Australia/New Zealand and Asia units are shown in the table below.

| | AUSTRALIA/NEW ZEALAND UNIT | | ASIA UNIT | | TOTAL | |
|---|---|---|---|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Carrying amount of goodwill | 39,845 | 39,845 | 22,065 | 26,250 | 61,910 | 66,095 |
| Carrying amount of trademarks and brand names with indefinite lives | 13,680 | 13,680 | 9,321 | 9,321 | 23,001 | 23,001 |

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

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

### c) Key assumptions used in value-in-use calculations for the Australian/New Zealand and the Asia cash-generating units for 30 June 2011

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

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

***ii) 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 rates applied to the cash flow projections are as follows:

- Australia/New Zealand cash generating unit – 10%;
- Asia cash generating unit – 12%.

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

***iv) Growth rate estimates***
In undertaking impairment testing growth rate estimates were made. The estimates used support the carrying value of the assets and are considered by management to be conservative and justified based on the history of the units. The growth rate estimates applied to the cash flow projections are as follows:

- Australia/New Zealand cash generating unit – 10% growth maintained each year;
- Asia cash generating unit – 20% growth declining 5% each year.

### d) Sensitivity to changes in assumptions

***(i) Australia/New Zealand cash-generating unit***
With regard to the assessment of the value in use calculation for the Australia/New Zealand unit, management prepared analysis based on the following changes in assumptions:

- Flat growth rates between 5% to 15% each year, combined with;
- Discount rates between 8% to 12%.

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.

***(ii) Asia cash-generating unit***
There are reasonably possible changes in key assumptions that could cause the carrying value of the unit to exceed its recoverable amount. The implications of the key assumptions on the recoverable amount are discussed below:

Growth rate estimates—management recognises that a deterioration in the political stability in South-east Asia as well as a worsening of the global economy could have a significant impact on growth rate assumptions. The effect of this is not expected to impact adversely on forecasts included in the budget, but could yield a reasonably possible alternative to the estimated long-term growth rate.

Management prepared analysis based on the following changes in growth rate assumptions:

- Growth rates of between 5% to 20% declining 5% each year;
- A reduction in the growth rate to 0% per year would give a fair value greater than the carrying amount of the Asia cash-generating unit.

Discount rate assumptions—management recognises that actual time value of money may vary to what they have estimated. Management prepared analysis based on the changes in the discount rate as follows:

- Discount rates between 10% to 15%

These changes in assumptions do not cause the carrying value of the unit to materially exceed its recoverable amount.

## 13. CURRENT LIABILITIES—TRADE AND OTHER PAYABLES

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| Amounts due in relation to bookings made | 85,779 | 82,522 |
| Trade creditors and accruals | 8,982 | 9,006 |
| Unearned revenue | 7,859 | 5,933 |
| Deposits received not yet due | 52,605 | 37,744 |
| | **155,225** | **135,205** |

## 14. INTEREST-BEARING LIABILITIES

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **Current** | | |
| Lease liability | – | 34 |
| | – | 34 |
| **Non-current** | | |
| Redeemable preference shares (see Note 20) | 112 | 112 |
| | 112 | 112 |

In the prior year, there was no security over lease liabilities and repayment was over one 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 (2010: $15 million). The facility is secured by a fixed and floating charge over the assets of the Group. As at 30 June 2011, no funds stood drawn under this facility and the Group was in compliance with all of the covenants.

## 15. PROVISIONS

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **Current** | | |
| Employee benefits | 1,373 | 1,364 |
| Make good provision | 24 | 24 |
| | 1,397 | 1,388 |
| **Non-current** | | |
| Employee benefits | 589 | 426 |
| | 589 | 426 |

*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.

## 16. CONTRIBUTED EQUITY

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| 211,209,444 (2010: 209,632,844) fully paid ordinary shares | 28,947 | 25,574 |
| | 28,947 | 25,574 |

| | CONSOLIDATED | |
|---|---|---|
| | SHARES | $'000 |
| **Movement in ordinary shares on issue** | | |
| **At 1 July 2009** | **208,390,044** | **22,890** |
| Employee options exercised | 1,242,800 | 2,684 |
| **At 1 July 2010** | **209,632,844** | **25,574** |
| Employee options exercised | 1,576,600 | 3,373 |
| **At 30 June 2011** | **211,209,444** | **28,947** |

*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 2011, dividends of $46,377,000 (2010: $41,787,000) were paid.

The Company's stated dividend policy is generally to maintain an 80%–90% payout ratio.

## 17. RESERVES

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **Investment reserve** | | |
| Balance at the beginning of the year | (23) | (43) |
| Unrealised gain / (loss) on investment | 33 | 28 |
| Income tax | (10) | (8) |
| **Balance at end of year** | **–** | **(23)** |
| **Foreign currency translation reserve** | | |
| Balance at the beginning of the year | 566 | 631 |
| Currency translation differences | (5,805) | (65) |
| **Balance at end of year** | **(5,239)** | **566** |
| Employee equity benefits reserve | | |
| Balance at the beginning of the year | 5,109 | 4,158 |
| Share-based payment | 1,022 | 1,109 |
| Deferred tax | (587) | (158) |
| **Balance at end of year** | **5,544** | **5,109** |
| **Total reserves** | **305** | **5,652** |

## 18. RELATED PARTY DISCLOSURES

### Other related party transactions

***Marketing fee***

During the year ended 30 June 2011, marketing services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received $43,600 (2010: $43,600) from the Group based on normal commercial terms.

