

# ASX ANNOUNCEMENT

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

Tuesday 17 September 2013

## Market Release – Notice of Meeting

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

- Letter of Invitation to Shareholders and Proxy Form;
- Notice of Annual General Meeting and Explanatory Notes; and
- 2013 Annual Report

**For further information please contact:**

**Sean Simmons**

**Company Secretary**

T: 61 7 3512 9931

F: 61 7 3512 9914

E: [sean.simmons@wotifgroup.com](mailto:sean.simmons@wotifgroup.com)

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

17 September 2013



⑆ 000001 000 WTF  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

All correspondence to:  
Wotif.com Holdings Limited's Share Registry  
c/- Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne Vic 3001  
Phone: (within Australia) 1300 552 270  
(outside Australia) +61 3 9415 4000  
Fax: (within Australia) 1800 783 447  
(outside Australia) + 61 3 9473 2555

Dear Shareholder,

I am writing to invite you to attend Wotif.com Holdings Limited's Annual General Meeting.

The meeting will commence at 2.30 pm (Brisbane time) on Monday, 21 October 2013 at The Art Gallery Room, Customs House, 399 Queen Street, Brisbane. A Notice of Meeting, Explanatory Notes and Proxy Form are enclosed with this invitation.

#### Attendance

**If you are to attend the meeting please bring this letter with you to assist us in processing your registration efficiently.** It would also be helpful if you could let us know if you are coming to the meeting by calling us on (07) 3512 9965 or by emailing [agm@wotifgroup.com](mailto:agm@wotifgroup.com).

#### Voting

It is not obligatory to vote at the meeting. If you would like to vote on the resolutions contained in the Notice of Meeting you may either attend the meeting or alternatively appoint a proxy to vote for you at the meeting by using the attached Proxy Form. If you intend to appoint a proxy please complete the Proxy Form and return it to us in accordance with the directions on the reverse side of the form by 2.30 pm (Brisbane time) on Saturday 19 October 2013. Alternatively, you may lodge your proxy vote online by visiting [www.investorvote.com.au](http://www.investorvote.com.au).

#### Annual Report

Wotif.com Holdings Limited's 2013 Annual Report is available from our website at [www.wotifgroup.com](http://www.wotifgroup.com). A copy of the Annual Report is enclosed if you have elected to receive a printed copy.

Your Directors and the Management of Wotif.com Holdings Limited look forward to seeing you at the meeting.

Yours sincerely,

**Dick McIlwain**  
Chairman

**PLEASE BRING THIS LETTER TO THE ANNUAL GENERAL MEETING FOR REGISTRATION**

#### AGM REGISTRATION



The Annual General Meeting of Wotif.com Holdings Limited is to be held on Monday, 21 October 2013 at 2.30 pm (Brisbane time) at The Art Gallery Room, Customs House, 399 Queen Street, Brisbane, with registration commencing at 1.30 pm.

**Corporate Shareholders Please Note:**

**Representatives should present satisfactory evidence of their appointment when they register**



**Help** cut company costs  
save the environment

## You can help with a click of your mouse.

### How?

Opt in to receive all your Wotif shareholder communication by email

### Wot will that do?

It will reduce the amount of paper printed, posted and pulped

AND

Help us cut our administration costs

### Why?

It's good for the environment, our bottom line and your portfolio!

**To sign up for electronic communications go to  
[www.investorcentre.com/ecomms](http://www.investorcentre.com/ecomms)**

Don't forget, you can visit [www.wotifgroup.com](http://www.wotifgroup.com) any time to access Wotif's annual reports, ASX releases, share price information, presentation material and notification of upcoming events.

By submitting your email address you acknowledge and agree that you have read and understood Computershare's Terms and Conditions of Use which can be obtained on the Computershare website (<https://www-au.computershare.com/Investor/TermsAndConditionsTextOnly.asp>), or alternatively by calling Computershare on 1300 850 505.

Computershare's Privacy Policy can also be found on <https://www-au.computershare.com/Investor/PrivacyStatement.asp>.

You may change your communication elections at any time by logging onto [www.investorcentre.com/ecomms](http://www.investorcentre.com/ecomms) or by contacting Computershare on 1300 850 505 or +61 3 9415 4000. If you have previously elected to receive a hard copy of the Annual Report, that election will stand.



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



**Lodge your vote:**



**Online:**

www.investorvote.com.au OR scan the QR code on the front of this Proxy Form with your mobile device and insert your postcode



**By Mail:**

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) www.intermediaryonline.com

**For all enquiries call:**

(within Australia) 1300 552 270  
(outside Australia) +61 3 9415 4000

000001 000 WTF  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Proxy Form**



**Vote and view the annual report online**

Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device. Follow the instructions on the secure website to vote.



**Your access information that you will need to vote:**

**Control Number: 999999**

**SRN/HIN: I999999999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 2.30pm (Brisbane time) Saturday 19 October 2013**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

**Signing Instructions for Postal Forms**

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

**Attending the Meeting**

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Wotif.com Holdings Limited hereby appoint

the Chairman of the meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Wotif.com Holdings Limited to be held at The Art Gallery Room, Customs House, 399 Queen Street, Brisbane on Monday, 21 October 2013 at 2.30pm (Brisbane time) and at any adjournment of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 4** (except where I/we have indicated a different voting intention below) even though **Item 4** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on **Item 4** by marking the appropriate box in step 2 below.

## STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

### ORDINARY BUSINESS

	For	Against	Abstain
Item 2 Election of Director - Mr David Do	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Re-election of Director - Mr Ben Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### SPECIAL BUSINESS

	For	Against	Abstain
Item 5 Amendment to Constitution - Payment of Dividends	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name \_\_\_\_\_

Contact Daytime Telephone \_\_\_\_\_

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_



**Wotif.com Holdings Limited ACN 093 000 456**

## ***Notice of Annual General Meeting***

Wotif.com Holdings Limited gives notice that its Annual General Meeting will be held at 2.30pm (Brisbane time) on Monday, 21 October 2013 at The Art Gallery Room, Customs House, 399 Queen Street, Brisbane.

### **Ordinary Business**

#### **Item 1: Financial Statements and Reports**

To receive and consider the Financial Report of Wotif.com Holdings Limited and its controlled entities together with the Directors' and Auditor's reports for the financial year ended 30 June 2013.

#### **Item 2: Election of Director**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That David Do, having been appointed a Director since the last Annual General Meeting, and retiring in accordance with the Constitution, being eligible, is elected as a Director of Wotif.com Holdings Limited."*

#### **Item 3: Re-election of Director**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That Ben Smith, a Director, being eligible, is re-elected as a Director of Wotif.com Holdings Limited."*

#### **Item 4: Remuneration Report**

To consider and, if thought fit, to pass the following ordinary resolution:

*"That the Remuneration Report as set out in the 2013 Annual Report be adopted".*

(Note: the vote on this resolution is advisory only and does not bind the Directors of the Company).

### **Special Business**

#### **Item 5: Amendment to Constitution – Payment of Dividends**

To consider and, if thought fit, to pass the following special resolution:

*"That pursuant to section 136 of the Corporations Act 2001 (Cth) and for all other purposes, Wotif.com Holdings Limited amend its constitution in the following manner:*

Delete Article 10.1 (a) and replace with:

*Subject to the Applicable Law and any rights or restrictions attached to a class of Shares, the Company may pay Dividends as the Directors resolve. Unless otherwise resolved by the Directors, Dividends shall be paid to Members by electronic funds transfer."*

## ***Explanatory Notes***

### **Item 1 - Financial Statements and Reports**

The *Corporations Act 2001* requires that the Report of the Directors, the Auditor's Report and the Financial Report be laid before the Annual General Meeting. In addition the Company's Constitution provides for such reports and statements to be received and considered at the Meeting. These Reports are contained in the Company's Annual Report 2013. Shareholders can access a copy of the Annual Report on the Company's internet site, [www.wotifgroup.com](http://www.wotifgroup.com) under "Dates and Reports". As permitted by legislation, a printed copy of the Company's Annual Report 2013 has been sent only to those shareholders who have elected to receive a printed copy. Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the Meeting on such reports or statements, however shareholders will be given ample opportunity to raise questions with respect to these reports and statements at the Meeting.

### **Item 2 - Election of Mr David Do**

David Do, having been appointed as a Director since the last Annual General Meeting, retires in accordance with the Company's Constitution and offers himself for election. The following information has been provided by David Do in support of his election as Director:

#### ***Information about the candidate***

David (age 39) joined the Board on 28 February 2013 as a Non-executive Director.

David Do has significant experience in Asia, and with digital commerce. Prior to founding VI Group (a SE-Asia focused private equity firm), David was a general manager at Microsoft where he led strategy, mergers and acquisitions, investments and joint ventures. In his role, he was part of the team that managed Microsoft's investment in Expedia and also the acquisition of a leading online travel aggregator and fare prediction company, Farecast.

David holds an MBA from Harvard University and a Bachelor of Commerce from the University of New South Wales. He was previously a member of the Board of Directors for MSNBC, CNBC, ninemsn and Internet companies in China, Latin America and the Middle East.

The Board has determined that David is an Independent Director.

*The Board recommends the election of Mr Do. The Chairman of the Meeting intends to vote undirected proxies in favour of this Resolution.*

### **Item 3 - Re-election of Director**

Ben Smith offers himself for re-election. The following information has been provided by Ben Smith in support of his re-election as Director:

#### ***Information about the candidate***

Ben (age 48) joined the Board on 3 April 2006 as a 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.

#### **Item 4 - Remuneration Report**

It is a requirement under the *Corporations Act 2001* that the Directors' Report (as contained in the 2013 Annual Report) include a Remuneration Report that discloses:

- certain information with respect to the Company's remuneration policy; and
- details of the remuneration of certain Company officers and executives.

The Remuneration Report is set out on pages 29 to 41 of the Directors' Report in the Company's Annual Report 2013. The report:

- explains the Company's remuneration reward framework for its executives;
- discusses how the remuneration reward framework aligns reward with achievement of key financial objectives and creation of value for shareholders;
- sets out remuneration details for each Director and the Company's other key management personnel;
- provides details on all equity instruments provided as remuneration to each Director and the Company's other key management personnel.

The *Corporations Act 2001*:

- requires that a resolution that the Remuneration Report be adopted must be put to the vote at the Company's Annual General Meeting; and
- provides that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Shareholders will be given reasonable opportunity to ask questions and make comments on the Remuneration Report at the Meeting.

Under recent amendments to the *Corporations Act 2001* listed companies that receive 25 per cent or more 'no' votes on the resolution for the adoption of the Remuneration Report in two consecutive years must put to shareholders a board 'spill resolution' at the AGM where the second 'no' vote is received. In the scenario where a spill resolution is carried, existing directors (other than the Managing Director) would be required to resign and stand for re-election at a meeting of shareholders unless the directors have been replaced by new directors.

*The Board recommends that shareholders vote in favour of this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of this Resolution.*

#### **Item 5 - Amendment to Constitution – Payment of Dividends**

Section 254T of the *Corporations Act 2001* details the circumstances in which a dividend may be paid by a company. That section has been amended to provide for a three-tiered "net assets test" under which a company may pay a dividend only when the following conditions are met:

- the company's assets must exceed its liabilities immediately before the dividend is declared and the excess must be sufficient for the payment of the dividend; and
- the payment of the dividend must be fair and reasonable to the company's Shareholders as a whole; and
- the payment of the dividend must not materially prejudice the company's ability to pay its creditors.

Prior to the amendment, a company could only pay dividends out of profits.



Article 10.1(a) of the Company's constitution currently states that dividends may only be paid out of profits. This means that, at present, if the Company wished to pay dividends it would have to comply with both the "profits" test under the current constitution and the "net assets test" under the *Corporations Act 2001*.

The Directors consider that it is appropriate for the Company to amend Article 10.1(a) of the constitution to allow for the payment of dividends in the manner permitted by the *Corporations Act 2001*.

In addition, the Government has flagged that it may make further amendments to section 254T of the *Corporations Act* in the future. Accordingly, the proposed amendment to Article 10.1(a) of the constitution has been drafted broadly to permit the Company to pay dividends as permitted by applicable law, thereby accommodating any future changes that may be made to the *Corporations Act 2001*.

### ***Voting exclusion statement***

The Company will disregard any votes cast on Item 4 by the Directors and their associates and other Key Management Personnel (**KMP**) (being persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly) and each of their closely related parties (including spouse, children, dependents, other family members, and companies controlled by the KMP).

However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form (or provided electronically), or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form (or provided electronically).

### **How to Lodge a Proxy**

Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne VIC 3001  
*(Please use enclosed reply envelope)*

Facsimile (within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

Lodge proxy electronically at:

[www.investorvote.com.au](http://www.investorvote.com.au)

or scan the QR code on the front of the accompanying Proxy Form with your mobile device and insert your postcode when prompted.

For Intermediary Online Subscribers only (custodians):

[www.intermediaryonline.com](http://www.intermediaryonline.com)

You can arrange to receive shareholder information electronically, or obtain a replacement or second Proxy Form, by contacting Computershare on 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia).

## **Important Notes**

### **1. Voting Entitlement**

Pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001*, Wotif.com Holdings Limited has determined a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of shareholders as at 7pm (Sydney time) on Saturday 19 October 2013. Accordingly share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

### **2. Proxies**

- (a) Any member entitled to attend and vote is entitled to appoint not more than two proxies to attend and vote in his or her stead.
- (b) If a shareholder appoints more than one proxy, the appointment of the proxy may specify the proportion or number of that shareholder's votes that each proxy may exercise. If the appointment does not specify the proportion or the number of the shareholder's votes each proxy may exercise, each proxy may exercise one half of the votes.
- (c) Where a shareholder appoints more than one proxy neither proxy is entitled to vote on a show of hands.
- (d) A proxy need not be a shareholder of Wotif.com Holdings Limited.
- (e) To be effective, Wotif.com Holdings Limited must receive the completed Proxy Form and, if the form is signed by the shareholder's attorney, the authority under which the Proxy Form is signed (or a certified copy of the authority) by no later than 2.30 pm (Brisbane time) on Saturday 19 October 2013. Proxy Forms and other documentation may be lodged as follows:
  - online at either:
    - [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR code on the front of the accompanying Proxy Form with your mobile device and insert your postcode when prompted; or
    - [www.intermediaryonline.com](http://www.intermediaryonline.com) (for Intermediary Online Subscribers only (custodians)).
  - by mail either:
    - by using the enclosed reply paid envelope; or
    - to Wotif.com Holdings' Share Registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001.
  - by facsimile to:
    - Wotif.com Holdings Limited's Share Registry, Computershare Investor Services Pty Limited on 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia); or
- (f) Proxies given by corporate shareholders must be executed in accordance with their constitutions and the *Corporations Act 2001*, or under the hand of a duly authorised attorney.
- (g) If a proxy is not directed how to vote on an item of business, the proxy may vote, or abstain from voting, as he or she thinks fit.
- (h) A member of the Company who is entitled to vote at the Meeting may submit a written question to the auditor if the question is relevant to:
  - the content of the Auditor's Report to be considered at the Meeting; or
  - the conduct of the audit of the annual Financial Report to be considered at the Meeting.

The question may be submitted by giving it to the Company no later than the fifth business day before the Meeting is to be held.



# ANNUAL REPORT

Wotif.com Holdings Limited

## Operational and Financial Highlights

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Key Investor Figures	FY13
Earnings per share	24.10 cents
Dividend per share (interim and final – fully franked)	23 cents
Return on shareholders' equity	51.1%
Number of shareholders (as at 30 June 2013)	7,545

Key Results	FY13	FY12
Total revenue	\$146.6 million	\$145.3 million
Profit before depreciation, amortisation and taxation	\$79.9 million	\$86.3 million
Profit before tax	\$73.6 million	\$81.3 million
Net profit after tax	\$51.0 million	\$58.0 million

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# Wotif Group Brands

Wotif Group operates leading online travel brands in the Asia Pacific region:

Wotif.com, lastminute.com.au, travel.com.au, Asia Web Direct, LateStays.com, GoDo.com.au and Arnold Travel Technology, along with a network of other travel content and destination websites, such as Phuket.com and Bangkok.com.

Wotif.com launched in 2000, and listed on the Australian Securities Exchange in June 2006 as Wotif.com Holdings Limited, trading under the ASX code "WTF".

The Company has offices in Australia, including its head office in Brisbane, with additional offices in China, Indonesia, Malaysia, New Zealand, Singapore, Thailand, the United Kingdom and Vietnam.



Wotif.com is Australasia's leading travel website, at the forefront of online travel since 2000. With an enviable accommodation range in Australia and New Zealand, Wotif.com sells hotels, domestic and international flights, and flight-hotel-theatre packages.

live every  
**lastminute.com.au**

This fun lifestyle brand has a broad range of hotels, international and domestic flights, holiday packages, travel insurance, car hire, gifts and experiences.



With an online pedigree dating back to 1993, Asia Web Direct provides rich, multi-lingual content, inspirational images, guest reviews, travel guides, and an easy-to-use booking service for travel destinations in Asia.



LateStays.com promotes last-minute accommodation deals and is perfect for quick, simple and straightforward bookings. Customers can browse and book in English, Chinese, Indonesian, Japanese, Korean, Malaysian, Thai and Russian.



GoDo is a leading provider in the activities and things to do market. Through its website, leisure and tourism affiliates and online distribution channels, GoDo offers more than 2,500 activities across 12 categories.



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



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

**69 COUNTRIES**  
with Wotif Group partner  
accommodation worldwide



ACCOMMODATION TYPES

- Hotel
- Motel
- Self Catering Apartment
- Cottage/Cabin
- Backpacker/Hostel
- B&B/Guest House
- Holiday/Caravan Park
- Farmstay
- Lodge
- Pub Accommodation
- Holiday Rentals (on Wotif.com)

OUR DIRECT-SOURCED ACCOMMODATION  
OFFERING CONTINUES TO GROW

# ACCOMMODATION

We have

**11,750** partner  
properties in 

**AUSTRALIA & NEW ZEALAND**



Our accommodation  
inventory increased in  
all regions in **FY13**

**ANZ up 15%**  
**ASIA up 30%**  
**OTHER up 9%**

**WOTIF GROUP**  
accommodation  
partners  
worldwide  
**FY09 - FY13**





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# Chairman's Letter

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DICK McILWAIN CHAIRMAN



## TO SHAREHOLDERS,

Reported net profit after tax in FY13 fell to \$51 million from \$58 million in FY12. This result was foreshadowed in the market update released by the Company on 24 June 2013. It comes off the back of flat revenue of \$146.6 million (\$145.3 million in FY12) and profit before depreciation, amortisation and tax of \$79.9 million (\$86.3 million in FY12). It also takes into account a decision to take non-cash write-downs of some redundant brands and depreciation of \$2.3 million.

The headline profit needs to be reviewed carefully. It follows the prior year when a number of items in the profit and loss statement went in the Company's favour. In particular, staff options write-backs, currency gains and the treatment of depreciation went against the Company in FY13. Unfortunately, the ebb and flow in the profit and loss statement over the past two years has disguised the underlying strength of the business.