***Brand licence***

During the year ended 30 June 2011, a trade mark and domain name licence has been provided to a company related to G T Wood (a Director) for use of the "Wotnews" brand. Under the licence, fees are payable to the Group on normal commercial terms when the licensee's revenues achieve a threshold level. This level was not achieved during the reporting period. During the year payments of Nil (2010: Nil) were made under the agreement.

## 19. STATEMENT OF CASH FLOWS RECONCILIATION

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|
| **a) Reconciliation of the net profit to the net cash flows from operations:** | | |
| Net profit | 50,963 | 52,950 |
| Depreciation of non-current assets | 3,117 | 2,317 |
| Amortisation of non-current assets | 3,054 | 3,391 |
| Net loss/(gain) on disposal of property, plant and equipment | (40) | (35) |
| Net exchange differences | 3,128 | (924) |
| Share options expensed | 1,022 | 1,109 |
| Income tax recognised directly in equity | (597) | (166) |
| **Changes in assets and liabilities net of effect from acquisition of controlled entities:** | | |
| (Decrease)/increase in provisions | 172 | 326 |
| (Increase)/decrease in trade receivables and prepayments | 422 | (730) |
| (Decrease)/increase in trade creditors and accruals | 20,019 | 452 |
| (Decrease)/increase in income tax payable | 879 | 17 |
| (Increase)/decrease in deferred income tax asset | 1,321 | 569 |
| **Net cash flows from operating activities** | **83,460** | **59,276** |
| **b) Reconciliation of cash** | | |
| Cash at bank | 128,320 | 97,628 |
| Term deposits at call | 5,211 | 5,964 |
| | **133,531** | **103,592** |

## 20. 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 | |
|---|---|---|---|---|
| | | | 2011 | 2010 |
| 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 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% | 100% |
| A.C.N 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% |
| — Latestays Co., Ltd (formerly E.T.C. Asia Co., Ltd) | Thailand | Ordinary | 100% | 100% |
| Asia Web Direct Tours & Activities Co., Ltd*** | Thailand | Ordinary | 49% | – |

* 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 22.

** Cumulative preference shares were issued by this entity to Thai business persons. The classification and treatment of these instruments is set out in Note 14.

*** Balance of ordinary shares were issued by this entity to Thai business persons. Those shares were funded by loan agreements which are secured by a share pledge, which can ultimately be called upon by Wotif.com Holdings Limited.

## 21. BUSINESS COMBINATIONS

*Prior year acquisitions*

**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 based on the best information available at the reporting date as follows:

| AMOUNTS IN $'000 | NOTE | RECONGNISED 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 | 12 | 2,054 | |
| **Total cost of the combination** | | **2,287** | |
| Acquisition-date fair-value of consideration transferred: | | | |
| Cash paid | | 2,238 | |
| Contingent consideration | | 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 statement of comprehensive income 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 statement of comprehensive income 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 activities available across the Group's websites, the Group anticipates that additional cross-selling opportunities will be realised.

There were no outstanding matters or contingent liabilities in relation to prior year business combinations at reporting date.

There were no business combinations in the year ending 30 June 2011.

## 22. 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 | 2011 | 2010 |
| **Total transaction value** | **1,056,700** | **1,034,564** |
| Accommodation revenue | 116,638 | 114,362 |
| Flights and other revenue | 10,338 | 11,720 |
| Interest received and receivable | 4,097 | 2,781 |
| **Total revenue** | **131,073** | **128,863** |
| Advertising and marketing expenses | 15,719 | 12,999 |
| Business development expenses | 7,691 | 6,544 |
| Operations and administration expenses | 37,862 | 37,259 |
| **Total expenses** | **61,272** | **56,802** |
| **Profit before income tax** | **69,801** | **72,061** |
| Income tax expense | 20,486 | 19,762 |
| **Net profit** | **49,315** | **52,299** |

### Statement of Comprehensive Income

| | CLOSED GROUP | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **Profit for the period** | **49,315** | **52,299** |
| **Other Comprehensive Income** | | |
| Net gain on investment | 33 | 28 |
| Income tax on other items of other comprehensive income | (10) | 8 |
| **Other comprehensive income for the period, net of tax** | **23** | **36** |
| **Total comprehensive income for the period** | **49,338** | **52,335** |