This isn't an attempt to hide from the fact that the Company's Asia business continued to underperform in FY13. Travel bookings into Asia have declined for the fourth successive year. Nevertheless, travel to Asia produced 6% of all bookings, or total transactions of \$78.6 million, in FY13.

The profit and loss statement does not reflect the significance of the changes that have taken place following the commencement of a new Chief Executive in February. The strategic repositioning led by Scott Blume and his management team is timely. It acknowledges that the Company's user base is one of its largest assets. More importantly, it takes the view that Wotif's users want and have the capacity to see Wotif as more than just an accommodation transaction service.

I will leave it to the CEO to describe some of the activities that have commenced as a result of the strategies to engage more widely with those who use the Company's accommodation and air travel booking services. However, it is important that I acknowledge that the early benefits from adding value to the Company's accommodation and air travel booking services by offering packages which combine air travel, accommodation and theatre ticketing have produced remarkable results. It has been an encouraging next step in a process of interacting with users who would otherwise simply come, transact, and go.

This important commitment to better understanding our users shouldn't overshadow the advances made to the flight booking engine, and by the Wotif team. They have achieved 11.6% growth in bookings from a service that now offers a multi-leg international capability. The presentation of available flights is simple and follows the Wotif tradition of developing easy-to-use online services.

At the same time, the Company has addressed two of the more difficult FY13 challenges. The management of hotel creditors and foreign currency will be improved significantly in FY14 following the introduction of a virtual credit card facility for hotel suppliers. Simultaneously, the management of the Asian business has been further strengthened with the introduction of experience within Asia to the Board, and through the CEO and a new business head based in Thailand, Olivier Dombey.

The ongoing investment in services and greater support for the relationships with suppliers in the face of intense competition and changes in the travel market flowing from broader economic circumstances have served Wotif well. All of the Company's employees deserve recognition for responding and keeping at it!

The Wotif team has handled the pressure of intense, and sometimes unsustainable, competition over the last few years. At the same time, there is no doubt that changing travel patterns during this period were stimulated by a favourable exchange rate, relatively good Australian economic conditions and compelling opportunities for Australians to explore new places. Many of these circumstances did not suit Wotif. Some of them are slowly changing.

Any change that is likely to produce more interest in Australian and regional travel is being monitored closely by Wotif. Wotif has a particularly strong portfolio of Australian, New Zealand and Asian accommodation and offers users an extremely large body of peer reviews of its local accommodation inventory.

Meanwhile, Andrew Brice has announced his retirement from the Board. He was one of a small group of founders and financiers of Wotif. His support of the Company, its staff and the Board cannot be adequately recognised in this short contribution to the Company's annual report. Put simply, we need more Company directors who understand how to take a concept and convert it into a first-rate business. To illustrate his commitment to Wotif, shareholders only have to look at the remuneration section in all the annual reports of the Company.

In farewelling Andrew, we welcome David Do to the Board. He is presenting himself for election at the AGM this year. David lives in Vietnam. He has family in Australia and was educated in Australia and the USA. After an impressive and successful career with blue chip companies, including Microsoft, he has created a career as a successful investor in China and SE Asia. His travel-oriented business interests and his highly strategic approach to business are proving to be extremely valuable to the Board.

The Board appreciates the support of its shareholders. The Company continues to evolve. This evolution is expected to see the Company cycle beyond the difficulties of the last few years. Accordingly, the directors have determined to increase the dividend payout ratio to 95% (91% last financial year) and pay a final fully franked dividend of 11.5 cents to bring the dividend for the year to 23 cents (25 cents last financial year). The dividend will be paid on 10 October 2013.



Dick McIlwain

Chairman  
28 August 2013



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# Chief Executive Officer's Report

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**SCOTT BLUME**  
GROUP CEO

## INTRODUCTION

Since my commencement as Chief Executive Officer in January 2013 I have focussed a large part of my time developing an in-depth understanding of the Wotif Group and its key business drivers.

I have also engaged closely with a wide range of stakeholders to gain an understanding of the value the Group provides to our business partners and, importantly, our customers. It is very clear to me that we remain highly relevant to our stakeholders and the scale of the existing business is a testament to the value we provide each and every day.

However, the past financial year has been challenging for the Group, with flat TTV growth and minimal revenue growth. During the year our cost base grew, in part because we invested in areas such as core technology and marketing. It was with these factors in mind that, together with the Executive Team and the Board, I undertook a holistic and detailed review of the business. This review culminated in an announcement in June 2013 of an updated strategy framework for the global business built around five strategic pillars, which now provide a roadmap for the future direction of the Group.

I presented the new strategy during small group discussions in person, or via videoconference, with Wotif Group team members in Australia and around the globe. It was great to talk openly with the team about the future focus of the business, and very encouraging to hear the positive feedback in response. As a result, there is "buy-in" from the team and a new sense of purpose. We have an exciting job to do together and we have many new opportunities to pursue.

A number of tactical initiatives have been developed to position the Wotif Group for future growth.

*“We remain highly relevant to our stakeholders and the scale of the existing business is a testament to the value we provide.”*

## KEY BUSINESS INITIATIVES IN FY13

I believe that the past year is best described as a year of transition for the Group. A number of tactical initiatives have also been developed to position the Wotif Group for future growth. Some of these are outlined below.

### Mobile

Mobile traffic to our sites and apps continues to grow, with mobile providing 33.2% of all traffic across the Group for FY13. Specifically for Wotif.com, 35.9% of hotel visits, and 16.7% of room nights booked, were from mobile devices and apps in FY13, up from 17.7% of visits and 7.4% of room nights the prior financial year.

During the year we launched our iPad app for Wotif.com and we added flights to the mobile site for Wotif.com. We have also introduced a new iPhone app for Asia Web Direct.

Acknowledging the increased usage of multiple devices by consumers during the travel look-and-book process, we will continue to invest in new mobile functionality in the future. We have already commenced work on moving much of our web interface to utilise a responsive design so that consumers have a positive user experience across all devices.

Our apps, including iPhone, iPad and Android, have been installed on over 450,000 mobile devices with over 1.1 million downloads, including updates, which demonstrates both the strength of the Wotif brand and customer loyalty in a very crowded app marketplace.

### Accommodation content and destination drivers

Our hotel property numbers in Australia and New Zealand (ANZ) are up 15.1% over the previous year. To ensure that we continue to proactively support our hotel partners we have added additional headcount to the hotel sourcing/product team. During the year we have also worked very closely with regional tourism offices in Australia to support the tourism industry, and related hotel partners, throughout regional Australia.

### Packages

In May 2013 we beta-launched a new product category: dynamic packages, led by a Sydney theatre package. This reflects a significant step forward for Wotif.com, as we are now able to provide customers with flexible package deals online. The Sydney package offer includes optional Australian domestic or New Zealand return flights, hand-picked Sydney accommodation options as well as show tickets, with a combined discounted package price. We worked closely with airlines and accommodation partners to provide great value for these packages. The project also reflects an outstanding collaborative effort across internal functions in the business involving technology, accommodation, flights, user experience and “back-end” teams. It also represents a significant evolution of content for our customers, who have traditionally booked stand-alone accommodation or flight bookings on our site. With the success of this “soft launch”, we anticipate rolling out the final dynamic packaging product to more destinations in Australia and overseas during the first half of fiscal year 2014.

### Customer reviews

During the year the number of customers providing a Wotif.com review of their accommodation stay has boomed. Reviews play an increasingly important part of the decision-making process by customers when deciding where to stay when they travel. Our reviews are unique in the industry as only customers who have booked on Wotif.com, and stayed in the hotel, are able to lodge a review. This makes our reviews absolutely qualified. At the end of the year we had almost 800,000 customer reviews, including over 600,000 for Australian hotels. We believe this gives us market leadership for Australian hotels in terms of both number of reviews and review authenticity. We display these reviews to customers who visit the Wotif.com site in the hotel search phase, and we've created a “review widget” as a service to our accommodation partners, which allows them to display their Wotif.com review rating on their own website. The widget is dynamic, and shows a cumulative review rating for their hotel.

900,000

800,000

700,000

600,000

500,000

400,000

300,000

200,000

100,000

0

# END FY13 TOTAL REVIEWS

79% POSITIVE

192,120

reviews worldwide with a rating of 5

16% NEUTRAL

5% NEGATIVE

4.0

MOST COMMON REVIEW RATING

## AUSTRALIAN PROPERTY REVIEWS

79% POSITIVE

16% NEUTRAL

5% NEGATIVE



In FY13 Melbourne received the most reviews in Australia followed by Sydney and the Gold Coast

76,943

reviews for Melbourne properties

## Flights

Our flights business continues to grow rapidly and gain traction through each of our Australian brands. During the year we introduced more flight booking functionality and options to Wotif.com with multi-city and flights from anywhere-to-anywhere. Customers have responded well to stand-alone flight bookings, and particularly well to packaged flights as a result of our ability to attract airline partner participation in the dynamic package product, and the compelling package rates that result.

With growing business volumes, particularly for international destinations, we now have more proactive engagement with international airlines looking to work with us to merchandise deals to our customer base across the Group.

## Customer communication and engagement

We have commenced the rollout of a new email direct marketing (eDM) platform. This new eDM platform allows us to more efficiently communicate great deals and provide relevant information for our customers across all brands. This and other marketing initiatives have an end-goal of building customer engagement in a more proactive and focused way. We are optimistic that this initiative will lead to increased sales from our email marketing channels. These channels are significant assets for the Group. At end of June 2013 the Wotif Group had over 3 million subscribers to its email marketing newsletters.

## More languages on Asia Web Direct

We have added further language capabilities to AsiaWebDirect.com (AWD) to now total 16 language offerings. This will allow us to selectively target specific countries and offer local-language functionality with a view of driving international customers to AWD.

## Display advertising

We have started to ramp up opportunities for hotels and other advertisers on selected sites in the Group. While this initiative is in the very early stages, we have seen an increase of \$0.2 million in advertising income year-on-year.

## RESULTS AND OPERATIONS

Profit after tax decreased by \$7.0 million to \$51.0 million (FY12: \$58.0 million). This result included solid revenue growth in Australia and New Zealand accommodation of \$4.1 million, and flights of \$0.7 million. However these accommodation revenue gains were offset by continued weakness in the Asia and Rest of World businesses, where revenues were down by \$3.3 million over FY12. The results also saw a year-on-year increase in Group costs of \$9.1 million including two one-off expense write-offs totalling \$2.3 million.

A summary of the major year-on-year financial variances is shown below. Further analysis of the FY13 results is included in the Operating and Financial Review section on pages 20-28.

// Major YoY Variances	\$ MILLION
ANZ accommodation (primarily margin increase)	4.1
Flights and Other revenue growth	1.6
Credit card merchant fee savings	0.8
Asia/ROW revenue decrease	(3.3)
Marketing cost increase	(2.3)
Interest income	(0.9)
Foreign exchange costs	(1.2)
Write-back of options costs in FY12	(1.3)
Depreciation and amortisation	(0.8)
<b>Subtotal</b>	<b>(3.3)</b>
// One-off items	\$ MILLION
AWD domain names written off	(1.8)
Accelerated IT Development Costs	(0.5)
<b>Total Major YoY Variances</b>	<b>(5.6)</b>

These major variances accounted for 88% of the decrease in operating profit<sup>1</sup> (FY13: \$79.9 million versus FY12: \$86.3 million).

<sup>1</sup> Being profit before depreciation, amortisation and taxation – this is a non-IFRS measure and is unaudited.

Comments on each of our key areas of operations follows:

### Accommodation

The Group collectively processed 3.68 million accommodation bookings for FY13, down 1.3% on FY12. A small increase in bookings in Australia and New Zealand was offset by decreases in Asia and Rest of World.

Room nights for the year totalled 6.78 million, a decrease of 3.7% (FY12: 7.04 million), and this decrease relates almost entirely to Asia and Rest of World. Average length of stay for the Group was slightly down to 1.84 nights (FY12: 1.88). Average room rates for the Group rose to \$151.62 (FY12: \$148.22), an increase of 2.3%. Importantly we continue to process one-in-ten of all hotel/accommodation room nights sold in Australia<sup>2</sup>.

Our accommodation inventory numbers continue to rise with direct contracted and represented property numbers as follows:

// Direct Source Inventory	FY13	FY12	% CHANGE
Australia, Fiji, Vanuatu, PNG	9,472	8,029	17.9%
New Zealand and Cook Islands	2,278	2,176	4.7%
Asia	9,689	7,484	29.5%
All other markets	6,391	5,850	9.2%
	27,830	23,539	18.2%
External party inventory – Tourico	6,950	6,897	0.8%
<b>Total accommodation inventory</b>	<b>34,780</b>	<b>30,436</b>	<b>14.3%</b>

Our key focus going forward is improving content in Asia and other global markets as our Oceania content is very comprehensive.

### Flights

The Group achieved 186,075 flight transactions (FY12: 166,790), an increase of 11.6%. This has resulted in a 17.5% growth in TTV<sup>3</sup> to \$129.5 million, with proportionally more international flights being sold. This result has been achieved with an increased focus on merchandising and cross-sell to existing customers. For international flights we have targeted the top-20 outbound destinations that Australians frequent, and our volumes for major airlines operating out of Australia have continued to grow.

*“In the accommodation business we continue to be the lowest external cost distributor for our hotel partners.”*

### MARKET POSITION AND OUTLOOK

Having been in the role for six months, I am very confident that the Group has a bright future. The entire Wotif Group team is talented and is absolutely engaged to ensure that our customers continue to get the benefit of our expertise around great travel deals and user-friendly booking experiences via our proprietary technology. Our Executive Team has also been strengthened with a good mix of talent, bringing new skills and expertise into the business, including a new leadership role in Asia and a new Chief Commercial Officer in Australia. In the accommodation business we continue to be the lowest external cost distributor for our hotel partners. Our recent success with the “soft launch” of dynamic packaging is a good example of the unrivalled value we can bring our hotel partners.

I suspect that the domestic Australia/New Zealand economic and retail outlook will remain subdued in the near future. However, we have a number of tactical initiatives underway to grow the business including:

- working on the positioning of the Group's brands and an integrated refreshed marketing strategy;
- continued growth of the flights business;
- launch of dynamic packaging to the Australian market;
- the rollout of the second pre-announced commission increase of 1% from January 2014;
- working on the Asia and Rest of World revenue growth strategy;
- the potential for increased sales of Wotif.com accommodation on our ARNOLD Corporate platform;
- further development of our mobile offerings to our customers; and
- continued work of our core technology platform to improve site functionality.

<sup>2</sup> Australian Bureau of Statistics 8635.0 *Tourist Accommodation, Australia March 2013*.

<sup>3</sup> Total Transaction Value (TTV) represents the price at which accommodation and flights and other travel services 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.

## STRATEGY MOVING FORWARD

As previously mentioned, a review of the Group's strategy has recently been completed by management and endorsed by the Board. Five key strategic pillars have been identified and work streams have commenced on projects around these pillars. The five pillars are as follows:

### 1 Monetisation of traffic from Group websites

Traffic to key websites in the Group continues to rise and this gives us a unique opportunity to maximise the revenue opportunity from those visits. Investments in some key enabling infrastructure is underway, including data management and business intelligence, and a new eDM platform (as mentioned earlier) has commenced. We will also continue to explore potential new lines of business to leverage the website visits. Our recent success with dynamic packaging has proven our ability to increase the "share of wallet" from existing customers. In addition, we are currently examining further complementary revenue opportunities across the Group websites to extend the offering provided to our customers.

### 2 Content

An integral part of the project to improve our sales of Asia and Rest of World accommodation is access to improved content. A substantial amount of work has already been done to identify new third-party content partners to increase hotel numbers and gain access to increased merchandising opportunities for Asia and Rest of World content. We expect that this new content will progressively come on stream in the third quarter of fiscal year 2014. We have reached an agreement with Rakuten, Japan's leading online travel agent (OTA), to share hotel inventory. Under this agreement, Rakuten will include our Australian and New Zealand hotel content on their site and we will include the Rakuten Japanese hotels on Wotif Group sites. This is a significant new relationship, which progresses both our Asia and Marketing strategies.

### 3 Marketing

A project to review our brand and marketing strategy for the Group is underway and will be completed in the near future. The purpose of this review is to clearly define the customer proposition, assess customer engagement and determine the marketing approach and advertising spend for each of the Group's brands. In the last quarter of FY13, we ramped up marketing spend to test several initiatives, and it is likely that the overall marketing investment will continue to increase in 2014. However, the quantum of that increase is yet to be finalised.

### 4 Asia

A project to improve sales of Asia accommodation across all of the Group's websites is underway. This project includes improved content, as outlined earlier, as well as covering merchandising, marketing and conversion. We also anticipate the launch of dynamic packaging for Asia destinations in the second half of FY14.

### 5 Technology

The focus of this strategic pillar is to make improvements to our core systems, which will allow us to expedite internal development and roll-out of new features across Group websites. This review has the specific focus of ensuring our customers have an integrated and positive user experience across all screens, whether they be desktop, tablet or mobile devices and mobile apps.

The Wotif Group management team is very cognisant of the need to escalate the business strategy update to drive the business forward. While it will take some time to see these effects flow through to TTV and revenue growth, I believe that we have the right people and plans in place to make it happen.

In closing I want to acknowledge the outstanding efforts of the Wotif Group team as we work together to further develop a great business for the benefit of customers and business partners in the future.



Scott Blume

Group Chief Executive Officer  
28 August 2013





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# Board of Directors

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## DICK McILWAIN (66)

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 was the Managing Director and Chief Executive Officer of Tatts Group Limited until his retirement in December 2012.

He was previously the Non-executive Chairman of Super Cheap Auto Group Limited (May 2004 to October 2009) 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.



## ANDREW BRICE (70)

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.



## DAVID DO (39)

NON-EXECUTIVE DIRECTOR

David was appointed to the Board on 28 February 2013 as a Non-executive Director.

David has significant experience in Asia, and with digital commerce. Prior to founding VI Group (a SE-Asia focused private equity firm), David was a general manager at Microsoft where he led strategy, mergers and acquisitions, investments and joint ventures. In this role, he was part of the team that managed Microsoft's investment in Expedia and also the acquisition of a leading online travel aggregator and fare prediction company, Farecast.

David holds an MBA from Harvard University and a Bachelor of Commerce from the University of New South Wales. He was previously a member of the Board of Directors for MSNBC Inc, CNBC Inc, Ninemsn Pty Ltd and Internet companies in China, Latin America and the Middle East. The Board has determined that David is an Independent Director.



### KAYLENE GAFFNEY (43)

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.



### BEN SMITH (48)

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.



### GRAEME WOOD (66)

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, Artology and the Global Mail. He is on the boards of the University of Queensland Endowment Fund, The Global Change Institute and the Centre for Public Integrity in Washington D.C.

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

# 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 with 2010 Amendments*. Our corporate governance statements relate to those principles and any exceptions to those principles are identified in the sections that follow.

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](http://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 Chief Executive Officer 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 Chief Executive Officer 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:

- four (Dick Mclwain (Chairman), Ben Smith, Kaylene Gaffney and David Do) are Non-executive, Independent Directors (see Independence section); and
- 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.

Robbie Cooke retired as Managing Director on 11 January 2013.

David Do was appointed as a Non-executive Director on 28 February 2013. David's appointment to the Board followed a selection process coordinated by the Nomination and Remuneration Committee in accordance with its Charter.

David Do's appointment 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 required strong e-commerce and travel industry expertise and substantial business experience and networks in Asia. David Do was approached by the Board on the basis of satisfying the Board's strategic criteria. The Committee assessed David Do's potential contribution to the Board by reference to 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. After completing an interview process, and upon the recommendation of the Committee, the Board determined to appoint David as a Non-executive Director to the Board.

An induction process was carried out as part of David'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 David and his 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 12 and 13 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 Nomination and Remuneration Committee undertook a review of the Board's composition and overall effectiveness (including its Committees and individual Directors). This review process was facilitated by the Chairman and review findings were discussed with all Board members. In undertaking this review, the Committee considered:

- the mix of skills, experience, qualifications and expertise residing with Board members collectively and within the Board's Committees. The Committee considered that the mix was appropriate for the Board and its Committees to currently discharge their duties;
- adequacy of access to Group information, the CEO, senior management and the opportunity to participate in Board and Committee meetings. The Committee was satisfied in relation to each of these matters;
- the independence (or non-independence) of all Directors. The Committee was satisfied 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; and
- its ability to add value to the Company through its focus on and understanding of the business and its strategy.

The Chairmen of the Audit and Risk Committee and the Nomination and Remuneration Committee also reported to the full Board that the respective Committees:

- function well and apply an appropriate level of scrutiny in oversight of matters that come within their Charters; and
- comprise a mix of skills and experience appropriate for the Company.

## INDEPENDENCE

The Board has adopted the independence definition suggested by the ASX Corporate Governance Council in its publication, *Corporate Governance Principles and Recommendations with 2010 Amendments*. Under the terms of that definition, four of the Directors (namely Dick Mclwain, Ben Smith, Kaylene Gaffney and David Do) are considered by the Board to be Independent. Directors are required to provide all relevant information to enable a regular assessment of the independence of each Director to be made. If a Director ceases to qualify as an Independent Director, this will be disclosed immediately to the market.

The Board (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](http://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. 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 comprises 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 18) 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. The qualifications and experience of the members of this Committee are set out in the section titled Board of Directors on pages 12 and 13. 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 oversight and management, and internal controls.

The primary role of this Committee is to assist the Board in the review and oversight 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.

## APPOINTMENT OF CEO

During the reporting period the Chairman and the Nomination and Remuneration Committee led a process to appoint a Chief Executive Officer following the resignation of Robbie Cooke after seven years of service. A number of high calibre external and internal candidates were considered in this process which resulted in the appointment of Scott Blume who commenced on 21 January 2013.

Scott Blume is a seasoned CEO with travel sector experience both within Australia and Asia. His most recent assignments have included a ten year period working in Singapore, India and Indonesia during which he was the President of Travelocity and CEO of Zuji. Immediately prior to joining he was CEO of the Indonesian RKI Group which has significant interests in the B2B hotel travel sector. Scott also spent over four years as a non-executive director of the Singapore Tourism Board.

Prior to his overseas assignments, Scott was CEO and Executive Director of ASX-listed ITG Limited and Managing Director of Carson Wagonlit. He also had roles with both Flight Centre and Traveland during this time.

Scott holds a Bachelor of Commerce from the University of NSW and is a chartered accountant.

Following Scott Blume's appointment the Board has provided input into and has approved the refreshed strategic direction for the Company articulated in the five strategic themes discussed at page 11.

## 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](http://www.wotifgroup.com)), which addresses the oversight 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 management providing 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
- Wotif.com'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).

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 2013 financial year involved the Chief Executive Officer and Chief Financial Officer providing a declaration to the Board on 28 August 2013 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 Chief Executive Officer 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

The Group's remuneration policy is to ensure that remuneration packages are reflective of employee duties, responsibilities and performance and that they are effective in attracting, retaining and motivating people of the highest quality. It is the responsibility of the Nomination and Remuneration to ensure that these policies are appropriately designed to meet these criteria and to enhance corporate and individual performance.

Bonuses may be available to some employees, including the Chief Executive Officer and specified executives, on the achievement of specific goals. Such bonuses are not limited to cash and may include options over ordinary shares. More detail on the Group's remuneration practices can be found on pages 29 to 41.

To assist in the attraction, retention and motivation of employees and senior management the Company has established equity plans in accordance with shareholder approval. These plans include the Executive Share Option Plan and the Employee Share Plan. More detail regarding these plans is provided on pages 37 to 40.

Performance-related remuneration and retirement benefits (other than statutory superannuation) are not provided to Non-executive Directors.

The performance of the Chief Executive Officer and each member of the Executive Management Team is reviewed through a formalised process that has been adopted by the Group. This review is completed by the Nomination and Remuneration Committee in the case of the Chief Executive Officer and by the Chief Executive Officer for each of the executive managers.

## DIVERSITY

The Group's longstanding commitment to embracing diversity is detailed in the Diversity Policy which is available in the Corporate Governance section on the Group's website ([www.wotifgroup.com](http://www.wotifgroup.com)). This policy and commitment applies throughout the entire workplace, senior management and Board.

As at 30 June 2013 the number and proportion of female employees in the Group, in senior executive positions and on the Board was:

<b>Female employees (all personnel whether full-time, part-time or casual)</b>	352
% of workforce	62%
<b>Female senior executives</b>	21
% of Group	52%
<b>Female Directors</b>	1
% of Board	17%

Pursuant to its Diversity Policy, the Group is committed to a recruitment process that ensures that multi-based criteria are used when appointing new staff, awarding promotions and considering remuneration. Our goal throughout this process is to attract and retain the most highly skilled, motivated and engaged workforce to drive the Group's performance. This approach has resulted in a workforce that has a balance of male and female employees across the whole organisation and, in particular, in senior executive ranks.

The following measurable objectives relating to gender diversity were adopted by the Board for FY13:

- 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 executive management group 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 has assessed these objectives and is pleased to report that all objectives (where applicable) have been achieved. During the reporting period members of the Nomination and Remuneration Committee including the Chairman interviewed applicants for the Chief Executive Officer appointment. Candidates interviewed included each gender. David Do's appointment as Non-executive Director did not involve interviewing multiple eligible candidates as he was approached directly by the Board. The Company conducted an external and internal recruitment process for the position of Executive General Manager, Asia Business Unit. All candidates who applied for the position were male. The Company also conducted an external recruitment process for the position of Executive General Manager, People and Culture. Candidates interviewed included each gender.

The successful candidate is female. The appointment of the Chief Commercial Officer did not involve a multi-candidate recruitment process.

These objectives have again been adopted for FY14.

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.

The appointment of David Do as a Non-executive Director in February 2013 has enhanced the Board's composition in relation to several of these strategic criteria.

## 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](http://www.wotifgroup.com)).

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

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

In addition, a Director or employee of the Group:

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

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

## INFORMATION DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Group has in place a written policy with respect to its continuous disclosure obligations and procedures, and its communication with shareholders (available at [www.wotifgroup.com](http://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 page 99, which is incorporated into and forms part of this Report.

*Our goal...is to attract and retain the most highly skilled, motivated and engaged workforce to drive the Group's performance.*





# 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 2013 (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**

**Graeme Thomas Wood**

**Robert Andrew Creeth Brice**

**Anthony Benjamin Reynolds Smith**

**Kaylene Joan Gaffney**

**Robert Michael Sean Cooke** (resigned on 11 January 2013)

**David Do** (appointed on 28 February 2013)

The continuing Directors' qualifications and experience are detailed on pages 12 and 13 under the heading Board of Directors, and those pages are incorporated in and form part of this Report.

### Directors who resigned during the year

#### *Robbie Cooke (47)*

Until his resignation, Robbie held the position of Chief Executive Officer and Managing Director. Robbie joined the Company in January 2006, initially as the Chief Operating Officer, before promotion to Chief Executive Officer and Managing Director in October 2007. Prior to joining the Company, Robbie held positions at UNITAB Limited, 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.

## COMPANY SECRETARY

Sean Phillip Simmons ACIS, is the Company Secretary of Wotif.com Holdings Limited (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.

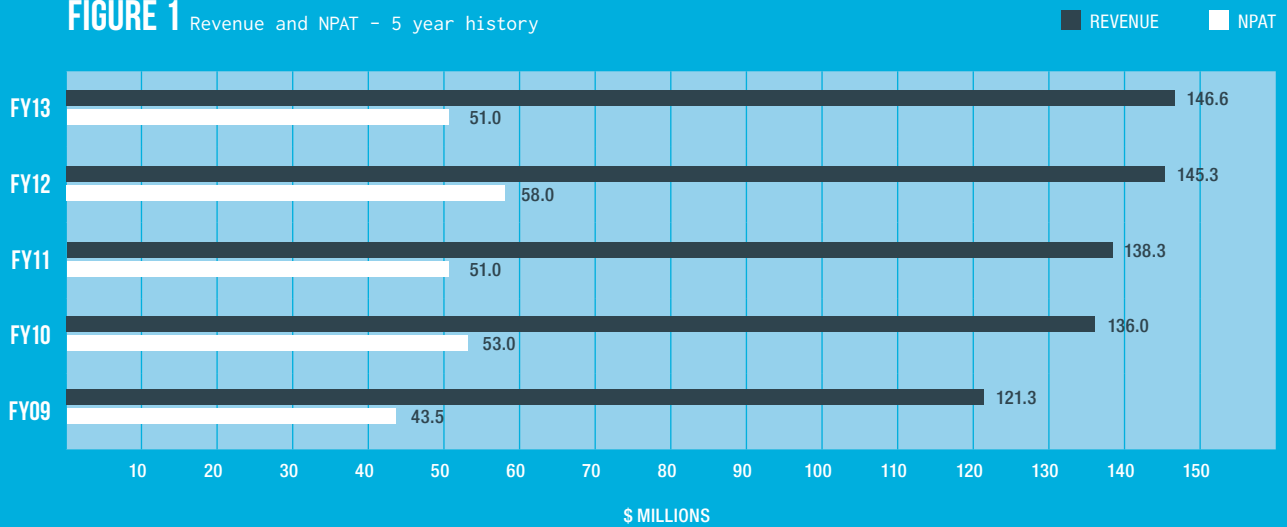
## OPERATING AND FINANCIAL REVIEW

The Group's net profit after tax for the year ended 30 June 2013 was \$51.0 million (FY12: \$58.0 million).

Key financial metrics for the year include:

- a record total Group Total Transaction Value (TTV)<sup>4</sup> of \$1.166 billion (FY12: \$1.161 billion)
- a record total Group accommodation revenue of \$126.9 million (FY12: \$126.1 million)
- record flights transaction value, up 17.5% to \$129.5 million (FY12: \$110.2 million)
- record flights and other revenue, up 11% to \$15.1 million (FY12: \$13.6 million)

<sup>4</sup> Total Transaction Value (TTV) represents the price at which accommodation and flights and other travel services 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.

**FIGURE 1** Revenue and NPAT – 5 year history**Our track record**

AMOUNTS IN \$ MILLION

	FY13	FY12	FY11	FY10	FY09
<b>Year ended 30 June</b>					
Accommodation TTV	1,029.3	1,043.4	1,012.1	1,000.2	904.2
Flights and other TTV	136.8	117.8	93.7	93.8	88.3
<b>Total TTV<sup>4</sup></b>	<b>1,166.1</b>	<b>1,161.2</b>	<b>1,105.8</b>	<b>1,094.0</b>	<b>992.5</b>
Accommodation revenue	126.9	126.1	122.0	121.0	109.3
Flights and other revenue	15.1	13.6	12.1	12.2	9.5
Interest revenue	4.6	5.6	4.2	2.8	2.5
<b>Total revenue</b>	<b>146.6</b>	<b>145.3</b>	<b>138.3</b>	<b>136.0</b>	<b>121.3</b>
Total operating expenses	(66.7)	(59.0)	(60.5)	(56.7)	(52.7)
<b>Operating profit (before depreciation, amortisation and taxation)<sup>5</sup></b>	<b>79.9</b>	<b>86.3</b>	<b>77.8</b>	<b>79.3</b>	<b>68.6</b>
Depreciation	(3.9)	(3.3)	(3.1)	(2.3)	(2.0)
Amortisation of IT Development Costs <sup>6</sup>	(2.4)	(1.7)	(2.8)	(3.1)	(4.2)
Other amortisation	0.0	0.0	(0.3)	(0.3)	(0.2)
<b>Profit before income tax</b>	<b>73.6</b>	<b>81.3</b>	<b>71.6</b>	<b>73.6</b>	<b>62.2</b>
Income tax	(22.6)	(23.3)	(20.6)	(20.6)	(18.7)
<b>Net profit</b>	<b>51.0</b>	<b>58.0</b>	<b>51.0</b>	<b>53.0</b>	<b>43.5</b>

<sup>5</sup> Being profit before depreciation, amortisation and taxation – this is a non-IFRS measure and is unaudited.

<sup>6</sup> 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, generally between 1 and 5 years. IT costs incurred in the management, maintenance and day-to-day enhancement of all IT applications are charged as an expense in the period in which they are incurred.

// KEY OPERATING DATA	FY13	FY12	FY11	FY10	FY09
Accommodation TTV growth	(1%)	3%	1%	11%	30%
Flights and other TTV growth	16%	26%	0%	6%	82%
<b>Total TTV growth</b>	<b>0%</b>	<b>5%</b>	<b>1%</b>	<b>10%</b>	<b>33%</b>
Accommodation revenue growth	1%	3%	1%	11%	31%
Flights and other revenue growth	11%	12%	(1%)	28%	73%
<b>Total revenue growth</b>	<b>0.9%</b>	<b>5.1%</b>	<b>1.7%</b>	<b>12.1%</b>	<b>29.0%</b>
Operating expenses growth	13.1%	(2.5%)	6.7%	7.6%	31.1%
Profit before income tax growth	(9.6%)	13.6%	(2.7%)	18.3%	26.9%
Net profit growth	(12.2%)	13.8%	(3.8%)	21.8%	26.1%
Accommodation revenue % of accommodation TTV	12.3%	12.1%	12.1%	12.1%	12.1%
<b>Total revenue % of TTV</b>	<b>12.6%</b>	<b>12.5%</b>	<b>12.5%</b>	<b>12.4%</b>	<b>12.2%</b>
<b>Operating profit margin<sup>7</sup></b> (profit before depreciation, amortisation and taxation as a % of revenue)	<b>55%</b>	<b>59%</b>	<b>56%</b>	<b>58%</b>	<b>57%</b>
<b>Net profit % of total revenue</b>	<b>34.8%</b>	<b>39.9%</b>	<b>36.9%</b>	<b>39.0%</b>	<b>35.9%</b>
Capex (\$ million) <sup>8</sup>	<b>9.7</b>	<b>9.1</b>	<b>6.7</b>	<b>17.3</b>	<b>7.8</b>
Average exchange rate AUD/USD	1.03	1.03	0.99	0.88	0.75

STILL SELLING

**ONE-IN-TEN**  
ROOM NIGHTS IN AUSTRALIA<sup>9</sup>

<sup>7</sup> Being profit before depreciation, amortisation and taxation (not being an IFRS measure and unaudited) as a percentage of total revenue.

<sup>8</sup> Capex is comprised of property, plant and equipment and IT Development Costs. In FY10, this included the purchase of a new head office building for the Group (\$8.3 million).

<sup>9</sup> Australian Bureau of Statistics 8635.0 *Tourist Accommodation, Australia March 2013*.

### FY13 Key Achievements

FY13 included a number of key achievements outlined below:

- A strategic review of the Group completed and priority projects commenced;
- Hotel commission increase to 11% in Australia/New Zealand (ANZ) successfully implemented;
- Maintained sales of one-in-ten accommodation nights in Australia;<sup>9</sup>
- Mobile now provides 33.2% of all traffic across the Group;
- Mobile devices and apps deliver 35.9% of traffic and 16.7% of Wotif.com room nights;
- ANZ accommodation reviews now total almost 800,000 with a market leadership position for hotels in Australia;
- Successful release of flights growth initiative, including mobile and cross-sell, with Flights TTV up 17.5%;
- Dynamic packaging (DP) beta-launched on Wotif.com and plans to finalise the release of dynamic packaging for domestic and international in FY14;
- 27,830 properties directly contracted, up 18.2% from FY12;
- Wotif.com brand awareness 63.7% in Australia and 35.6% in New Zealand. Customer "stickiness" still a strong unique selling proposition; and
- Wotif.com accommodation inventory integrated into ARNOLD Corporate platform.

### Key Business Initiatives

A number of tactical initiatives have been developed to position the Wotif Group for future growth, including:

- mobile - launch of the iPad app for Wotif.com, iPhone app for Asia Web Direct and adding flights to the mobile sites for Wotif.com. Continuing investment in new mobile functionality;
- accommodation – increase of ANZ hotel properties by 15.1% coupled with an increase in headcount to our product team;
- packages – our new product category, dynamic packages was beta-launched in May this year, allowing customers the flexibility of booking package deals online;
- customer reviews – during the year the Wotif.com customer reviews increased significantly, and provides both our customers and hotels with market leading qualified reviews;
- flights – our flights business continues to grow rapidly through our brands, with multi-city and anywhere-to-anywhere functionality available;
- customer communication and engagement – the rollout of a new EDM platform commenced during the year, allowing us to more efficiently communicate to our 3 million email subscribers and improve customer engagement;
- more languages on Asia Web Direct – 16 languages are now offered on the AWD sites to allow the Group to target specific countries and offer local-language functionality; and
- display advertising – opportunities for hotels and other advertisers on selected sites in the Group ramped up during the year, which increased advertising income by \$0.2 million year-on-year.

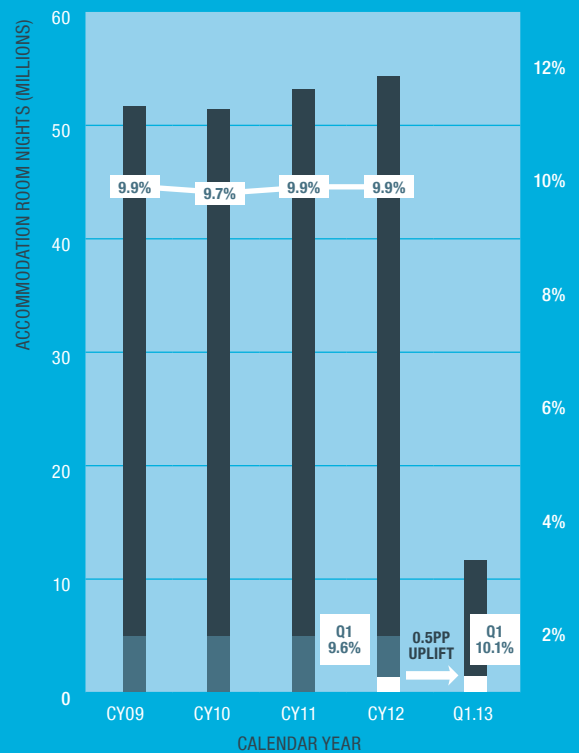
### Accommodation

- 3.68 million accommodation bookings, down 1.3% (FY12: 3.73 million);
- 6.78 million room nights for the year, down 3.7% (FY12: 7.04 million);
- Average length of stay for the Group was slightly down to 1.84 nights (FY12: 1.88 nights); and
- Average room rates for the Group rose to \$151.62 (FY12: \$148.22), an increase of 2.3%.