## Statement of Financial Position

| AMOUNTS IN $'000 | CLOSED GROUP 2011 | 2010 |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | 122,713 | 93,028 |
| Trade and other receivables | 3,828 | 4,731 |
| Available-for-sale financial assets | – | 967 |
| **Total current assets** | **126,541** | **98,726** |
| **Non-current assets** | | |
| Deferred income tax asset | 7,744 | 9,058 |
| Receivables | 135 | 135 |
| Investments in controlled entities | 36,398 | 36,739 |
| Property, plant and equipment | 17,610 | 20,228 |
| Investment property | 3,683 | – |
| Intangible assets and goodwill | 54,293 | 54,293 |
| **Total non-current assets** | **119,863** | **120,453** |
| **Total assets** | **246,404** | **219,179** |
| **Current liabilities** | | |
| Trade and other payables | 152,782 | 132,522 |
| Interest bearing liabilities | – | 34 |
| Income payable | 4,737 | 3,686 |
| Provisions | 1,290 | 1,278 |
| **Total current liabilities** | **158,809** | **137,520** |
| **Non-current liabilities** | | |
| Provisions | 589 | 426 |
| **Total non-current liabilities** | **589** | **426** |
| **Total liabilities** | **159,398** | **137,946** |
| **Net assets** | **87,006** | **81,233** |
| **Equity** | | |
| Contributed equity | 28,847 | 25,574 |
| Retained earnings | 56,714 | 50,503 |
| Reserves | 1,345 | 5,156 |
| **Total Equity** | **87,006** | **81,233** |

## 23. 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 24.

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 2011 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| Cash and cash equivalents | 133,531 | 103,592 |
| **Net exposure** | **133,531** | **103,592** |

At 30 June 2011, 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 $935,000 (2010: $725,000) higher/lower as a result of higher/lower income from cash and cash equivalents.

| CONSOLIDATED | POST TAX PROFIT HIGHER/(LOWER) | | EQUITY HIGHER/(LOWER) | |
|---|---|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 | 2011 | 2010 |
| +1% (100 basis points) | 935 | 935 | 725 | 725 |
| –1% (100 basis points) | (935) | (935) | (725) | (725) |

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 2011, the Group had the following exposure to foreign currencies that are not designated in cash flow hedges:

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **Financial Assets** | | |
| Cash and cash equivalents | 25,257 | 33,004 |
| Trade and other receivables | 11,754 | 2,038 |
| | **37,011** | **35,042** |
| **Financial Liabilities** | | |
| Trade and other payables | 29,881 | 27,980 |
| Interest bearing liabilities | 112 | 112 |
| | **29,993** | **28,092** |
| **Net exposure** | **7,018** | **6,950** |

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 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 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 2011, 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:

| CONSOLIDATED | POST TAX PROFIT HIGHER/(LOWER) | | EQUITY HIGHER/(LOWER) | |
|---|---|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 | 2011 | 2010 |
| Actual as at 30 June | 50,963 | 52,950 | 88,550 | 85,920 |
| AUD increases against all currencies 5% | 88 | 140 | (859) | 769) |
| AUD decreases against all currencies 5% | (98) | (154) | 949 | 850 |
| AUD increases against all currencies 10% | 169 | 266 | (1,640) | (1,468) |
| AUD decreases against all currencies 10% | (206) | (326) | 2,004 | 1,795 |

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 five 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, receivables 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 combination. 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 2011. 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 following table 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 14).

| CONSOLIDATED AMOUNTS IN $'000 | LESS THAN 6 MONTHS | 6 – 12 MONTHS | BETWEEN 1 & 2 YEARS | OVER 5 YEARS | TOTAL |
|---|---|---|---|---|---|
| **Year ended 30 June 2011** | | | | | |
| **Liquid financial assets** | | | | | |
| Cash and cash equivalents | 133,531 | – | – | – | 133,531 |
| Trade and other receivables | 4,665 | – | – | 135 | 4,800 |
| | **138,196** | **–** | **–** | **135** | **138,331** |
| **Financial liabilities** | | | | | |
| Trade and other payables | (155,225) | – | – | – | (155,225) |
| Interest-bearing loans and borrowings | – | – | – | (112) | (112) |
| Income tax payable | (4,640) | – | – | | (4,640) |
| | **(159,865)** | **–** | **–** | **(112)** | **(159,977)** |
| **Net inflow/(outflow)** | **(21,669)** | **–** | **–** | **23** | **(21,646)** |

| CONSOLIDATED AMOUNTS IN $'000 | LESS THAN 6 MONTHS | 6 – 12 MONTHS | BETWEEN 1 & 2 YEARS | OVER 5 YEARS | TOTAL |
|---|---|---|---|---|---|
| **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) |
| Income tax payable | (3,762) | – | – | | (3,762) |
| | **(139,001)** | **–** | **–** | **(112)** | **(139,113)** |
| **Net inflow/(outflow)** | **(30,322)** | **–** | **–** | **23** | **(30,299)** |

## 24. FINANCIAL INSTRUMENTS

*Fair values*

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

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **Available-for-sale financial assets** | **–** | **967** |

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:

| CONSOLIDATED 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 |
|---|---|---|---|---|
| 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.