### FIGURE 2

Wotif Group room night sales versus total Australian room night sales

- WOTIF GROUP
- REST OF MARKET
- WOTIF GROUP SEGMENT SHARE OF ACCOMMODATION (%)



Properties directly represented included increases across all of the Group's geographical locations as shown below:

	FY13 PROPERTIES	FY12 PROPERTIES	% PCP
Australia & New Zealand	11,750	10,205	15.1%
Asia	9,689	7,484	29.5%
Rest of World	6,391	5,850	9.2%
<b>Total</b>	<b>27,830</b>	<b>23,539</b>	<b>18.2%</b>

## Flights

- 186,075 flight transactions (FY12: 166,790), an increase of 11.6% on prior year.
- This resulted in a 17.5% growth in total transaction values to \$129.5 million (FY12: \$110.2 million), with proportionally more international flights being sold.

## Revenue

Total Group operating revenue for the year was \$146.6 million, an increase of 0.9% (FY12: \$145.3 million). With total transaction value up by 0.4%, this growth is mainly attributable to a commission increase in the Australia and New Zealand markets, where property commissions rose from 10% to 11%, commencing with contract renewals after 1 January 2013. The vast majority of contract renewals were completed by 30 June 2013, and the balance will be renewed as existing contracts expire. As a result of the commission increases during the year, the Group accommodation margin increased from 12.1% to 12.3%. Total revenue as a percentage of TTV remained stable at 12.6% (FY12: 12.5%).

Solid increases in Australia and New Zealand accommodation and flights revenues were offset by accommodation revenue decreases for Asia and Rest of World, which totalled \$11.62 million, down 22.3% (FY12: \$14.96 million). Revenue from Flights and Other revenue was up 11% to \$15.1 million (FY12: \$13.6 million).

## Net Profit

Consolidated net profit after tax for the Group for the year was \$51.0 million (FY12: \$58.0 million).

Total Group revenue increases of \$1.3 million included year-on-year improvements of:

- ANZ Accommodation primarily relating to margin increase accounted for \$4.1 million;
- flights revenue growth generated an additional \$0.7 million on prior year; and
- reduction in credit card merchant service fees by \$0.8 million due to a lowering of average merchant service fees.

Revenue increases were offset by a year-on-year increase in Group costs of \$9.1 million which encompassed a number of significant expense items including:

- a decrease in year-on-year accommodation revenue from Asia and Rest of World of \$3.3 million;
- marketing costs increasing by \$2.3 million, or 15.6% (FY12: \$17.7 million). This increase was due in part to increased online search costs, from a combination of increased keyword costs and increased planned spend;
- a 10.7% increase in business development expenses, or \$1.1 million, resulting primarily from increased head count (FY12: \$9.9 million);
- web maintenance costs increasing by \$1.3 million, or 13.7% (FY12: \$9.7 million) resulting from increased support and maintenance costs;
- increasing foreign exchange costs to \$1.2 million, a variance on the prior year of \$1.26 million (FY12: \$0.06 million). The costs reflected the changing exchange rates versus the Australian dollar experienced during the year and variances on payment of properties contracted and settled in foreign currencies;
- a \$0.79 million year-on-year unfavourable cost variance movement relating to options expenses written back in FY12, with no comparable amount in FY13;
- increasing year-on-year depreciation and amortisation costs of \$6.28 million relating to continued investment in the Group's technology systems and the impact of the application of the capitalisation accounting policy in the prior year; and
- one-off adjustments for asset write-downs of \$2.3 million, including certain Asia Web Direct domain names (\$1.74 million) and the accelerated write-off of IT Development Costs (\$0.5 million).

# \$129.5 MILLION

IN FLIGHTS TRANSACTIONS



**186,075**  
FLIGHTS  
TRANSACTIONS

**160+**  
INTERNATIONAL  
CARRIERS

Wotif.com flights  
booking engine  
optimised for  
mobile in FY13

Flights contribute  
**11%**  
to the Group's TTV

*“The management team is very cognisant of the need to escalate the business strategy update to drive the business forward.”*

## Group Margins

Group margins increased as a result of the 1% commission increase during the year.

Total revenue as a percentage of TTV remained stable while the operating profit margin was down from 59.4% in FY12 to 54.5% in FY13 largely as a result of the increase in year-on-year Group costs as noted on page 24.

// Margin	FY13 ACTUAL	FY12 ACTUAL
Accommodation revenue % of accommodation TTV	12.3%	12.1%
Total revenue % of TTV	12.6%	12.5%
Operating profit margin <sup>10</sup>	54.5%	59.4%

## Financial position

The Group's net asset position remained flat during the period (FY13: \$99.9 million; FY12: \$98.5 million) with the financial position being impacted by the following:

- an increase in trade and other receivables of \$2.4 million due to timing of collection of credit card receivables;
- trade and other payables remained flat (FY13: \$156.6 million compared to FY12: \$157.3 million) consistent with flat Group revenue;
- Group capital expenditure is consistent with the prior period, with \$3.0 million invested in property, plant & equipment (FY12: \$3.2 million) and \$6.9 million of IT development capitalised during the year (FY12: \$5.7 million);
- intangible assets included a \$1.74 million impairment charge to Asia trademark and brand names and \$0.5 million accelerated IT Development Costs; and
- net tangible assets declined from 4.1 cents per share to 2.1 cents per share as a result of a flat net asset position coupled with an increasing intangible asset position, due to a growing capitalised IT development balance (FY13: \$8.5 million; FY12: \$4.0million).

## Cash Flows

The net decrease in cash and cash equivalents at 30 June 2013 is largely due to cash flows from investing activities of \$10.2 million comprising:

- payments for property, plant and equipment of \$2.8 million;
- payments for web development of \$6.9 million; and
- joint venture contributions of \$0.5 million.

## Business Focus and Outlook

Management have assessed the Group's key areas of focus and the risks associated with achieving the Group's objectives. Management consider the following areas could provide uncertainty to the achievement of the Group's goals:

Given the Group operates in a predominately online environment, Management consider competition from existing or new sites

and the introduction of new online booking apps to be a risk to the Group's market share. The fast release nature of new online technologies and development of apps could impact the Group's business model, and Management are constantly monitoring and assessing the global market for new opportunities and potential threats.

Management are aware that a shift in the value of the Australian dollar, particularly against the US dollar, can impact domestic consumer spending and in turn, impact the domestic and international travel markets. Management consider the Group to be in a strong position as the leading online accommodation provider in Australia and New Zealand to take advantage of increased domestic travel. However, Management consider it challenging to predict the lead-in time or "flow-on" effect any movement in the Australian dollar will have on consumer spending.

The domestic Australian and New Zealand retail outlook remains challenging in the face of broader economic challenges. The Group is well positioned as a leading provider of online accommodation to offer value to customers in our key markets in an environment of weaker consumer sentiment.

Management's decision to develop the Group's IT platforms, mobile device apps and websites in-house allows the Group to respond quickly to changes in the increasingly competitive mobile device and app landscape. The roll out of our in-house developed apps and mobile platforms has come at a time when there is significant increase in our mobile and mobile-device bookings and searches allowing the Group to respond to changes and improvements quickly and in line with market trends.

As an online business, Management acknowledge the significant influence of Google in both search results and as a key element in the online marketing space. While this could be seen as a disruptive element in the online booking market, Management consider Wotif.com's significant brand awareness and depth of product to be an advantage, improved by the Group's integrated marketing strategy.

Management consider the direct relationship with the significant number and range of properties is an advantage in the face of price parity from competitors. In addition to our unique value proposition to suppliers, our customers benefit from a product offering including flights, packages and activities consistent with the most competitive market rates.

<sup>10</sup> Being profit before depreciation, amortisation and taxation (not being an IFRS measure and unaudited) as a percentage of total revenue.



## Strategy Moving Forward

Five key strategic pillars have been identified and work streams have commenced on projects around these pillars. The five pillars, as noted in the CEO's Report on pages 6-11, include:

1. Monetisation of traffic from Group websites – aims to maximise the revenue opportunity from the growing traffic to key websites;
2. Content – improvement of Asia and Rest of World accommodation sales via access to improved content;
3. Marketing – clearly define the customer proposition, assess customer engagement and determine the marketing approach and advertising spend for each of the Group's brands;
4. Asia – improve Asia accommodation sales across all of the Group's websites including improved content, merchandising, marketing and conversion and the launch of dynamic packaging for Asia destinations in the second half of FY14; and
5. Technology – improve the Group's core systems, to allow us to expedite internal development and roll-out of new features across Group websites and ensuring our customers have an integrated and positive user experience across desktop, tablet or mobile devices and mobile apps.

## DIVIDENDS

The Board determined a final dividend in respect of the 2013 financial year of 11.5 cents per share. The dividend will be paid on 10 October 2013 (total final dividend amount fully franked \$24,349,668).

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

DIVIDEND	RECORD DATE	PAYMENT DATE	AMOUNT PER SECURITY	TOTAL DIVIDEND	FRANKED AMOUNT PER SECURITY
2012 final dividend	14 September 2012	10 October 2012	13.5 cents	\$28,584,393	13.5 cents
2013 interim dividend	8 March 2013	28 March 2013	11.5 cents	\$24,349,668	11.5 cents
2013 final dividend	13 September 2013	10 October 2013	11.5 cents	\$24,349,668	11.5 cents

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group 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 Group, the results of those operations or the state of affairs of the Group in future financial years.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Further information on likely developments in the operations of the Group and the expected results of operations have been included in this annual financial report including in the Chief Executive Officer's Report and within the Key Business Initiatives, Business Focus and Outlook and Strategy Moving Forward sections of the Operating and Financial Review.

## ENVIRONMENTAL DISCLOSURE

The operations of the Group 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 Group has not incurred any liability (including any liability for rectification costs) under any environmental legislation.

## 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*	575,000	Nil
G T Wood*	43,861,000	Nil
A B R Smith*	150,000	Nil
R A C Brice*	33,000,000	Nil
K J Gaffney	Nil	Nil
D Do	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 <sup>11</sup>	5	5	-	-	-	-
G T Wood	11	11	-	-	2	2
A B R Smith	11	11	5	5	2	2
R A C Brice	11	10	5	5	-	-
K J Gaffney	11	11	5	5	2	2
D Do	4	4	-	-	-	-

<sup>11</sup> R M S Cooke resigned as Managing Director on 11 January 2013.

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 under the following sections:

**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 16.

A copy of the Charter of the Committee can be found at [www.wotifgroup.com](http://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 and peer groups are 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:

The variable component of senior executives' remuneration is comprised of potential participation in a bonus pool and an option scheme.

**Bonus pool:** The bonus pool is comprised of two components:

- a) The first component of the pool is created when earnings before interest expense, 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. For FY12 a varying percentage (between 0.3% and 5.0%) of net profit after tax seeded a potential bonus pool if earnings before interest expense, tax, depreciation and amortisation for FY12 outperformed FY11's result (by between 1% and 20%). An additional amount will be added to or subtracted from the potential 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. For FY13, no bonus pool was created as the earnings before interest expense, tax, depreciation and amortisation for FY13 did not outperform the FY12 result.

- b) A second component adjusting the potential bonus pool arises from movements 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 distribution of the bonus pool between senior executives and other employees who have made a significant contribution to the Group's performance is determined by the Nomination and Remuneration Committee. It is considered that the "at risk" bonus pool aligns executive performance with shareholder returns and 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 FY12 reporting period a bonus pool was formed and part of this was distributed in accordance with the directions of the Nomination and Remuneration Committee. In the FY13 reporting period, no bonus pool was created.

**Option scheme:** The Board uses equity as part of its remuneration approach and this has taken the form of the issue of options and performance rights 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 and performance rights from time to time. It is considered that options and performance rights are an effective long-term incentive that (due to the performance hurdles) strongly aligns executives with shareholder interests. In the reporting period 710,100 performance rights were granted under the plan.

Any future grant of options and performance rights will be determined by the Board having regard to the limits on the number of options and performance rights that may be issued under the Executive Share Option Plan and the Company's overall remuneration policies. Any allocation of options and performance rights 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 equity to Group personnel in the 2014 financial year.

### Remuneration approach – CEO

The remuneration package set for Scott Blume is aligned with the principles and practices outlined in the remuneration policy and comprises both fixed and variable (at risk) components.

The remuneration package outlined below was developed to secure and motivate the new CEO after:

- considering the duties and responsibilities of the CEO role;
- benchmarking the remuneration packages paid to CEO's in similar organisations;
- providing a remuneration package required to secure the breadth and depth of talent and experience required to reposition the Company and promote the long term development of internal talent; and
- aligning the incentives with the long and short-term performance of the Company and improvements in shareholder value over the medium and long term.

### Fixed Remuneration

Fixed annual remuneration inclusive of superannuation, of \$750,000 which gives consideration to the duties and responsibilities of the role and reflects the package required to attract, motivate and retain talent at this level.

### Variable (at risk) Remuneration

The variable (at risk) component comprises both a short-term incentive and a long term incentive aligned with the performance of the Company.

- a) A Short Term Incentive (STI) of up to 40% of the fixed annual remuneration annually. The performance hurdles for the STI reflect the approved annual budgets, the development and implementation of a new strategic plan and the development and performance of innovative and productive workplace teams.
- b) Equity based Long Term Incentive (LTI) to align with shareholder value creation over a longer term period. Details of this package are included in section D of the remuneration report (Package 12). It contains hurdles based on the growth in shareholder value that comes from improved earnings per share and superior total shareholder returns.

### A sign-on bonus

A sign-on bonus comprised of zero-priced options was provided as part of a talent acquisition strategy. Details of this package can be found in section D of the remuneration report (Package 11). It recognised equity interests foregone and the requirement for the CEO to relocate from Asia to Brisbane. Both earnings per share and total shareholder return hurdles apply to the sign-on bonus.

### Remuneration approach – Non-executive Directors

The Company's Non-executive Directors are remunerated from a maximum aggregate amount as determined by shareholders (currently \$800,000 in total fixed at the General Meeting of Shareholders on 24 October 2011). 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** – \$100,000 p.a.  
(R A C Brice has elected to receive no Board fees.)

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

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



## SECTION B – DETAILS OF REMUNERATION

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

- **R M S Cooke** – Chief Executive Officer & Managing Director (resigned 11 January 2013)
- **S Blume** – Chief Executive Officer (appointed 21 January 2013)
- **G R Timm** – Chief Financial Officer
- **D F Barnes** – Chief Commercial Officer (appointed 27 May 2013)
- **A M Ross** – Chief Information Officer (resigned 31 January 2013)
- **J M Sutherland** – Chief Information Officer (appointed 1 February 2013)
- **H Demetriou** – Executive General Manager Flights, Activities & Packages
- **J N Holte** – Executive General Manager Australia & New Zealand (resigned 10 May 2013)
- **M W Varley** – Executive General Manager Asia (resigned 5 April 2013)
- **O Dombey** – Executive General Manager Asia (appointed 3 June 2013)

Details of the remuneration of the Directors and key management personnel of the Group and/or Company are set out in the tables on the following pages.

## FY13 Director Remuneration

	NON-EXECUTIVE DIRECTORS <sup>12</sup>						EXECUTIVE		TOTAL	
	R D McIlwain	G T Wood	R A C Brice	A B R Smith	K J Gaffney	D Do <sup>13</sup>	SUB-TOTAL	R M S Cooke <sup>14</sup>		SUB-TOTAL
<b>Short-term benefits</b>										
Base cash salary and fees	150,000	91,743	-	91,743	91,743	38,226	463,455	555,675	555,675	1,019,130
Performance related remuneration cash bonus	-	-	-	-	-	-	-	-	-	-
<b>Post-employment benefits</b>										
Superannuation	13,500	8,257	-	8,257	8,257	3,440	41,711	12,353	12,353	54,064
<b>Long-term benefits</b>										
Long service leave	-	-	-	-	-	-	-	-	-	-
<b>Equity</b>										
Options/performance rights <sup>15</sup>	-	-	-	-	-	-	-	-	-	-
Employee bonus shares <sup>16</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total \$</b>	163,500	100,000	-	100,000	100,000	41,666	505,166	568,028	568,028	1,073,194
<b>Percentage of remuneration<sup>17</sup> that consists of:</b>										
Fixed remuneration %	100%	100%	-	100%	100%	100%		100%		
At risk – STI %	-	-	-	-	-	-		-		
At risk – LTI %	-	-	-	-	-	-		-		

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

<sup>13</sup> David Do commenced 28 February 2013.

<sup>14</sup> R M S Cooke resigned 11 January 2013.

<sup>15</sup> No options or performance rights were granted to Directors in the financial year. No options or performance rights were outstanding to Directors other than the Managing Director during the financial year.

<sup>16</sup> Refers to shares issued pursuant to the Employee Share Plan.

<sup>17</sup> Remuneration percentage calculations are based upon option and performance rights expense including write-back.



## FY12 Director Remuneration

	NON-EXECUTIVE DIRECTORS <sup>12</sup>					EXECUTIVE		TOTAL
	R D McIlwain	G T Wood	R A C Brice	A B R Smith	K J Gaffney	SUB-TOTAL	R M S Cooke	
<b>Short-term benefits</b>								
Base cash salary and fees	150,000	87,829	-	87,829	87,829	413,487	982,310	1,395,797
Performance related remuneration cash bonus	-	-	-	-	-	-	600,000	600,000
<b>Post-employment benefits</b>								
Superannuation	13,500	7,905	-	7,905	7,905	37,215	15,775	52,990
<b>Long-term benefits</b>								
Long service leave	-	-	-	-	-	-	23,427	23,427
<b>Equity</b>								
Options/performance rights <sup>15</sup>	-	-	-	-	-	-	63,090	63,090
Employee bonus shares <sup>16</sup>	-	-	-	-	-	-	-	-
Options (prior year write-back) <sup>18</sup>	-	-	-	-	-	-	(138,444)	(138,444)
<b>Total \$</b>	163,500	95,734	-	95,734	95,734	450,702	1,546,158	1,996,860
<b>Percentage of remuneration<sup>17</sup> that consists of:</b>								
Fixed remuneration %	100%	100%	-	100%	100%		60%	
At risk – STI %	-	-	-	-	-		36%	
At risk – LTI %	-	-	-	-	-		4%	

<sup>18</sup> Represents the calculated reduction (per AASB2 *Share Based Payment*) in options expenses having regard to vesting failures of options or performance rights due to non-market factors.