## 25. 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 2011

***By geographic region***

| AMOUNTS IN $'000 | AUSTRALIA/ NEW ZEALAND[1] | ASIA[2] | REST OF WORLD | ELIMINATIONS | TOTAL |
|---|---|---|---|---|---|
| Accommodation revenue | 104,797 | 13,657 | 3,532 | – | 121,986 |
| Flights and other revenue | 9,814 | 719 | 920 | 730 | 12,183 |
| Interest | 4,098 | 82 | – | – | 4,180 |
| **Total revenue** | **118,709** | **14,458** | **4,452** | **730** | **138,349** |
| Expenses | 55,466 | 3,569 | 851 | 730 | 60,616 |
| Depreciation | 2,834 | 281 | 2 | – | 3,117 |
| Amortisation | 3,031 | 23 | – | – | 3,054 |
| **Total expenses** | **61,331** | **3,873** | **853** | **730** | **66,787** |
| **Profit before income tax expense** | **57,378** | **10,585** | **3,599** | **–** | **71,562** |
| Income tax expense | 16,344 | 3,176 | 1,079 | – | 20,599 |
| **Net profit/(loss)** | **41,034** | **7,409** | **2,520** | **–** | **50,963** |
| Assets | 208,075 | 41,161 | 6,902 | (2,965) | 253,173 |
| Liabilities | 140,601 | 17,020 | 7,020 | – | 164,641 |
| Capital expenditure | 3,084 | 286 | – | – | 3,370 |

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 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/(loss)** | **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.

## Operating segments

***i) Segment revenue reconciled to the statement of comprehensive income:***

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|
| Total segment revenue | 137,619 | 137,167 |
| Inter-segment sales elimination | 730 | (1,154) |
| **Total revenue** | **138,349** | **136,013** |

***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 expense 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% (2010: 30%) of the segment's net operating profit.

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|
| Segment net operating profit after tax | 50,963 | 52,950 |
| Income tax expense | 20,599 | 20,608 |
| **Total net profit before tax per the Income Statement** | **71,562** | **73,558** |

***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 2011 | CONSOLIDATED 2010 |
|---|---|---|
| **Reconciliation of segment operating assets to total assets** | | |
| Segment operating assets | 256,138 | 234,350 |
| Available-for-sale assets | – | 967 |
| Inter-segment elimination | (2,965) | (5,792) |
| **Total assets per the Statement of Financial Position** | **253,173** | **229,525** |

***iv) Segment liabilities reconciled to the Statement of Financial Position:***

Segment liabilities include trade and other payables and debt.

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | CONSOLIDATED 2010 |
|---|---|---|
| **Reconciliation of segment operating assets to total assets** | | |
| Segment operating liabilities | 164,641 | 143,605 |
| **Total liabilities per the Statement of Financial Position** | **164,641** | **143,605** |

## 26. EARNINGS PER SHARE

| AMOUNTS IN $'000 | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| The following reflects the income and share data used in the calculations of basic and diluted earnings per share: | | |
| **Net profit** | **50,963** | **52,950** |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share | 210,647,282 | 208,949,648 |
| **Effect of dilution** | | |
| Share options | 2,148,685 | 2,777,985 |
| Weighted average number of ordinary shares used in the calculation of diluted earnings per share | 212,795,967 | 211,727,633 |

## 27. AUDITOR'S REMUNERATION

| AMOUNTS IN $ | CONSOLIDATED 2011 | 2010 |
|---|---|---|
| **Amounts received or due and receivable by the auditors of the Consolidated Entity for:** | | |
| an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia) | 259,954 | 278,000 |
| 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) | 96,350 | 90,554 |
| an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by firm other than Ernst & Young | 16,957 | 16,768 |
| other services in relation to the entity and any other entity in the Consolidated Entity by Ernst & Young (Australia) | – | – |
| | **373,261** | **385,322** |

## 28. CONTINGENT LIABILITIES

At reporting date, the Consolidated Entity had a bank guarantee facility of $2,300,000 (2010: $2,300,000). There is a bank guarantee in respect of the lease of an office for an amount of $171,673 (2010: $171,673).

The Consolidated Entity also had purchasing card and direct debit facilities of $400,000 (2010: $400,000)

## 29. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments in place:

A network infrastructure and data centre arrangement with Pipe Networks of $70,000 per month (excluding GST) continuing until 13 May 2013.

A data centre arrangement with iSeek Communications Pty Ltd of $42,625 per month (excluding GST) continuing until 11 May 2013.

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

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **Remuneration commitments** | | |
| Within one year | 1,000 | 381 |
| Later than one year, but not later than five years | 2,564 | – |
| | **3,564** | **381** |
| **Finance lease commitments** | | |
| Finance lease commitments are payable: | | |
| — not later than one year | – | 34 |
| — later than one year but not later than five years | – | – |
| — later than five years | – | – |
| | **–** | **34** |
| Less future finance charges | – | – |
| | **–** | **34** |
| Lease liabilities provided for in the financial statements: | | |
| Current (see Note 14) | – | 34 |
| Non-current (see Note 14) | – | – |
| **Total lease liability** | **–** | **34** |

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| **Operating lease commitments—Group as lessee** | | |
| Future non-cancellable operating lease commitments not provided for in the financial statements and payable: | | |
| — not later than one year | 501 | 497 |
| — later than one year but not later than five years | 271 | 772 |
| — later than five years | – | – |
| | **772** | **1,269** |

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

*Operating lease commitments—Group as lessor*
The Group has entered into commercial property leases on premises consisting of the Group's surplus office buildings.

The non-cancellable leases have remaining terms of between two and three years. All leases include a fixed upward revision of the rental charge on an annual basis. Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2011 are as follows:

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $'000 | 2011 | 2010 |
| Not later than 1 year | 191 | – |
| Later than 1 year but not later than 5 years | 572 | – |
| Later than 5 years | – | – |
| | **763** | **–** |

## 30. 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

**Non-executive Directors**
G T Wood (became a Non-executive Director 1 July 2010)
R A C Brice
A B R Smith
D E Warneke (resigned 25 October 2010)
K J Gaffney (appointed 22 November 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 (resigned 20 May 2011) | Chief Financial Officer | Wotif.com Pty Ltd |
| G R Timm (appointed 23 May 2011) | Chief Financial Officer | Wotif.com Pty Ltd |

### Compensation of key management personnel

| | CONSOLIDATED | |
|---|---|---|
| AMOUNTS IN $ | 2011 | 2010 |
| Short-term employee benefits | 1,793,206 | 1,806,558 |
| Post-employment benefits | 125,315 | 88,515 |
| Other long-term benefits | 22,579 | 14,766 |
| Share-based payment | 443,221 | 469,642 |
| | **2,384,321** | **2,379,481** |

## 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 31.

### *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 |
|---|---|---|---|---|---|---|---|
| **FY2011 Key Management Personnel of the Consolidated Entity** | | | | | | | |
| R M S Cooke | 1,800,000 | 800,000 | 1,000,000 | – | 1,600,000 | 400,000 | 1,200,000 |
| A M Ross | 210,000 | 24,000 | 40,000 | – | 194,000 | – | 194,000 |
| C A Dawson[1] | 320,000 | 24,000 | 100,000 | (244,000) | – | – | – |
| G Timm[2] | 70,000 | 9,000 | – | – | 79,000 | – | 79,000 |
| **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 |

All figures in above table rounded to nearest '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.

| FY2011 | 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 | – | 1,000,000 | – | 1,071,500 |
| G T Wood | 48,161,000 | – | – | (1,000,000) | 47,161,000 |
| A B R Smith | 150,000 | – | – | – | 150,000 |
| R A C Brice | 34,500,000 | – | – | (1,000,000) | 33,500,000 |
| D E Warneke[3] | 30,000 | – | – | – | 30,000 |
| K Gaffney[4] | – | – | – | – | – |
| **Key Management Personnel of the Consolidated Entity** *Ordinary shares* | | | | | |
| A M Ross | 233 | – | 40,000 | – | 40,233 |
| C A Dawson[1] | – | – | 100,000 | (100,000) | – |
| G Timm[2] | 6,558 | – | – | – | 6,558 |

1 Resigned 20 May 2011.
2 Commenced 23 May 2011.
3 Ceased to be a director on 25 October 2010.
4 Appointed as a Director on 22 November 2010.

| 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 [1] | 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) | – |

1 Ceased to be a director on 28 February 2010

## 31. 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 | 2011 | 2010 |
| Options issued under the Executive Share Option Plan | 1,022 | 1,109 |
| Shares issued under Employee Share Plan | – | – |
| | **1,022** | **1,109** |

### 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:

***1. Vesting Date***

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

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

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

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

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

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

In respect of 872,500 options originally granted (**Package 7**), the options vest in three tranches (290,831 on 1 November 2013, 290,832 on 1 November 2014, and 290,837 on 1 November 2015) and have an exercise price of $4.43 per option.

In respect of 800,000 options originally granted (**Package 8**), the options vest in three tranches (400,000 on 31 October 2013, 200,000 on 31 October 2014, and 200,000 on 31 October 2015) and have an exercise price of $4.68 per option.

***2. Exercise Conditions***

*In respect of the Package 1 options, the performance criteria, all of which have been satisfied, were as follows:*

- for the first tranche, achieving Prospectus forecast earnings per share for FY2006;
- for the second tranche, achieving Prospectus forecast earnings per share for FY2007; and
- for the third tranche, achieving earnings per share growth in FY2008 10% above the earnings per share forecast in the Prospectus for FY2007.

*In respect of the Package 2 options, the performance criteria, all of which have been satisfied, were as follows:*

- for the first tranche, achieving Prospectus forecast earnings per share for FY2007; 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, all of which have been satisfied, were 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, all of which have been satisfied, were 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 the Package 7 options, the performance criterion is as follows:*

- for each tranche, achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.

*In respect of the Package 8 options, the performance criterion is as follows:*

- for each tranche, the Company's earnings per share for FY2013 must be at least 33.73 cents per share.

In respect of Packages 1 to 7 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, 6, 7 and 8 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;

In respect of Package 7 options, 31 December 2015;

In respect of Package 8 options, 31 December 2015.