## FY13 Executive Remuneration

	S Blume <sup>19</sup>	G R Timm	D F Barnes <sup>20</sup>	A M Ross <sup>21</sup>	J M Sutherland <sup>21</sup>	H Demetriou	J N Holte <sup>22</sup>	M W Varley <sup>23</sup>	O Dombey <sup>23</sup>	TOTAL
<b>Short-term benefits</b>										
Base cash salary and fees	310,339	263,438	27,384	146,480	105,572	214,916	204,557	202,919	22,279	1,497,884
Performance related remuneration cash bonus	-	-	-	-	-	-	-	-	-	-
<b>Post-employment benefits</b>										
Superannuation	12,353	16,470	962	14,966	6,847	15,714	16,312	16,599	-	100,223
<b>Long-term benefits</b>										
Long service leave	-	6,264	-	-	7,555	7,777	-	-	-	21,596
<b>Equity</b>										
Options/performance rights <sup>24</sup>	86,428	38,903	-	(22,027)	7,637	17,556	(29,956)	(18,649)	-	79,892
Employee bonus shares <sup>25</sup>	-	-	-	-	-	-	-	-	-	-
<b>Total \$</b>	409,120	325,075	28,346	139,419	127,611	255,963	190,913	200,869	22,279	1,699,595
<b>Percentage of remuneration<sup>26</sup> that consists of:</b>										
Fixed remuneration %	79%	88%	100%	116%	94%	93%	116%	109%	100%	
At risk – STI %	-	-	-	-	-	-	-	-	-	
At risk – LTI % <sup>27</sup>	21%	12%	-	(16)%	6%	7%	(16)%	(9)%	-	

<sup>19</sup> S Blume commenced 21 January 2013.

<sup>20</sup> D F Barnes appointed as Chief Commercial Officer 27 May 2013

<sup>21</sup> A M Ross resigned as Chief Information Officer 31 January 2013 and J M Sutherland was appointed on 1 February 2013. The negative amount of share based payments expense for A M Ross relates to the forfeiture of her unvested Executive Share Option Plan awards.

<sup>22</sup> J N Holte resigned as Executive General Manager Australia and New Zealand 10 May 2013. This position was not refilled, instead the new role of Chief Commercial Officer was created. The negative amount of share based payments expenses relates to the forfeiture of his unvested Executive Share Option Plan awards.

<sup>23</sup> M W Varley resigned as Executive General Manager Asia 5 April 2013 and O Dombey was appointed 3 June 2013. The negative amount of share based payments expense for M W Varley relates to the forfeiture of his unvested Executive Share Option Plan awards.

<sup>24</sup> No options or performance rights were granted to Directors in the financial year. No options or performance rights were outstanding to Directors other than the Managing Director during the financial year.

<sup>25</sup> Refers to shares issued pursuant to the Employee Share Plan.

<sup>26</sup> Remuneration percentage calculations are based upon option and performance rights expense including write-back.

<sup>27</sup> The negative at risk remuneration percentage is due to a negative accounting charge due to the forfeiture of unvested Executive Share Option Plan awards upon resignation of the employee.

## FY12 Executive Remuneration

	G R Timm	A M Ross	H Demetriou	J N Holte	M W Varley	TOTAL
<b>Short-term benefits</b>						
Base cash salary and fees	250,346	206,020	197,810	178,229	201,200	1,033,605
Performance related remuneration cash bonus	50,000	50,000	35,000	50,000	30,000	215,000
<b>Post-employment benefits</b>						
Superannuation	21,674	15,325	15,357	15,374	18,108	85,838
<b>Long-term benefits</b>						
Long service leave	15,557	7,174	8,745	1,702	4,819	37,997
<b>Equity</b>						
Options/performance rights <sup>24</sup>	32,302	17,553	13,634	24,316	14,513	102,318
Employee bonus shares <sup>25</sup>	-	-	-	-	-	-
Options (prior year write-back) <sup>28</sup>	(19,725)	(40,795)	(47,407)	(2,474)	(26,996)	(137,397)
<b>Total \$</b>	<b>350,154</b>	<b>255,277</b>	<b>223,139</b>	<b>267,147</b>	<b>241,644</b>	<b>1,337,361</b>
<b>Percentage of remuneration<sup>26</sup> that consists of:</b>						
Fixed remuneration %	78%	77% <sup>29</sup>	82%	72%	84%	
At risk – ST1 %	14%	17%	13%	19%	11%	
At risk – LT1 %	8%	6%	5%	9%	5%	

<sup>28</sup> Represents the calculated reduction (per AASB2 *Share Based Payment*) in options expenses having regard to vesting failures of options or performance rights due to non-market factors.

<sup>29</sup> During FY12, A M Ross took a significant period of unpaid annual leave. This resulted in a corresponding decrease in Fixed Remuneration.





## SECTION C – CONTRACTUAL ARRANGEMENTS

Details of the contracts of employment with the key management personnel of the Group and/or Company are set out below:

NAME	EMPLOYED BY	TERM OF AGREEMENT	TERMINATION BY COMPANY <sup>30</sup>	TERMINATION BY EMPLOYEE <sup>31</sup>
<b>R M S Cooke</b> Chief Executive Officer and Managing Director	Wotif.com Pty Ltd	Fixed term to 22 January 2014. Agreement terminated on resignation on 11 January 2013	12 months' base salary	6 months' notice
<b>S Blume</b> Chief Executive Officer	Wotif.com Pty Ltd	Rolling term, commencing 21 January 2013	12 months' base salary	6 months' notice
<b>G R Timm</b> Chief Financial Officer	Wotif.com Pty Ltd	Rolling term	6 months' base salary	4 months' notice
<b>D F Barnes</b> Chief Commercial Officer	Wotif.com Pty Ltd	Rolling term, commencing 27 May 2013	6 months' base salary	3 months' notice
<b>A M Ross</b> Chief Information Officer	Wotif.com Pty Ltd	Rolling term, agreement terminated on resignation on 31 January 2013	6 months' base salary	8 weeks' notice
<b>J M Sutherland</b> Chief Information Officer	Wotif.com Pty Ltd	Rolling term, commencing 1 February 2013	6 months' base salary	3 months' notice
<b>H Demetriou</b> Executive General Manager Flights, Activities & Packages	ACN 079 010 772 Limited (formerly travel.com.au Limited)	Rolling term	Nil	8 weeks' notice
<b>J N Holte</b> Executive General Manager Australia & New Zealand	Wotif.com Pty Ltd	Rolling term, agreement terminated on resignation on 10 May 2013	3 months' base salary	8 weeks' notice
<b>M W Varley</b> Executive General Manager Asia	Wotif.com Pty Ltd	Rolling term, agreement terminated on resignation on 5 April 2013	6 months' base salary	6 months' notice
<b>O Dombey</b> Executive General Manager Asia	Wotif.com Pte Ltd	Rolling term, commencing 3 June 2013	6 months' base salary	3 months' notice

<sup>30</sup> The Company may terminate the employment agreement without cause at any time (in which case the employee is entitled to the fixed remuneration specified in the table above and no right to a severance payment arises).

<sup>31</sup> The employee may terminate the employment agreement on the notice specified in the table above. The employee will be entitled to all remuneration and other benefits accrued in the period prior to the termination of their employment but will not be entitled to any other payment or compensation in connection with any such termination.

## SECTION D – SHARE-BASED COMPENSATION

### Options and Performance Rights

The Company has undertaken nine issues of options under the Executive Share Option Plan and three issues of performance rights. The major terms of those issues that are current are as follows (Directors, other than R M S Cooke in his capacity as Managing Director, did not participate in these issues):

	PACKAGE 2 OPTIONS	PACKAGE 3 OPTIONS	PACKAGE 4 OPTIONS	PACKAGE 5 OPTIONS	PACKAGE 6 OPTIONS	PACKAGE 7 OPTIONS	PACKAGE 8 OPTIONS	PACKAGE 9 OPTIONS
Number of options granted	2,883,000	390,000	800,000	1,815,000	1,468,000	872,500	800,000	935,000
Grant date	10 Apr 2006	19 Mar 2007	22 Oct 2007	4 Jul 2008	30 Jun 2009	3 Sept 2010	25 Oct 2010	3 Oct 2011
Exercise price	\$2.00	\$4.20	\$4.75	\$2.92	\$4.43	\$4.43	\$4.68	\$4.03
<b>Number of options per tranche</b>	<b>5 equal tranches</b>	<b>5 equal tranches</b>	<b>3 tranches</b>	<b>3 tranches</b>	<b>3 tranches</b>	<b>3 tranches</b>	<b>3 tranches</b>	<b>3 tranches</b>
			1st: 200,000 2nd: 200,000 3rd: 400,000	1st: 603,987 2nd: 604,002 3rd: 607,011	1st: 489,307 2nd: 489,339 3rd: 489,354	1st: 290,831 2nd: 290,832 3rd: 290,837	1st: 400,000 2nd: 200,000 3rd: 200,000	1st: 311,666 2nd: 311,667 3rd: 311,667
<b>Vesting dates and fair value</b>								
Tranche 1	<b>1 Oct 2007</b> \$0.4829	<b>1 Oct 2008</b> \$0.9966	<b>22 Oct 2009</b> \$1.8350	<b>1 Nov 2011</b> \$0.693	<b>1 Nov 2012</b> \$1.44	<b>1 Nov 2013</b> \$0.94	<b>31 Oct 2013</b> \$0.91	<b>1 Nov 2014</b> \$0.7389
Tranche 2	<b>1 Oct 2008</b> \$0.5047	<b>1 Oct 2009</b> \$1.0519	<b>22 Oct 2010</b> \$1.910	<b>1 Nov 2012</b> \$0.699	<b>1 Nov 2013</b> \$1.48	<b>1 Nov 2014</b> \$1.02	<b>31 Oct 2014</b> \$1.01	<b>1 Nov 2015</b> \$0.7408
Tranche 3	<b>1 Oct 2009</b> \$0.5202	<b>1 Oct 2010</b> \$1.0995	<b>22 Oct 2011</b> \$1.975	<b>1 Nov 2013</b> \$0.6972	<b>1 Nov 2014</b> \$1.51	<b>1 Nov 2015</b> \$1.07	<b>31 Oct 2015</b> \$1.07	<b>1 Nov 2016</b> \$0.7335
Tranche 4	<b>1 Oct 2010</b> \$0.5300	<b>1 Oct 2011</b> \$1.1391						
Tranche 5	<b>1 Oct 2011</b> \$0.5351	<b>1 Oct 2012</b> \$1.1713						
<b>Lapsing date</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2013</b>	<b>31 Dec 2014</b>	<b>31 Dec 2015</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>

	PACKAGE 10 PERFORMANCE RIGHTS	PACKAGE 11 PERFORMANCE RIGHTS EPS RIGHTS <sup>32</sup>	PACKAGE 11 PERFORMANCE RIGHTS TSR RIGHTS <sup>32</sup>	PACKAGE 12 PERFORMANCE RIGHTS EPS RIGHTS <sup>33</sup>	PACKAGE 12 PERFORMANCE RIGHTS TSR RIGHTS <sup>33</sup>
Number of performance rights granted	260,100	213,750	71,250	123,750	41,250
Grant date	23 Oct 2012	28 May 2013	28 May 2013	28 May 2013	28 May 2013
Share price	\$4.90	\$5.50	\$5.50	\$5.50	\$5.50
Exercise price	Nil	Nil	Nil	Nil	Nil
<b>Number of performance rights per tranche</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>
<b>Vesting dates and fair value</b>					
Tranche 1	<b>1 Nov 2015</b> \$4.2303	<b>28 Feb 2014</b> \$5.3023	<b>28 Feb 2014</b> \$3.0537	<b>28 Feb 2016</b> \$4.8117	<b>28 Feb 2016</b> \$3.0495
Tranche 2	<b>1 Nov 2016</b> \$4.0297	<b>28 Feb 2015</b> \$5.0511	<b>28 Feb 2015</b> \$2.7259	<b>28 Feb 2017</b> \$4.5837	<b>28 Feb 2017</b> \$2.7243
Tranche 3	<b>1 Nov 2017</b> \$3.8381	<b>28 Feb 2016</b> \$4.8117	<b>28 Feb 2016</b> \$2.2250	<b>28 Feb 2018</b> \$4.3665	<b>28 Feb 2018</b> \$2.3414
<b>Lapsing date</b>	<b>31 Dec 2019</b>	<b>30 Jun 2016</b>	<b>30 Jun 2016</b>	<b>30 Jun 2018</b>	<b>30 Jun 2018</b>

<sup>32</sup> Package 11 totals 285,000 performance rights and is comprised of 2 components, being 213,750 rights using Earnings Per Share as a performance measure (EPS Rights) and 71,250 rights using Total Shareholder Return as a performance measure (TSR Rights).

<sup>33</sup> Package 12 totals 165,000 performance rights and is comprised of 2 components, being 123,750 rights using Earnings Per Share as a performance measure (EPS Rights) and 41,250 rights using Total Shareholder Return as a performance measure (TSR Rights).

The vesting conditions for each package incorporate the following performance criteria:

#### PERFORMANCE CRITERIA FOR EACH TRANCHE

<b>Package 2</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving Prospectus forecast earnings per share for FY2007; and</li> <li>■ 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.</li> </ul>
<b>Package 3</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving earnings per share of 10.34 cents; and</li> <li>■ for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.</li> </ul>
<b>Package 4</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving earnings per share of 16.453 cents;</li> <li>■ for the second tranche, achieving earnings per share of 18.510 cents; and</li> <li>■ for the third tranche, achieving earnings per share of 20.823 cents.</li> </ul>
<b>Package 5</b>	Achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.
<b>Package 6</b>	Achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.
<b>Package 7</b>	Achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.
<b>Package 8</b>	The Company's earnings per share for FY2013 must be at least 33.73 cents per share.
<b>Package 9</b>	Achieving compound annual earnings per share growth of 7.5% over FY2011 earnings per share.
<b>Package 10</b>	Achieving compound annual earnings per share growth of 6% over FY12 earnings per share. A pro-rata entitlement is recommended to occur should the compound annual earnings per share growth over FY12 earnings per share be between 3% and 6%.
<b>Package 11</b>	<ul style="list-style-type: none"> <li>■ 75% of the tranche (EPS rights) is subject to achieving compound annual earnings per share growth of 5% over the 2012 calendar year earnings per share; and</li> <li>■ the remaining 25% of the tranche (TSR rights) is subject to the total shareholder return exceeding the average total shareholder return for a basket of ASX listed companies including the following: Seek Limited, Carsales.com Limited, REA Group Limited, Flight Centre Limited, Webjet Limited, Corporate Travel Management Limited and Jetset Travelworld Limited for the 2013 calendar year and thereafter, on a cumulative average basis until the 2015 calendar year.</li> </ul>
<b>Package 12</b>	<ul style="list-style-type: none"> <li>■ For each tranche, 75% of the tranche (EPS rights) is subject to the Company's earnings per share for the 2015 calendar year meeting or exceeding the 2012 calendar year earnings per share uplifted by 5% cumulatively for the three intervening calendar years. Thereafter the criteria is measured for the 2016 and 2017 calendar years with the number of intervening years increased to four and five years respectively; and</li> <li>■ the remaining 25% of the tranche (TSR rights) is subject to the Company's total shareholder return for the three calendar years 2013 to 2015 meeting or exceeding the average total shareholder return for a basket of ASX listed companies including the following: Seek Limited, Carsales.com Limited, REA Group Limited, Flight Centre Limited, Webjet Limited, Corporate Travel Management Limited and Jetset Travelworld Limited for the corresponding three year period. Thereafter the criterion is measured for the 2016 and 2017 calendar years with the number of intervening years increased to four and five years respectively.</li> </ul>

In respect of all packages, 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 all packages, if there is a change in control of the Company after its admission to the Official List of ASX, the Board may resolve that any options and performance rights that have not vested will immediately vest.

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

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

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

NAME	NUMBER OF OPTIONS/PERFORMANCE RIGHTS GRANTED DURING THE YEAR		NUMBER OF OPTIONS/PERFORMANCE RIGHTS VESTED DURING THE YEAR	
	FY13	FY12	FY13	FY12
<b>Directors</b>				
R M S Cooke	-	-	-	-
All other directors	-	-	-	-
<b>Key management personnel</b>				
S Blume	450,000	-	-	-
G R Timm	13,500	200,000	-	-
D F Barnes	-	-	-	-
A M Ross	13,500	24,000	-	20,000
J M Sutherland	9,000	24,000	-	-
H Demetriou	10,800	24,000	-	-
J N Holte	10,500	24,000	-	-
M W Varley	11,200	24,000	-	20,000
O Dombey	-	-	-	-

The assessed fair value at grant date of options and performance rights 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. The fair value of the options and performance rights packages granted is estimated as at the date of grant taking into account the terms and conditions upon which the options and performance rights were granted. A binomial model is used for the options packages and performance rights package 10 and a Monte Carlo simulation model is used for performance rights packages 11 and 12. The inputs into the valuation models are included in Note 29.



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

NAME	DATE OF EXERCISE OF OPTIONS/PERFORMANCE RIGHTS IN THE YEAR	NUMBER OF SHARES ISSUED ON EXERCISE OF OPTIONS/PERFORMANCE RIGHTS DURING THE YEAR		AMOUNT PAID PER ORDINARY SHARE ON EXERCISE OF OPTIONS/ PERFORMANCE RIGHTS
		FY13	FY12	FY12
<b>Directors</b>				
R M S Cooke	-	-	-	-
All other directors	-	-	-	-
<b>Key management personnel</b>				
S Blume	-	-	-	-
G R Timm	-	-	-	-
D F Barnes	-	-	-	-
A M Ross	-	-	20,000	\$2.00
J M Sutherland	-	-	-	-
H Demetriou	-	-	-	-
J N Holte	-	-	-	-
M W Varley	-	-	20,000	\$2.00
O Dombey	-	-	-	-

No amounts are unpaid on any shares issued on exercise of options or performance rights

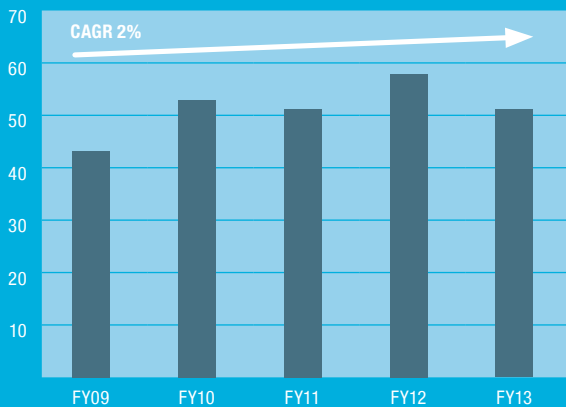
Key management personnel of the Group must not enter into transactions in products associated with shares, options or performance rights in Wotif.com Holdings Limited that operate to limit the economic risk to such security holdings.