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 2011.

| | PACKAGE 1 | PACKAGE 2 | PACKAGE 3 | PACKAGE 4 | PACKAGE 5 | PACKAGE 6 | PACKAGE 7 | PACKAGE 8 |
|---|---|---|---|---|---|---|---|---|
| **Grant date** | 10 April 2008 | 10 April 2006 | 19 March 2007 | 22 October 2007 | 4 July 2008 | 30 June 2009 | 3 September 2010 | 25 October 2010 |
| Share price | $2.00 | $2.00 | $4.20 | $4.75 | $2.92 | $4.43 | $4.50 | $4.60 |
| Exercise price | $2.00 | $2.00 | $4.20 | $4.75 | $2.92 | $4.43 | $4.43 | $4.68 |
| Dividend yield | 4.45% | 4.45% | 3.26% | 2.76% | 5.86% | 3.62% | 5.00% | 5.11% |
| Risk free rate | 5.57% | 5.57% | 6.03% | 6.45% | 6.56% | 5.32% | 4.37% | 4.97% |
| Volatility | 30%–40% | 30%–40% | 25%–35% | 25%–35% | 30%–40% | 35%–40% | 35%–40% | 35%–40% |
| **Vesting dates and fair value:** | | | | | | | | |
| *Tranche 1* | 2 December<br>$0.4282 | 1 October 2007<br>$0.4829 | 1 October 2008<br>$0.9966 | 22 October 2009<br>$1.835 | 1 November 2011<br>$0.693 | 1 November 2012<br>$1.44 | 1 November 2013<br>$0.94 | 31 October 2013<br>$0.91 |
| *Tranche 2* | 23 December 2007<br>$0.4589 | 1 October 2008<br>$0.5047 | 1 October 2009<br>$1.0519 | 22 October 2010<br>$1.910 | 1 November 2012<br>$0.699 | 1 November 2013<br>$1.48 | 1 November 2014<br>$1.02 | 31 October 2014<br>$1.01 |
| *Tranche 3* | 3 December 2008<br>$0.4820 | 1 October 2009<br>$0.5202 | 1 October 2010<br>$1.0995 | 22 October 2011<br>$1.975 | 1 November 2013<br>$0.6972 | 1 November 2014<br>$1.51 | 1 November 2015<br>$1.07 | 31 October 2015<br>$1.07 |
| *Tranche 4* | | 1 October 2010<br>$0.5300 | 1 October 2011<br>$1.1391 | | | | | |
| *Tranche 5* | | 1 October 2011<br>$0.5351 | 1 October 2012<br>$1.1713 | | | | | |
| **Expiry date** | 3 December 2010 | 31 December 2011 | 31 December 2012 | 31 December 2011 | 31 December 2013 | 31 December 2014 | 31 December 2015 | 31 December 2015 |

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 OF YEAR | BALANCE AT END OF YEAR | VESTED EXERCISABLE AT END OF YEAR |
|---|---|---|---|---|---|---|
| **FY2011** | | | | | | |
| Package 1 | 1,000,000 | – | 1,000,000 | – | – | – |
| Package 2 | 1,111,400 | – | 476,600 | 108,000 | 526,800 | 139,600 |
| Package 3 | 200,000 | – | 100,000 | 100,000 | – | – |
| Package 4 | 800,000 | – | – | – | 800,000 | 400,000 |
| Package 5 | 1,435,000 | – | – | 235,000 | 1,200,000 | – |
| Package 6 | 1,426,000 | – | – | 244,000 | 1,182,000 | – |
| Package 7 | – | 872,500 | – | 167,500 | 705,000 | – |
| Package 8 | – | 800,000 | – | – | 800,000 | – |
| **Total** | **5,972,400** | **1,672,500** | **1,576,600** | **854,500** | **5,213,800** | **539,600** |
| Weighted average exercise price | $3.24 | $4.55 | $2.14 | $3.68 | $3.92 | $4.04 |
| **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 |

### 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. If re-activated 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 five 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.

## 32. PARENT ENTITY FINANCIAL INFORMATION

### a) Summary financial information

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

| AMOUNTS IN $'000 | 2011 | 2010 |
|---|---|---|
| **Statement of Financial Position** | | |
| Current assets | 556 | 684 |
| **Total assets** | **121,707** | **120,215** |
| Current liabilities | 46,874 | 27,720 |
| **Total liabilities** | **46,874** | **27,720** |
| **Shareholders' equity** | | |
| Issued capital | 28,947 | 25,574 |
| Employee equity benefit reserve | 4,446 | 4,440 |
| Retained earnings | 454 | 366 |
| | **33,847** | **30,380** |
| **Profit for the year** | **46,664** | **41,874** |
| **Total comprehensive income** | **46,664** | **41,874** |

As noted in Note 22, 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.

## 33. EVENTS AFTER REPORTING DATE

On 24 August 2011, the Directors of Wotif.com Holdings Limited determined a final dividend on ordinary shares in respect of the 2011 financial year. The total amount of the dividend is $26,401,181 and is fully franked.

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

# DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Wotif.com Holdings Limited made on 24 August 2011, 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 2011 and of its performance for the year ended on that date; and

      B) complying with Accounting Standards (including the Australian Accounting Interpretations) 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 disclosed 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 22 on page 72) 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 2011.

**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 2011, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

# INDEPENDENT AUDIT REPORT

ERNST & YOUNG

### *Opinion*

In our opinion:

a. 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 as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

## Report on the remuneration report

We have audited the Remuneration Report included in pages 29 to 37 of the directors' report for the year ended 30 June 2011. 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.

### *Opinion*

In our opinion, the Remuneration Report of Wotif.com Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mike Reid

Mike Reid
Partner
Brisbane
24 August 2011

# SHAREHOLDER INFORMATION

## TOP 20 SHAREHOLDERS

At 11 August 2011, the 20 largest shareholdings of the Company's fully paid ordinary shares were as follows:

| RANK | SHAREHOLDER | NUMBER OF ORDINARY SHARES | PERCENTAGE HELD |
|---|---|---|---|
| 1. | Graeme Thomas Wood & Longtom Superannuation Pty Ltd | 47,161,000 | 22.33% |
| 2. | R & J Brice & JDB Services P/L | 23,050,000 | 10.91% |
| 3. | J P Morgan Nominees Australia Limited | 19,613,250 | 9.29% |
| 4. | National Nominees Limited | 17,123,875 | 8.11% |
| 5. | HSBC Custody Nominees (Australia) Limited | 12,272,538 | 5.81% |
| 6. | Mr Kevin Michael Fitzpatrick & Mr Anthony John Fitzpatrick | 8,224,300 | 3.89% |
| 7. | UBS Nominees Pty Ltd | 6,680,273 | 3.16% |
| 8. | Brazil Farming Pty Ltd | 5,746,900 | 2.72% |
| 9. | UBS Wealth Management Australia Nominees Pty Ltd | 5,606,336 | 2.65% |
| 10. | RAC & JD Brice Superannuation Pty Ltd | 5,450,000 | 2.58% |
| 11. | Cogent Nominees Pty Limited | 4,693,981 | 2.22% |
| 12. | Ms Anna Creeth Cottell | 4,647,000 | 2.20% |
| 13. | The UQ Endowment and Benefit Fund Ltd | 4,402,650 | 2.08% |
| 14. | Citicorp Nominees Pty Limited | 3,771,407 | 1.79% |
| 15. | Australian Reward Investment Alliance | 3,309,979 | 1.57% |
| 16. | Credit Suisse Securities (Europe) Ltd | 2,080,000 | 0.98% |
| 17. | Private Nominees Limited | 1,353,027 | 0.64% |
| 18. | Citicorp Nominees Pty Ltd | 1,318,956 | 0.62% |
| 19. | JP Morgan Nominees Australia Limited | 1,082,818 | 0.51% |
| 20. | The Mather Endowment Ltd | 1,000,000 | 0.47% |
| **Total** | | **178,588,290** | **84.56%** |

## SUBSTANTIAL SHAREHOLDERS

At 11 August 2011, 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<br>(by notice dated 7 June 2009, last updated 22 June 2011) | 47,161,000 |
| RAC Brice and JD Brice / JDB Services Pty Ltd<br>(by notice dated 7 June 2006, last updated 28 June 2011) | 33,500,000 |
| Hyperion Asset Management<br>(by notice dated 1 April 2010, last updated 6 May 2011) | 18,724,692 |
| FMR LLC and FIL Limited<br>(by notice dated 5 July 2010, last updated 5 August 2011) | 17,289,801 |

## DISTRIBUTION OF SHAREHOLDINGS

(as at 11 August 2011)

| | NUMBER OF HOLDERS OF ORDINARY SHARES | PERCENTAGE OF HOLDERS | NUMBER OF SHARES | PERCENTAGE OF SHARES |
|---|---|---|---|---|
| 1 - 1,000 | 3,517 | 45.02% | 1,854,553 | 0.88% |
| 1,001 - 5,000 | 3,300 | 42.25% | 8,486,217 | 4.02% |
| 5,001 - 10,000 | 599 | 7.67% | 4,501,728 | 2.13% |
| 10,001 - 100,000 | 345 | 4.42% | 8,533,123 | 4.04% |
| 100,001 and over | 50 | 0.64% | 187,833,823 | 88.93% |
| **Total** | **7,811** | **100.00%** | **211,209,444** | **100.00%** |

## HOLDERS OF NON-MARKETABLE PARCELS

As at 11 August 2011, there were 398 shareholders with less than a marketable parcel of the Company's shares (namely 112 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.

# SUSTAINABILITY

Wotif Group is committed to supporting environmental and social sustainability as part of our responsibility to investors, staff, customers, suppliers and the communities in which we operate. The travel industry, perhaps more than any other, depends upon the protection of the globe's natural heritage and the environment. As an industry, we are also uniquely placed to responsibly lift and improve people's education and living standards in many locations around the world. Initiatives that advance these causes are held as core values for the team at the Wotif Group—not only because they are good for the planet, but because they are good for our industry.

## CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility (**CSR**) Committee, started in 2010, continued to investigate ways the Group could demonstrate its commitment to sustainability by support for environmental and social initiatives. The Committee is comprised of representatives from each business unit around the globe.

Examples of our core values in action are set out below:

This year the CSR Committee decided to renew our commitment to our existing charity partners in order to further strengthen and build our relationship with them. In FY2011 we facilitated a number of meetings between charity partners and representatives from our consumer brands to allow for greater exposure of the charities to our customers. As a result, these charities have been featured in customer communication via email and social media, and ongoing sponsorship promotion campaigns have been developed.

We have continued to use the Queensland Government's Business Sustainability Roadmap as a guide to planning measurable action. This year that meant continuing to establish a baseline consumption position due to our move to a new head office in Brisbane and our data centre migration. As a result of this focus, we were able to include design innovations in our new office to reduce energy consumption. Staff in most major offices have been presented with their current consumption levels of electricity, water and paper, and encouraged to find ways to reduce these levels.