A Director or employee of the Group must not trade in shares, options, performance rights or derivatives of Wotif.com Holdings Limited for short-term gain and, accordingly, trading in these same shares, options, performance rights 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.

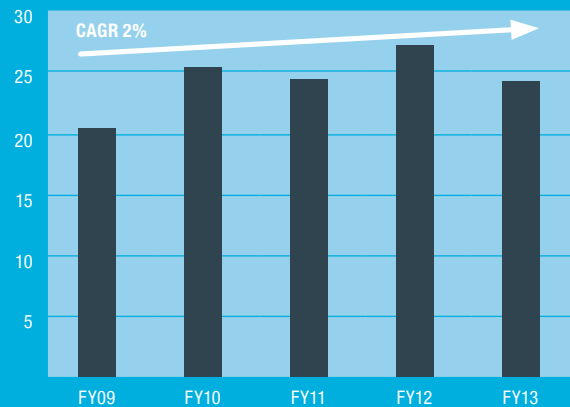
### FIGURE 3

NPAT CAGR - 5 year history (\$ million)



### FIGURE 4

Earnings per share CAGR - 5 year history (cents)



## SECTION E – ADDITIONAL INFORMATION

### Company performance

The remuneration policies implemented since the Company's formation have aligned the growth in the Company's profits and shareholder returns with the remuneration of executives. The policies implemented have assisted in driving net profit after tax from \$43.5 million in FY09 to \$51.0 million in FY13 as shown in Figure 3, and earnings per share growth as shown in Figure 4. Since listing in June 2006 at an issue price of \$2.00, Wotif.com Holdings Limited's shares have increased in value by 127% to \$4.53 as at 30 June 2013 (\$4.21 as at 30 June 2012) as shown in Figure 5. However, options granted to executives in prior periods did not vest in the reporting period as a result of the performance criteria linked to cumulative earnings per share growth not being achieved. The Nomination and Remuneration Committee are responsible for ongoing review of the remuneration policies designed to meet the needs of the Group and to enhance and align corporate and individual performance.

**FIGURE 5** Share price since listing



Further details relating to options and performance rights are set out below:

NAME	A REMUNERATION CONSISTING OF OPTIONS/ PERFORMANCE RIGHTS	B VALUE AT GRANT DATE \$	C VALUE AT EXERCISE DATE \$	D VALUE AT LAPSE DATE \$
R D McIlwain	-	-	-	-
A B R Smith	-	-	-	-
R A C Brice	-	-	-	-
G T Wood	-	-	-	-
R M S Cooke	-	-	-	-
S Blume	21%	1,758,455	-	-
G R Timm	12%	43,641	-	-
D F Barnes	-	-	-	-
A M Ross	(16%)	43,641	-	(38,255)
J M Sutherland	6%	12,123	-	-
H Demetriou	7%	34,913	-	-
J N Holte	(16%)	36,206	-	(40,701)
M W Varley	(9%)	33,943	-	(29,989)
O Dombey	-	-	-	-

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

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

**Column C** The value at exercise date of options/performance rights that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options/performance rights at that date.

**Column D** The value at lapse date of options/performance rights 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.

## OPTIONS AND PERFORMANCE RIGHTS

For each grant of options and performance rights included in the table on the following pages, 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 or performance rights will vest if the performance criteria as set out on page 38 are not met, hence the minimum value of options and performance rights yet to vest is nil.

	OPTION/PERFORMANCE RIGHTS PACKAGE AND YEAR GRANTED	VESTED	FORFEITED/ LAPSED	FINANCIAL YEARS IN WHICH OPTIONS/ PERFORMANCE RIGHTS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST \$	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST <sup>34</sup> \$
R M S Cooke	PACKAGE 1 (FY06)	100%	0%	N/A	Nil	-
	PACKAGE 4 (FY08)	0%	100% <sup>35</sup>	FY12	Nil	-
	PACKAGE 8 (FY11)	0%	100%	FY14 – FY16	Nil	-
S Blume	PACKAGE 11 (FY13) – EPS RIGHTS	0%	0%	FY14	Nil	377,789
				FY15		359,891
				FY16		342,834
	PACKAGE 11 (FY13) – TSR RIGHTS	0%	0%	FY14	Nil	72,525
				FY15		64,740
				FY16		52,844
PACKAGE 12 (FY13) - EPS RIGHTS	0%	0%	FY16	Nil	198,483	
			FY17		189,078	
			FY18		180,118	
PACKAGE 12 (FY13) - TSR RIGHTS	0%	0%	FY16	Nil	41,931	
			FY17		37,459	
			FY18		32,194	
G R Timm	PACKAGE 5 (FY09)	0%	0%	FY12	Nil	11,549
				FY13		11,650
				FY14		11,620
	PACKAGE 6 (FY09)	0%	0%	FY13	Nil	9,599
				FY14		9,867
				FY15		10,067
PACKAGE 7 (FY11)	0%	0%	FY14	Nil	2,820	
			FY15		3,060	
			FY16		3,210	
PACKAGE 9 (FY12)	0%	0%	FY15	Nil	49,260	
			FY16		49,387	
			FY17		48,900	
PACKAGE 10 (FY13)	0%	0%	FY16	Nil	19,036	
			FY17		18,134	
			FY18		17,271	
A M Ross	PACKAGE 2 (FY06)	100%	0%	N/A	N/A	-
	PACKAGE 5 (FY09)	0%	100%	FY12 – FY14	Nil	-
	PACKAGE 6 (FY09)	0%	100%	FY13 – FY15	Nil	-
	PACKAGE 7 (FY11)	0%	100%	FY14 – FY16	Nil	-
	PACKAGE 9 (FY12)	0%	100%	FY15 – FY17	Nil	-
	PACKAGE 10 (FY13)	0%	100%	FY16 – FY18	Nil	-

Table continued on next page

	OPTION/PERFORMANCE RIGHTS PACKAGE AND YEAR GRANTED	VESTED	FORFEITED/ LAPSED	FINANCIAL YEARS IN WHICH OPTIONS/ PERFORMANCE RIGHTS MAY VEST	MINIMUM TOTAL VALUE OF GRANT YET TO VEST \$	MAXIMUM TOTAL VALUE OF GRANT YET TO VEST <sup>34</sup> \$
J M Sutherland	PACKAGE 6 (FY09)	0%	0%	FY13	Nil	24,000
				FY14		24,667
				FY15		25,167
	PACKAGE 7 (FY11)	0%	0%	FY14	Nil	5,640
				FY15		6,120
				FY16		6,420
	PACKAGE 9 (FY12)	0%	0%	FY15	Nil	5,911
				FY16		5,926
				FY17		5,868
	PACKAGE 10 (FY13)	0%	0%	FY16	Nil	12,691
				FY17		12,089
				FY18		11,514
H Demetriou	PACKAGE 5 (FY09)	0%	0%	FY12	Nil	28,875
				FY13		29,125
				FY14		29,050
	PACKAGE 6 (FY09)	0%	0%	FY13	Nil	16,799
				FY14		17,267
				FY15		17,617
	PACKAGE 7 (FY11)	0%	0%	FY14	Nil	5,954
				FY15		6,459
				FY16		6,777
	PACKAGE 9 (FY12)	0%	0%	FY15	Nil	5,911
				FY16		5,926
				FY17		5,868
PACKAGE 10 (FY13)	0%	0%	FY16	Nil	15,229	
			FY17		14,507	
			FY18		13,817	
J N Holte	PACKAGE 7 (FY11)	0%	100%	FY14 – FY16	Nil	-
	PACKAGE 9 (FY12)	0%	100%	FY15 – FY17	Nil	-
	PACKAGE 10 (FY13)	0%	100%	FY16 – FY18	Nil	-
M W Varley	PACKAGE 2 (FY06)	100%	0%	N/A	N/A	-
	PACKAGE 5 (FY09)	0%	100%	FY12 – FY14	Nil	-
	PACKAGE 6 (FY09)	0%	100%	FY13 – FY15	Nil	-
	PACKAGE 7 (FY11)	0%	100%	FY14 – FY16	Nil	-
	PACKAGE 9 (FY12)	0%	100%	FY15 – FY17	Nil	-
	PACKAGE 10 (FY13)	0%	100%	FY16 – FY18	Nil	-

<sup>34</sup> The maximum value of each option/performance right yet to vest has been determined as the total number of options/performance rights to vest multiplied by the fair value of each option/performance right at grant date.

<sup>35</sup> The performance criteria set for these options have in all respects been satisfied. The option holder determined not to proceed to exercise the options due to the exercise price being set at \$4.75 per option. The value ascribed to the option holder's reported remuneration for these options over their term, and the amount accordingly charged to the Company's Income Statement, was \$1,539,000.



## 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 3,139,300 unissued ordinary shares under options and performance rights.

## SHARES ISSUED AS A RESULT OF EXERCISE OF OPTIONS AND PERFORMANCE RIGHTS

During the financial year, no options or performance rights have met the criteria to be exercised.

The market price of Wotif.com Holdings Limited's shares at 30 June 2013 was \$4.53.

## 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 Chief Executive Officer, the Chief Financial 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*. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

## ROUNDING OF AMOUNTS

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

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

## AUDITOR

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 45 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 2013 financial year were as follows:

DESCRIPTION OF NON-AUDIT SERVICE	AMOUNT PAID OR PAYABLE
Tax	\$3,879

Given that no significant 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 28 August 2013.



Dick McIlwain

Chairman



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

In relation to our audit of the financial report of Wotif.com Holdings Limited for the financial year ended 30 June 2013, 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.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot' in a cursive style.

Alison de Groot  
Partner  
28 August 2013

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# Financial Report

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DIRECTORS' DECLARATION

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INDEPENDENT AUDIT REPORT

## INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2013

AMOUNTS IN \$'000

	CONSOLIDATED		
	NOTE	2013	2012
<b>REVENUE</b>			
Accommodation revenue		126,915	126,136
Flights and other revenue		15,093	13,584
Interest received		4,640	5,589
<b>Total revenue</b>		<b>146,648</b>	<b>145,309</b>
<b>EXPENSES</b>			
Advertising and marketing expenses		20,418	17,663
Business development expenses		10,958	9,898
Operations and administration expenses	3	41,689	36,472
<b>Total expenses</b>		<b>73,065</b>	<b>64,033</b>
<b>Profit from continuing operations before income tax</b>		<b>73,583</b>	<b>81,276</b>
Income tax expense	4	22,546	23,272
<b>Profit for the year</b>		<b>51,037</b>	<b>58,004</b>

		2013 PER SHARE	2012 PER SHARE
<b>// Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the parent:</b>			
Basic earnings per share	24	24.10 cents	27.42 cents
Diluted earnings per share	24	23.98 cents	27.38 cents

The accompanying notes form part of these financial statements

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Profit for the year	51,037	58,004
<b>OTHER COMPREHENSIVE INCOME</b>		
<i>Items that may be reclassified to profit or loss</i>		
Foreign currency translation	2,995	1,921
<b>Other comprehensive income for the year, net of tax</b>	<b>2,995</b>	<b>1,921</b>
<b>Total comprehensive income for the year</b>	<b>54,032</b>	<b>59,925</b>

The accompanying notes form part of these financial statements

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

AMOUNTS IN \$'000

	CONSOLIDATED		
	NOTE	2013	2012
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	132,000	140,871
Trade and other receivables	7	10,851	8,481
<b>Total current assets</b>		<b>142,851</b>	<b>149,352</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	8	149	138
Investment in joint venture	9	523	163
Property, plant and equipment	10	17,346	18,140
Investment property	11	3,443	3,579
Deferred tax assets	4	7,411	7,222
Intangible assets and goodwill	12	95,359	89,797
<b>Total non-current assets</b>		<b>124,231</b>	<b>119,039</b>
<b>Total assets</b>		<b>267,082</b>	<b>268,391</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	156,562	157,330
Income tax payable		5,978	7,734
Provisions	15	1,860	1,399
<b>Total current liabilities</b>		<b>164,400</b>	<b>166,463</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest bearing loans and borrowings	14	112	112
Deferred tax liabilities	4	2,189	2,685
Provisions	15	483	649
<b>Total non-current liabilities</b>		<b>2,784</b>	<b>3,446</b>
<b>Total liabilities</b>		<b>167,184</b>	<b>169,909</b>
<b>Net assets</b>		<b>99,898</b>	<b>98,482</b>
<b>EQUITY</b>			
Contributed equity	16	30,001	30,001
Retained earnings		64,633	66,530
Reserves	17	5,264	1,951
<b>Total equity</b>		<b>99,898</b>	<b>98,482</b>

The accompanying notes form part of these financial statements

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

AMOUNTS IN \$'000

	CONSOLIDATED		
	NOTE	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		1,271,373	1,257,314
Payments to suppliers and employees (inclusive of GST)		(1,198,745)	(1,178,247)
Interest received		4,620	5,535
Income tax paid		(25,093)	(19,332)
<b>Net cash flows from operating activities</b>	19(a)	<b>52,155</b>	<b>65,270</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		-	28
Payments for property, plant and equipment		(2,796)	(3,200)
Payments for web development		(6,893)	(5,868)
Contribution to joint venture		(481)	(195)
<b>Net cash flows used in investing activities</b>		<b>(10,170)</b>	<b>(9,235)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	1,054
Dividends paid		(52,934)	(50,754)
<b>Net cash flows used in financing activities</b>		<b>(52,934)</b>	<b>(49,700)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(10,949)</b>	<b>6,335</b>
Net foreign exchange differences		2,078	1,005
Cash and cash equivalents at beginning of year		140,871	133,531
<b>Cash and cash equivalents at end of year</b>	19(b)	<b>132,000</b>	<b>140,871</b>

The accompanying notes form part of these financial statements

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

AMOUNTS IN \$'000

	CONSOLIDATED				
	ORDINARY SHARES	EMPLOYEE EQUITY BENEFITS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>At 1 July 2012</b>	30,001	5,269	(3,318)	66,530	98,482
Profit for the period	-	-	-	51,037	51,037
Other comprehensive income	-	-	2,995	-	2,995
Income tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	2,995	51,037	54,032
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>					
Shares issued	-	-	-	-	-
Share-based payments	-	454	-	-	454
Income tax	-	(136)	-	-	(136)
Dividends paid	-	-	-	(52,934)	(52,934)
<b>At 30 June 2013</b>	30,001	5,587	(323)	64,633	99,898

FOR THE YEAR ENDED 30 JUNE 2012

AMOUNTS IN \$'000

	CONSOLIDATED				
	ORDINARY SHARES	EMPLOYEE EQUITY BENEFITS RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	RETAINED EARNINGS	TOTAL EQUITY
<b>At 1 July 2011</b>	28,947	5,544	(5,239)	59,280	88,532
Profit for the period	-	-	-	58,004	58,004
Other comprehensive income	-	-	1,921	-	1,921
Income tax	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	1,921	58,004	59,925
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:</b>					
Shares issued	1,054	-	-	-	1,054
Share-based payments	-	(332)	-	-	(332)
Income tax	-	57	-	-	57
Dividends paid	-	-	-	(50,754)	(50,754)
<b>At 30 June 2012</b>	30,001	5,269	(3,318)	66,530	98,482

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 2013 was authorised for issue in accordance with a resolution of Directors made on 28 August 2013.

The Company is a public company incorporated in Australia and is listed on the Australian Securities Exchange.

The principal activity of the Company and its controlled entities (the **Consolidated Entity** or **Group**) 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 2013 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 2012, the impact of which is assessed and described below:

#### AASB 2011-9

#### *Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*

This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not. The adoption of the amendment did not have a material impact on the financial report.

#### *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 2013 are outlined below:

#### AASB 9

#### *Financial Instruments*

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

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

- a) Financial assets that are debt instruments will be 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.

- b) 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.
- d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
  - The remaining change is presented in profit or loss

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

#### Impact on Group 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 GROUP
1 January 2015	1 July 2015

## AASB 10

### Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to other standards via AASB 2011-7 and AASB 2012-10.

#### Impact on Group 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 GROUP
1 January 2013	1 July 2013

## AASB 11

### Joint Arrangements

AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.

#### Impact on Group 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 GROUP
1 January 2013	1 July 2013

## AASB 12

### Disclosure of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.

#### Impact on Group 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 GROUP
1 January 2013	1 July 2013

**AASB 13****Fair Value Measurement**

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.

**Impact on Group 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 GROUP
1 January 2013	1 July 2013

**AASB 1053****Application of Tiers of Australian Accounting Standards**

This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements:

- a) **Tier 1:** Australian Accounting Standards.
- b) **Tier 2:** Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements.

**Impact on Group 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 GROUP
1 July 2013	1 July 2013

**AASB 2011-4****Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]**

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

**Impact on Group Financial Report:**

On the basis of the review conducted, the Group has determined that disclosures in note 18 and 28 will be reduced as described above.

APPLICATION DATE OF STANDARD	APPLICATION DATE FOR GROUP
1 July 2013	1 July 2013

**AASB 119****Employee Benefits**

The revised Standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

**Impact on Group 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 GROUP
1 January 2013	1 July 2013

**AASB 2012-2****Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities**

AASB 2012-2 principally amends AASB 7 *Financial Instruments: Disclosures* to require disclosure of the effect or potential effect of netting arrangements. This includes rights of set-off associated with the entity's recognised financial assets and liabilities on the entity's financial position, when the offsetting criteria of AASB132 are not all met.

**Impact on Group 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 GROUP
1 January 2013	1 July 2013

**AASB 2012-3*****Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities***

AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.

**Impact on Group 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 GROUP
1 January 2014	1 July 2014

**AASB 2012-5*****Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle***

AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following:

- a) repeat application of AASB 1 is permitted (AASB 1)
- b) Clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 *Presentation of Financial Statements*)

**Impact on Group 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 GROUP
1 January 2013	1 July 2013

**AASB 2012-9*****Amendments to AASB 1048 arising from the withdrawal of Australian Interpretation 1039***

AASB 2012-9 amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*.

**Impact on Group 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 GROUP
1 January 2013	1 July 2013

**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***

Accommodation inventory (room nights) is displayed on the Group’s websites for sale at the accommodation provider’s discretion. When bookings are made they are paid for immediately by customers (either in full or for a deposit equal to the Group’s revenue on the booking) using their credit cards as verified by an online merchant facility. The Consolidated Entity recognises the revenue when customers have commenced their stay at the accommodation venue.

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 accommodation venue is recognised as an unearned revenue liability.

***Flights, packages and travel-related services revenue***

Revenue from flights, packages and travel-related 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 is considered to control 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 its objectives. 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 (the Deed) 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.

## E Intangible assets

### Goodwill

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

The Company performs its impairment testing each year using discounted cash flows, 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 between 1 and 5 years.

IT costs incurred on research, advertising, marketing management and day-to-day maintenance 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

### 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 not 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.

### 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.

### 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 the 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 currency of Wotif.com Holdings Limited and its Australian subsidiaries are Australian Dollars (\$).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All translation differences arising from transactions are taken directly to the Income Statement.