## ENVIRONMENT

The past year has shown the direct effects that natural and man-made disasters can have on the travel industry around the globe, and reinforces the need for us to take steps to minimise our environmental footprint. To this end we continued to look at ways to reduce our carbon footprint.

Big advances were made following our recent move to new data centres. As part of the relocation of our Brisbane data centre, we selected hardware that offers state-of-the-art reliability and service, and that is more energy efficient. In addition, iseek, our Brisbane data centre provider of choice, has achieved a Power Usage Effectiveness (PUE) rating of 1.3[1], making it one of the most energy efficient in Australia.

We have also embarked on action to make it easier for our customers to choose eco-friendly accommodation options. In June 2011 alone, customers entered approximately 1,000 searches for "green" or "eco" hotels. Together with direct relationships with eco-tourism accreditation bodies internationally, we provide accommodation suppliers the opportunity to promote their eco credentials, and consumers the ability to search for and choose properties with accredited standards of environmental sustainability.

During the year, the Wotif Group has continued to support the work of the Australian Orangutan Project, which strives to rescue and protect the endangered Sumatran and Bornean orangutans. As part of their work, they strive to protect native rainforest in Borneo and Sumatra, which has a dual effect of protecting orangutan habitat, and protecting the carbon sinks that those rainforests represent.

Consistent with our identity as an e-commerce business, our investor relations practices have evolved using technology to put us among the ASX leaders in the shift to email and online investor communication. The past 12 months have seen our e-communication opt-in grow to 35% (FY2010: 30%) and only 5% of shareholders have opted to receive a hard copy of our Annual Report. These represent savings in administration costs as well as to paper, water and energy consumption.

1 iseek Communications Pty Ltd, Enterprise Class Data Centre (http://iseek.com.au/data-centres/)

## SAFETY

During the year we maintained our track record of a low number of workplace insurance claims. This testifies to the priority we give to ensuring a safe work environment. Our disaster response plans, which form part of our Group-wide risk management framework, emphasise that our first priority in managing all risk scenarios is the safety of our staff. This approach was put into effect during the 2011 Brisbane floods, when staff were immediately sent home to avoid rising flood waters, and to attend to their own and their families' properties where required. Our business continuity plans enabled services to our customers and suppliers to continue during this period without interruption.

## A FOCUS ON EDUCATION

During the past 12 months, we have strengthened our commitment to developing the next generations in the communities where we operate through our partnerships with a diverse number of non-profit organisations —ACT for Kids, Beacon Foundation, Christian Children's Fund (CCF) Thailand, the Oaktree Foundation's Schools for Schools program and the University of Queensland's Young Achievers Program.

In these partnerships we provide advice, volunteer hours and resources, and direct financial support for specific programs that educate, nurture young talent, and alleviate suffering, neglect and abuse. These are our investments that reinforce the basic human rights of food, shelter, health care and education, ensuring future generations can enjoy the lifestyle choices that we provide.

Our Diversity Policy, detailed on page 24, gives details of our commitment to social sustainability.


*locations not to scale

# WOTIF GROUP GLOBAL NETWORK

## Locations with Wotif Group offices

**Australia**
Brisbane Head Office
Sydney

**New Zealand**
Auckland

**Thailand**
Bangkok
Koh Samui
Phuket

**Malaysia**
Kuala Lumpur

**Singapore**
Singapore

**Indonesia**
Bali

**China**
Shanghai

**Hong Kong**
Hong Kong

**United Kingdom**
London

## Locations with Wotif Group representatives

| | |
|---|---|
| Argentina | Buenos Aires |
| Australia | Cairns |
| Canada | Toronto |
| China | Beijing/Guangzhou |
| Columbia | Leticia |
| Czech Rep. | Prague |
| Indonesia | Jakarta |
| Italy | Naples |
| Japan | Hyogo Ken |
| New Zealand | Christchurch |
| Philippines | Manila |
| Spain | Vigo |
| South Africa | Johannesburg |
| Vietnam | Ho Chi Minh City |

*locations not to scale

# CORPORATE DIRECTORY

### Registered Office
Wotif.com Holdings Limited
7 Baroona Road
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
Corporate Directory

### Key dates*
Financial year end 30 June 2011

Announcement of audited results and dividend to ASX 24 August 2011

Dividend record date 16 September 2011

Dividend payment (final) 12 October 2011

Annual General Meeting 24 October 2011

* 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 24 October 2011.

### 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 Mezzanine Group together with Mega Colour, who employ environmentally sustainable print processes. It has been printed on paper certified by the Forest Stewardship Council of Australia, using soy-based inks.

To date, investors have reduced their demand for printed copies of the Annual Report by more than 95%. 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.


WOTIF GROUP

wotif.com No.1 in online accommodation

wotflight Just plane easy

GO DO

live every lastminute.com.au

travel.com.au ONE DESTINATION. ENDLESS POSSIBILITIES.

LateStays.com LAST-MINUTE HOTEL BOOKINGS

ASIAWEB DIRECT

Arnold Arnold Travel Technology Pty Limited