### Translation of financial balances of overseas operations

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

Investment in Canadian subsidiary	CAD (Canadian dollars)
Investment in UK subsidiary	GBP (Great Britain pounds)
Investment in Malaysian subsidiary	MYR (Malaysian ringgits)
Investment in New Zealand subsidiary	NZD (New Zealand dollars)
Investment in Singapore subsidiary	SGD (Singapore dollars)
Investment in Thailand subsidiary	THB (Thai 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. Exchange differences relating to intercompany trading loans are recognised in the Income Statement as they do not form part of the investment. On disposal or partial disposal of the foreign entity, the cumulative amount recognised in equity relating to that operation is recognised in the Income Statement.

## 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.

### 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.

### **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 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 3 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**

#### **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.

#### **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 classified 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 5 days, are recognised and carried at their TTV value including GST less an allowance for uncollectible amounts (if any).

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

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

### **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 pages 29-41).

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.

In respect of the options and performance rights package 10, the fair value of the equity instrument is determined by an external valuer using a binomial option pricing model. The valuation model considers the non-market performance based hurdle of the options or performance rights, being earnings per share growth.

In respect of the performance rights packages 11 and 12, the fair value of the equity instrument is determined by an external valuer using a Monte Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted. The model simulates the TSR and compares it against a specified basket of companies. It takes into account historic and expected dividends, and the share price fluctuation covariance of the Group and the TSR basket to predict the relative share performance.

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. A write-back of previously recognised options or performance rights expense is recognised where non-market vesting conditions have not been met or are not expected to be met.

The dilutive effect, if any, of outstanding options or performance rights 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**

### **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.

### **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 estimates and assumptions 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.

#### **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 together with future tax planning strategies.

#### **Impairment of intangible assets – goodwill, trademarks and brand names**

The Group determines whether goodwill, trademarks and brand names with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated as well as an assessment of the recoverable amount of trademarks and brand names. An impairment loss of \$1,741,000 (2012: \$Nil) was recognised in the current year in respect of intangibles.

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 between 1 and 5 years. The period of expected benefit is reviewed at least on an annual basis.

### **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 the relevant assumptions and model as detailed in Note 29. 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.

### **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 operates in the online travel industry. For management purposes, the Group is organised into one main operating segment which involves the provision of online travel booking services. All of the Group's activities are interrelated and discrete financial information is reported to, and reviewed by, the Company's Chief Operating Decision Makers as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

For the purpose of segment information, revenue is split between "Accommodation" and "Flights and Other" revenue. "Accommodation" revenue represents revenues from card fees, cancellation fees, credit card surcharges, commissions or payments for accommodation services. "Flights and Other" revenue represents revenues from a range of services including domestic and international airline ticket sales, segment rebates, airline overrides, income from the ARNOLD Corporate booking service, car hire, travel insurance and other travel related products.

For the purpose of segment information, revenue is determined by the location of the accommodation rather than the residency of the customer. All flights ticketing revenues are Australian based.

## AA Parent entity financial information

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

### 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.

### 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.

### 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, INCOME AND EXPENSES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>a) Total Transactional Value</b>	<b>1,166,090</b>	<b>1,161,203</b>
<i>Total Transactional Value (TTV) represents the price at which accommodation, flights, package and other travel-related services have been sold excluding all travel taxes and GST across the Consolidated Entity's operations. TTV does not represent revenue in accordance with Australian Accounting Standards.</i>		
<b>b) Profit before income tax expense</b>		
<i>Includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the Group:</i>		
<b>i. OPERATIONAL AND ADMINISTRATION EXPENSES</b>		
Credit card commission	12,148	12,973
Bank charges	618	489
Amortisation of IT Development Costs	2,349	1,670
Other amortisation	45	45
Web maintenance costs	11,059	9,722
Depreciation	3,889	3,287
Foreign exchange loss/(gain) and currency conversion fees	1,176	(55)
Loss/(Gain) on disposal of property, plant & equipment	12	(1)
Rent and outgoings	659	601
Share-based payments expense	454	(332)
Administration employment expenses including Directors' costs	4,316	5,205
Share of joint-venture losses (note 9)	158	151
Impairment of trademarks and brand names (note 12(a))	1,741	-
Other expenses	3,065	2,717
<b>Total</b>	<b>41,689</b>	<b>36,472</b>
<b>ii. EMPLOYEE BENEFITS EXPENSE</b>		
Wages and salaries (excluding IT development employees' wages and salaries capitalised)	26,505	25,097
Share-based payments expense	454	(332)
<b>Total</b>	<b>26,959</b>	<b>24,765</b>

## 4. INCOME TAX

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
The major components of income tax expenses are:		
<b>INCOME STATEMENT</b>		
<b>Current income tax</b>		
Current income tax charge	21,614	23,768
Adjustments in respect of current income tax of previous year	522	(1,033)
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary differences	685	537
Relating to adjustments of deferred tax of previous year	(275)	-
<b>Income tax expense reported in the Income Statement</b>	<b>22,546</b>	<b>23,272</b>
<b>AMOUNTS CHARGED OR CREDITED DIRECTLY TO EQUITY</b>		
<i>Deferred income tax related to items charged or credited directly to equity</i>		
Income tax expense reported in equity	136	(57)
<b>Income tax expense reported in equity</b>	<b>136</b>	<b>(57)</b>
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:		
Accounting profit before income tax	73,583	81,276
At the Consolidated Entity's statutory income tax rate of 30%	22,075	24,383
Adjustments in respect of current income tax of previous years	522	(1,033)
Research and development concession deduction	(467)	(892)
Foreign exchange and other translation adjustment	307	894
Foreign tax rate adjustment	(5)	(16)
Non-deductible amortisation	(9)	(1)
Other	(13)	(6)
Share-based payment expense	136	(57)
<b>Income tax expense</b>	<b>22,546</b>	<b>23,272</b>

AMOUNTS IN \$'000

	STATEMENT OF FINANCIAL POSITION		INCOME STATEMENT	
	2013	2012	2013	2012
Deferred income tax at 30 June relates to the following:				
<b>DEFERRED INCOME TAX LIABILITIES</b>				
Interest accrued not received	34	8	26	-
Other	-	7	(7)	(7)
Brand names recognised in foreign subsidiary	2,155	2,678	(523)	-
<b>Gross deferred tax liabilities</b>	<b>2,189</b>	<b>2,693</b>		
Set off of deferred tax assets	-	(8)		
<b>Net deferred tax liabilities</b>	<b>2,189</b>	<b>2,685</b>		
<b>DEFERRED INCOME TAX ASSET</b>				
Tax losses	5,662	6,184	522	(820)
Accrued expenses	533	475	(58)	387
Provisions	715	571	(144)	31
Foreign exchange and other translation differences	501	-	(501)	-
Cash settled share-based payment	-	-	-	(128)
<b>Gross deferred tax assets</b>	<b>7,411</b>	<b>7,230</b>		
Set off of deferred tax liabilities	-	(8)		
<b>Net deferred tax assets</b>	<b>7,411</b>	<b>7,222</b>		
<b>Deferred tax income/(expense)</b>			<b>(685)</b>	<b>(537)</b>

## 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 28 August 2013, the Directors determined a fully franked dividend on ordinary shares of 11.5 cents per share in respect of the period to 30 June 2013. In accordance with Accounting Standards, the total amount of this final dividend of \$24,349,668 has not been provided for in the 30 June 2013 Financial Statements.

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>a) Dividend paid</b>		
Final franked dividend for 2012: 13.5 cents (2011 final: 12.5 cents)	28,584	26,404
Interim franked dividend for 2013: 11.5 cents (2012 interim: 11.5 cents)	24,350	24,350
	<b>52,934</b>	<b>50,754</b>
<b>b) Franking account balance</b>		
<i>The amount of franking credits available for the subsequent financial year are:</i>		
■ franking balance as at the end of the financial year at 30%	14,425	12,063
■ franking that will arise from the payment of income tax as at the end of the period	5,978	5,057
	<b>20,403</b>	<b>17,120</b>
<b>c) Dividends proposed and not recognised as a liability</b>		
2013: 11.5 cents fully franked (2012: 13.5 cents fully franked)	24,350	28,584
	<b>24,350</b>	<b>28,584</b>

## 6. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Cash at bank	81,767	118,946
Short-term deposits	26,948	5,589
Client funds account	23,285	16,336
	<b>132,000</b>	<b>140,871</b>

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

## 7. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Trade debtors	9,288	7,001
Prepayments	1,563	1,480
	<b>10,851</b>	<b>8,481</b>

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 2013 and 30 June 2012 all trade receivables were aged within 0-30 days. No receivables were past due. Due to the short-term nature of these receivables, their carrying values approximate their fair values. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security.

## 8. NON-CURRENT ASSETS – RECEIVABLES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Loan to other parties, secured	149	138
	<b>149</b>	<b>138</b>

This loan bears interest at 8.5% p.a.

## 9. INTEREST IN JOINT VENTURES

### Joint venture entity

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 owns and operates 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.

AMOUNTS IN \$'000

	OWNERSHIP INTEREST %		CARRYING VALUE OF THE INVESTMENT	
	2013	2012	2013	2012
iVIVU Joint Venture	50%	50%	523	163

AMOUNTS IN \$'000

// Share of joint venture revenue, expenses and results	2013	2012
Revenues	371	64
Expenses	529	215
<b>Profit/(loss) after income tax</b>	<b>(158)</b>	<b>(151)</b>
Current assets	476	183
Non-current assets	24	-
<b>Total assets</b>	<b>500</b>	<b>183</b>
Current liabilities	91	20
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>91</b>	<b>20</b>
<b>Net Assets</b>	<b>409</b>	<b>163</b>

At reporting date there were no commitments or contingent liabilities relating to the joint venture. There were no indicators of impairment which would cause a write-down of the carrying value of the joint venture.



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

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>LAND AND BUILDINGS</b>		
Freehold land – at cost	2,300	2,300
Buildings – at cost	10,806	10,255
Less: accumulated depreciation	(2,309)	(1,436)
	<b>10,797</b>	<b>11,119</b>
<b>PLANT &amp; EQUIPMENT</b>		
Plant and equipment – at cost	20,745	18,350
Less: accumulated depreciation	(14,196)	(11,329)
	<b>6,549</b>	<b>7,021</b>
<b>Total property, plant and equipment</b>	<b>17,346</b>	<b>18,140</b>

AMOUNTS IN \$'000

// Reconciliation of carrying amounts at the beginning and end of the period:	FREEHOLD LAND	FREEHOLD BUILDINGS	PLANT & EQUIPMENT	TOTAL
<b>Year ended 30 June 2013</b>				
Balance at 1 July 2012	2,300	8,819	7,021	18,140
Additions	-	555	2,404	2,959
Depreciation	-	(877)	(2,876)	(3,753)
<b>Balance at end of year</b>	<b>2,300</b>	<b>8,497</b>	<b>6,549</b>	<b>17,346</b>
<b>Year ended 30 June 2012</b>				
Balance at 1 July 2011	2,300	7,922	7,901	18,123
Additions	-	1,424	1,735	3,159
Depreciation	-	(527)	(2,615)	(3,142)
<b>Balance at end of year</b>	<b>2,300</b>	<b>8,819</b>	<b>7,021</b>	<b>18,140</b>

## 11. NON-CURRENT ASSETS – INVESTMENT PROPERTY

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Balance at beginning of year	3,579	3,683
Additions	-	41
Depreciation	(136)	(145)
<b>Balance at end of year</b>	<b>3,443</b>	<b>3,579</b>
<b>Reconciliation of net profit on investment property</b>		
Rental income from investment property	311	246
Direct operating expenses (including repairs and maintenance) generating rental income	(98)	(37)
<b>Net profit arising from investment property carried at cost</b>	<b>213</b>	<b>209</b>

The Group has no restrictions on the realisability of its investment property and no contractual obligations to either purchase, construct or develop its 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 a Directors' valuation process to estimate the fair market value of the investment property is \$3,443,060 (2012: \$3,784,800).

AMOUNTS IN \$'000

	FREEHOLD LAND	FREEHOLD BUILDINGS	TOTAL
<b>Year ended 30 June 2013</b>			
Balance at beginning of year	790	2,789	3,579
Depreciation	-	(136)	(136)
<b>Balance at end of year</b>	<b>790</b>	<b>2,653</b>	<b>3,443</b>

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

AMOUNTS IN \$'000

	CONSOLIDATED						TOTAL
	IT DEVELOPMENT COSTS	TRADEMARK & BRAND NAMES	DOMAIN NAMES	CUSTOMER CONTRACTS	GOODWILL	SYSTEM SOFTWARE	
<b>Year ended 30 June 2013</b>							
At 1 July 2012 net of accumulated amortisation and impairment	3,999	23,108	123	-	62,468	99	89,797
Additions – internal development	6,893	-	-	-	-	-	6,893
Impairment	-	(1,741)	-	-	-	-	(1,741)
Exchange differences	-	(44)	3	-	2,845	-	2,804
Amortisation	(2,349)	(3)	(19)	-	-	(23)	(2,394)
<b>At 30 June 2013 net of accumulated amortisation and impairment</b>	<b>8,543</b>	<b>21,320</b>	<b>107</b>	<b>-</b>	<b>65,313</b>	<b>76</b>	<b>95,359</b>
<b>At 30 June 2013</b>							
Cost (gross carrying amount)	36,017	23,070	321	690	65,313	188	125,599
Accumulated amortisation and impairment	(27,474)	(1,750)	(214)	(690)	-	(112)	(30,240)
<b>Net carrying amount</b>	<b>8,543</b>	<b>21,320</b>	<b>107</b>	<b>-</b>	<b>65,313</b>	<b>76</b>	<b>95,359</b>
<b>Year ended 30 June 2012</b>							
At 1 July 2011 net of accumulated amortisation and impairment	-	23,001	129	-	61,910	118	85,158
Additions – internal development	5,669	-	-	-	-	-	5,669
Additions - other	-	110	47	-	-	4	161
Exchange differences	-	-	(34)	-	558	-	524
Amortisation	(1,670)	(3)	(19)	-	-	(23)	(1,715)
<b>At 30 June 2012 net of accumulated amortisation and impairment</b>	<b>3,999</b>	<b>23,108</b>	<b>123</b>	<b>-</b>	<b>62,468</b>	<b>99</b>	<b>89,797</b>
<b>At 30 June 2012</b>							
Cost (gross carrying amount)	29,124	23,113	323	690	62,468	190	115,908
Accumulated amortisation and impairment	(25,125)	(5)	(200)	(690)	-	(91)	(26,111)
<b>Net carrying amount</b>	<b>3,999</b>	<b>23,108</b>	<b>123</b>	<b>-</b>	<b>62,468</b>	<b>99</b>	<b>89,797</b>

## 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 over 1 to 5 years. The useful life of the asset is reviewed annually.

### 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. For impairment purposes, the trademark and brand names are tested at an overall cash generating unit level. Further, the individual brands and trademarks are assessed based on the levels of traffic and usage. Should the level of traffic reduce or brands and trademarks be discontinued, this may give rise to an impairment.

During the year, the Group recorded an impairment charge of \$1,741,000 in relation to certain selected Asia Web Direct (AWD) domain names. The impairment charge relates solely to the assigned values of the lower-ranked domain names on the purchase of AWD in 2008. Due to algorithmic changes on Google, the traffic on those lower-ranked domains has declined dramatically and these links to the Group's booking sites now also have a negative impact on the overall Search Engine Optimisation rankings. As a result, the value of these domains has been written down to zero.

Traffic from other "key" domains included in the initial AWD acquisition continues to increase year on year and these increases also provide an opportunity to monetise traffic in the future.

### 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 nil value at year end.

### v) System software

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

### vi) Goodwill

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

Except for the impairment charge relating to the AWD domain names as detailed above, no impairment losses have been recognised on any intangible assets.

The carrying amount of goodwill and trademark and brand names acquired from business combinations is shown below:

	AMOUNTS IN \$'000	
	CONSOLIDATED	
	2013	2012
Carrying amount of goodwill	65,313	62,468
Carrying amount of trademarks and brand names with indefinite lives	21,320	23,108

The Group has assessed the carrying value of goodwill, trademarks and brand names acquired through business combinations by reference to a single consolidated Group cash generating unit.

## B Key assumptions used in the value in use calculation for the Wotif Group cash generating unit are as follows:

### i) Gross margins

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

### ii) Discount rates

Discount rates reflect management's estimate of the time value of money and the risks specific to the 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 an appropriate discount rate, regard has been given to the weighted average cost of capital of the entity as a whole. The after-tax discount rates applied to the cash flow projections is 11% (FY12: 10%). The equivalent pre-tax discount rate applied is 15.7% (FY12: 14.3%).

### 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 the Group to benefit from continuing increased penetration of bookings conducted online, greater brand awareness and benefits achieved through new product initiatives.

### iv) Growth rate estimates

In undertaking impairment testing the recoverable amount of the Group is determined based on a value in use calculation using cash flow projections covering a 5 year period with a terminal value utilised. Growth rate estimates used to support the carrying value of the assets are considered by management to be conservative and justified based on the history of the Group. For the purposes of assessing impairment, the growth rate used to calculate the terminal value beyond the 5 year period was 0%. Management considered sensitivities to the growth rate cash flow projection and noted no material change in the recoverable value of the consolidated Group.

### C Sensitivity to changes in assumptions

The recoverable amount of the consolidated Group's intangible assets currently exceeds its carrying value. This excess in recoverable amount could be reduced should changes in the following key assumptions occur:

ASSUMPTION	SENSITIVITY
Nominal EBITDA growth – years 1 to 5	A decrease in growth rate of 10% per annum would not result in an impairment charge.
Post-tax discount rate	An increase in the discount rate from 11% to 13% would not result in an impairment charge.

Management believe that no reasonably possible change in any of the above key assumptions would cause the carrying value of the Group to materially exceed its recoverable amount.

Impairment considerations for trademark and brand names are by reference to site visitor numbers rather than revenue growth. Management consider that a decline in site visitors to some brand names assets could be an indicator of impairment, however such a decline would have to be significant. On this basis, management performed a value in use calculation and an impairment loss of \$1,741,000 was recognised during the year for some domains. Management consider indicators of impairment on an annual basis.

## 13. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Amounts due in relation to bookings made	82,569	87,036
Trade creditors and accruals	11,938	11,832
Unearned revenue	8,569	7,435
Deposits received not yet due	53,486	51,027
	<b>156,562</b>	<b>157,330</b>

## 14. INTEREST-BEARING LIABILITIES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>Non-current</b>		
Redeemable preference shares (see Note 20)	112	112
	<b>112</b>	<b>112</b>

### Bank facility – unused

The Wotif Group has entered into a "come and go" facility with the National Australia Bank for working capital requirements of \$15 million (FY12: \$15 million). The facility is secured by a fixed and floating charge over the assets of the Group. As at 30 June 2013, no funds stood drawn under this facility and the Group was in compliance with all of the covenants.

## 15. PROVISIONS

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>CURRENT</b>		
Employee benefits	1,790	1,375
Make good provision	70	24
	<b>1,860</b>	<b>1,399</b>
<b>NON-CURRENT</b>		
Employee benefits	483	649
	<b>483</b>	<b>649</b>

### 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

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
211,736,244 (2012: 211,736,244) fully paid ordinary shares	30,001	30,001
	<b>30,001</b>	<b>30,001</b>

// Movement in ordinary shares on issue	CONSOLIDATED	
	SHARES	\$'000
At 1 July 2011	211,209,444	28,947
Employee options exercised	526,800	1,054
At 30 June 2012	211,736,244	30,001
Employee options exercised	-	-
At 30 June 2013	211,736,244	30,001

### 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 FY13, dividends of \$52,949,000 (FY12: \$50,754,000) were paid. The Company's stated dividend policy is to generally maintain an 80%-90% payout ratio.

## 17. RESERVES

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>FOREIGN CURRENCY TRANSLATION RESERVE</b>		
Balance at the beginning of the year	(3,318)	(5,239)
Currency translation differences	2,995	1,921
<b>Balance at end of year</b>	<b>(323)</b>	<b>(3,318)</b>
<b>EMPLOYEE EQUITY BENEFITS RESERVE</b>		
Balance at the beginning of the year	5,269	5,544
Share-based payment	454	(332)
Deferred tax	(136)	57
<b>Balance at end of year</b>	<b>5,587</b>	<b>5,269</b>
<b>Total Reserves</b>	<b>5,264</b>	<b>1,951</b>

## 18. RELATED PARTY DISCLOSURES

### Other related party transactions

#### *Marketing fee*

During the year ended 30 June 2013, marketing services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received \$43,600 (FY12: \$43,600) from the Group based on normal commercial terms.

#### *Holiday rental property listing*

During the year ended 30 June 2013, the Wotif.com website has included a property available for booking owned by R A C Brice (a Director). The listing is subject to Wotif.com's standard supplier terms and conditions. Commission earned by Wotif.com during the year from bookings of this property was \$326 (FY12: \$180). The revenue earned by R A C Brice in relation to these bookings was \$2,829 (FY12: \$1,680).

#### *Director's interests*

D Do (a Director) is a founder of the VI Group which is a 48% shareholder in Thien Minh Travel Joint Stock Company, being the other party to the joint venture agreement described in Note 9.



## 19. STATEMENT OF CASH FLOWS RECONCILIATION

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>a) Reconciliation of the net profit to the net cash flows from operations:</b>		
Net profit	51,037	58,004
Depreciation of non-current assets	3,889	3,287
Amortisation of non-current assets	2,394	1,715
Share of joint venture losses	158	151
Net loss/(gain) on disposal of property, plant and equipment	12	(1)
Net exchange differences	(1,502)	417
Share-based payments expense	454	(332)
Impairment of trademarks and brand names	1,741	-
<b>Changes in assets and liabilities net of effect from acquisition of controlled entities:</b>		
Increase in provisions	297	62
Increase in trade receivables and prepayments	(2,375)	(3,819)
(Decrease)/increase in trade creditors and accruals	(1,507)	2,155
(Decrease)/increase in income tax payable	(1,756)	3,094
(Decrease)/increase in deferred tax liabilities	(498)	7
(Increase)/decrease in deferred tax asset	(189)	530
<b>Net cash flows from operating activities</b>	<b>52,155</b>	<b>65,270</b>
<b>b) Reconciliation of cash</b>		
Cash at bank	105,052	135,282
Term deposits at call	26,948	5,589
	<b>132,000</b>	<b>140,871</b>



## 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	
			2013	2012
Wotif.com Pty Ltd <sup>36</sup>	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 <sup>36</sup>	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 <sup>36</sup>	Australia	Ordinary	100%	100%
Arnold Travel Technology Pty Limited <sup>36</sup>	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 (deregistered)	United Kingdom	Ordinary	-	-
■ AWD - BT Ltd <sup>37</sup> 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 <sup>38</sup>	Thailand	Ordinary	49%	49%

<sup>36</sup> These subsidiaries have been granted relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. Refer Note 21.

<sup>37</sup> 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.

<sup>38</sup> 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. 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

AMOUNTS IN \$'000

	CLOSED GROUP	
	2013	2012
<b>REVENUE</b>		
Accommodation revenue	122,977	121,539
Flights and other revenue	13,232	12,060
Interest received and receivable	4,535	5,451
<b>Total revenue</b>	<b>140,744</b>	<b>139,050</b>
<b>EXPENSES</b>		
Advertising and marketing expenses	18,241	15,603
Business development expenses	8,711	7,843
Operations and administration expenses	32,998	41,796
<b>Total expenses</b>	<b>59,950</b>	<b>65,242</b>
<b>Profit before income tax</b>	<b>80,794</b>	<b>73,808</b>
Income tax expense	26,834	18,855
<b>Profit for the year</b>	<b>53,960</b>	<b>54,953</b>

### Statement of comprehensive income

AMOUNTS IN \$'000

	CLOSED GROUP	
	2013	2012
<b>Profit for the year</b>	<b>53,960</b>	<b>54,953</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income for the period, net of tax	-	-
<b>Total comprehensive income for the period</b>	<b>53,960</b>	<b>54,953</b>

## Statement of Financial Position

AMOUNTS IN S'000

	CLOSED GROUP	
	2013	2012
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	123,233	128,363
Trade and other receivables	9,773	7,793
<b>Total current assets</b>	<b>133,006</b>	<b>136,156</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	149	138
Investments in controlled entities	36,793	36,398
Property, plant and equipment	16,149	17,056
Investment property	3,443	3,579
Deferred tax assets	7,333	7,156
Intangible assets and goodwill	65,088	57,463
<b>Total non-current assets</b>	<b>128,955</b>	<b>121,790</b>
<b>Total assets</b>	<b>261,961</b>	<b>257,946</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	154,041	155,684
Income tax payable	6,168	7,734
Provisions	1,659	1,284
<b>Total current liabilities</b>	<b>161,868</b>	<b>164,702</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred income tax	2,178	-
Provisions	553	649
<b>Total non-current liabilities</b>	<b>2,731</b>	<b>649</b>
<b>Total liabilities</b>	<b>164,599</b>	<b>165,351</b>
<b>Net assets</b>	<b>97,362</b>	<b>92,595</b>
<b>EQUITY</b>		
Contributed equity	30,001	30,001
Retained earnings	61,939	60,913
Reserves	5,422	1,681
<b>Total Equity</b>	<b>97,362</b>	<b>92,595</b>

## 22. 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 below.

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.

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.

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 2013 the Group had the following exposures to interest rate risk that are not designated in cash flow hedges:

	AMOUNTS IN \$'000	
	CONSOLIDATED	
	2013	2012
Cash and cash equivalents	132,000	140,871
<b>Net exposure</b>	<b>132,000</b>	<b>140,871</b>

At 30 June 2013, 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 \$924,000 (FY12: \$986,000) higher/lower as a result of higher/lower income from cash and cash equivalents.

	AMOUNTS IN \$'000			
	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2013	2012	2013	2012
<b>CONSOLIDATED</b>				
+1% (100 basis points)	924	986	924	986
-1% (100 basis points)	(924)	(986)	(924)	(986)

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 2013, the Group had the following exposure to foreign currencies that are not designated in cash flow hedges:

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents	19,278	24,946
Trade and other receivables	7,634	10,686
	<b>26,912</b>	<b>35,632</b>
<b>FINANCIAL LIABILITIES</b>		
Trade and other payables	26,644	27,152
Interest bearing liabilities	112	112
	<b>26,756</b>	<b>27,264</b>
<b>Net exposure</b>	<b>156</b>	<b>8,368</b>

The Group has transactional currency exposure arising from 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 83% (FY12: 83%) 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 2013, 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:

AMOUNTS IN \$'000

	POST TAX PROFIT HIGHER/(LOWER)		EQUITY HIGHER/(LOWER)	
	2013	2012	2013	2012
<b>CONSOLIDATED</b>				
<b>Actual as at 30 June</b>	51,037	58,004	99,898	98,482
AUD increases against all currencies 5%	311	40	(379)	(550)
AUD decreases against all currencies 5%	(345)	(44)	419	608
AUD increases against all currencies 10%	596	76	(724)	(1,050)
AUD decreases against all currencies 10%	(728)	(92)	885	1,283

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 2013. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows of non-derivative financial instruments. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the Group's ongoing operations such as property, plant, equipment and investments in working capital (e.g. trade receivables). Liquid non-derivative assets comprising cash and receivables are considered in the Group's overall liquidity risk. The Group ensures that sufficient liquid assets are available to meet all the required short-term cash payments. This is actively managed with the "come and go" facility with National Australia Bank (refer Note 14).

AMOUNTS IN '\$000

	CONSOLIDATED				TOTAL
	LESS THAN 6 MONTHS	6 - 12 MONTHS	BETWEEN 1-2 YEARS	MORE THAN 5 YEARS	
<b>Year ended 30 June 2013</b>					
<b>LIQUID FINANCIAL ASSETS</b>					
Cash and cash equivalents	132,000	-	-	-	132,000
Trade and other receivables	10,851	-	-	149	11,000
	<b>142,851</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>143,000</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables	156,562	-	-	-	156,562
Interest bearing loans and borrowings	-	-	-	112	112
	<b>156,562</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>156,674</b>
<b>Net inflow/(outflow)</b>	<b>(13,711)</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>(13,674)</b>
<b>Year ended 30 June 2012</b>					
<b>LIQUID FINANCIAL ASSETS</b>					
Cash and cash equivalents	140,871	-	-	-	140,871
Trade and other receivables	8,481	-	-	138	8,619
	<b>149,352</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>149,490</b>
<b>FINANCIAL LIABILITIES</b>					
Trade and other payables	157,330	-	-	-	157,330
Interest bearing loans and borrowings	-	-	-	112	112
	<b>157,330</b>	<b>-</b>	<b>-</b>	<b>112</b>	<b>157,442</b>
<b>Net inflow/(outflow)</b>	<b>(7,978)</b>	<b>-</b>	<b>-</b>	<b>26</b>	<b>(7,952)</b>

## 23. SEGMENT INFORMATION

### Identification of reportable segments

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Company's Chief Operating Decision Makers. The Company operates in the online travel industry. For management purposes, the Group is organised into one main operating segment which involves the provision of online travel booking services. All of the Group's activities are interrelated and discrete financial information is reported to, and reviewed by, the Company's Chief Operating Decision Makers as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

For the purpose of disclosure within the segment, revenue is split between "Accommodation" and "Flights and Other" revenue.

"Accommodation" revenue represents revenues from card fees, cancellation fees, credit card surcharges, commissions or payments for accommodation services.

"Flights and Other" revenue represents revenues from a range of services including domestic and international airline ticket sales, segment rebates, airline overrides, income from the ARNOLD Corporate booking service, car hire, travel insurance and other travel related products.

For the purpose of segment information, revenue is determined by the location of the accommodation rather than the residency of the customer. All flights ticketing revenues are Australian-based.

### Geographical split of revenues

AMOUNTS IN \$'000

REVENUE	AUSTRALIA/ NEW ZEALAND	ASIA	REST OF WORLD	ELIMINATIONS	TOTAL
<b>Year ended 30 June 2013</b>					
Accommodation	115,294	9,400	2,221	-	126,915
Flights and Other	14,472	1,008	495	(882)	15,093
Interest revenue	4,536	104	-	-	4,640
<b>Total revenue</b>	<b>134,302</b>	<b>10,512</b>	<b>2,716</b>	<b>(882)</b>	<b>146,648</b>
<b>Year ended 30 June 2012</b>					
Accommodation	111,174	11,781	3,181	-	126,136
Flights and Other	12,795	1,449	681	(1,341)	13,584
Interest revenue	5,453	136	-	-	5,589
<b>Total revenue</b>	<b>129,422</b>	<b>13,366</b>	<b>3,862</b>	<b>(1,341)</b>	<b>145,309</b>

## 24. EARNINGS PER SHARE

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
<b>PROFIT FOR THE YEAR</b>	51,037	58,004

	NUMBER OF SHARES	
	2013	2012
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	211,736,244	211,523,802
<b>EFFECT OF DILUTION</b>		
Share options	1,136,855	305,243
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	212,873,099	211,829,045

## 25. AUDITOR'S REMUNERATION

AMOUNTS IN \$

	CONSOLIDATED	
	2013	2012
<b>Amounts received or due and receivable by the auditors of the Consolidated Entity for:</b>		
<ul style="list-style-type: none"> <li>■ an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by Ernst &amp; Young (Australia)</li> </ul>	274,650	271,000
<ul style="list-style-type: none"> <li>■ 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 &amp; Young (Australia)</li> </ul>	70,056	67,204
<ul style="list-style-type: none"> <li>■ an audit or review of the financial statements of the entity and any other entity in the Consolidated Entity by firm other than Ernst &amp; Young</li> </ul>	11,827	12,763
<ul style="list-style-type: none"> <li>■ other services in relation to the entity and any other entity in the Consolidated Entity by Ernst &amp; Young (Australia)</li> </ul>	3,879	3,655
	<b>360,412</b>	<b>354,622</b>

## 26. CONTINGENT LIABILITIES

At reporting date, the Consolidated Entity had a bank guarantee facility of \$2,300,000 (FY12: \$2,300,000). There are bank guarantees in respect of the lease of offices for an amount of \$507,978 (FY12: \$171,673).

The Consolidated Entity also had purchasing card and direct debit facilities of \$670,000 (FY12: \$400,000).



## 27. COMMITMENTS FOR EXPENDITURE

The Consolidated Entity has the following commitments in place:

A network infrastructure and data centre arrangement for \$56,450 per month (excluding GST) continuing until 30 June 2015.

A telecommunications arrangement for \$24,500 per month (excluding GST) continuing until June 2015.

A telecommunications arrangement in place for \$50,571 per quarter minimum spend, continuing until September 2016.

A contract for leasehold improvements for \$1,879,585. The contract was signed in March 2013 with the final payment due in September 2014.

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:

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>Remuneration commitments</b>		
■ within 1 year	-	1,000
■ later than 1 year, but not later than 5 years	-	1,564
	-	2,564

The remuneration commitments included amounts payable to R M S Cooke under a fixed term contract as disclosed in section C of the Remuneration Report. The amount owing on this contract at 30 June 2013 is nil due to R M S Cooke's resignation on 11 January 2013.

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>Operating lease commitments – Group as lessee</b>		
Future non-cancellable operating lease commitments not provided for in the financial statements and payable:		
■ not later than 1 year	1,455	622
■ later than 1 year but not later than 5 years	2,831	337
■ later than 5 years	-	-
	4,286	959

The Consolidated Entity leases property under operating leases with expiry periods varying between three and five years. Leases generally provide the Consolidated Entity with a right of renewal at which time all terms are re-negotiated.

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
<b>Operating lease commitments – Group as lessor</b>		
The Group has entered into commercial property leases on premises consisting of the Group's surplus office buildings with amounts payable:		
■ not later than 1 year	320	252
■ later than 1 year but not later than 5 years	-	320
■ later than 5 years	-	-
	320	572

## 28. KEY MANAGEMENT PERSONNEL

### Details of key management personnel

#### 1. Directors

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

#### Chairman – Non-executive

R D McIlwain

#### Executive Director

R M S Cooke, Group Chief Executive Officer and Managing Director (resigned 11 January 2013)

#### Non-executive Directors

G T Wood  
R A C Brice  
A B R Smith  
K J Gaffney  
D Do (appointed 28 February 2013)

#### 2. 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:

	POSITION	EMPLOYER
<b>S Blume</b> <sup>39</sup>	Chief Executive Officer	Wotif.com Pty Ltd
<b>G R Timm</b>	Chief Financial Officer	Wotif.com Pty Ltd
<b>D F Barnes</b> <sup>40</sup>	Chief Commercial Officer	Wotif.com Pty Ltd
<b>A M Ross</b> <sup>41</sup>	Chief Information Officer	Wotif.com Pty Ltd
<b>J M Sutherland</b> <sup>42</sup>	Chief Information Officer	Wotif.com Pty Ltd
<b>H Demetriou</b>	Executive General Manager Flights, Activities & Packages	A.C.N 079 101 772 Limited (formerly travel.com.au Limited)
<b>J N Holte</b> <sup>43</sup>	Executive General Manager Australia New Zealand	Wotif.com Pty Ltd
<b>M W Varley</b> <sup>44</sup>	Executive General Manager Asia	Wotif.com Pty Ltd
<b>O Dombey</b> <sup>45</sup>	Executive General Manager Asia	Wotif.com Pte Ltd

### Compensation of Key Management Personnel

AMOUNTS IN \$

	CONSOLIDATED	
	2013	2012
Short-term employee benefits	2,517,014	3,244,402
Post-employment benefits	154,287	138,828
Other long-term benefits	21,596	61,424
Share-based payment <sup>46</sup>	79,892	(110,433)
	<b>2,772,789</b>	<b>3,334,221</b>

<sup>39</sup> S Blume appointed 21 January 2013.

<sup>40</sup> D F Barnes appointed 27 May 2013.

<sup>41</sup> A M Ross resigned 31 January 2013.

<sup>42</sup> J M Sutherland appointed 1 February 2013.

<sup>43</sup> J N Holte resigned as Executive General Manager Australia and New Zealand on 10 May 2013. This position was not refilled instead, the new role of Chief Commercial Officer was created.

<sup>44</sup> M W Varley resigned on 5 April 2013.

<sup>45</sup> O Dombey was appointed on 3 June 2013

<sup>46</sup> Refer Remuneration Report pages 29-41.

## Equity instrument disclosures relating to Key Management Personnel

### Options and performance rights provided as remuneration

Details of options and performance rights provided as remuneration, together with the terms and conditions of the instruments, can be found in Note 29.

### Option and performance rights holdings

No options or performance rights over ordinary shares were provided as remuneration to any Director of Wotif.com Holdings Limited

	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	OPTIONS/ PERFORMANCE RIGHTS EXERCISED	OTHER CHANGES	BALANCE AT THE END OF THE YEAR	VESTED AND EXERCISABLE	UNVESTED
<b>FY2013 Key Management Personnel of the Consolidated Entity</b>							
<b>R M S Cooke<sup>47</sup></b>	800,000	-	-	(800,000)	-	-	-
<b>S Blume<sup>48</sup></b>	-	450,000	-	-	450,000	-	450,000
<b>G R Timm</b>	279,000	13,500	-	-	292,500	-	292,500
<b>D F Barnes<sup>49</sup></b>	-	-	-	-	-	-	-
<b>A M Ross<sup>50</sup></b>	198,000	13,500	-	(211,500)	-	-	-
<b>J M Sutherland<sup>51</sup></b>	92,000	9,000	-	-	101,000	-	101,000
<b>H Demetriou</b>	227,000	10,800	-	-	237,800	-	237,800
<b>J N Holte<sup>52</sup></b>	168,000	10,500	-	(178,500)	-	-	-
<b>M W Varley<sup>53</sup></b>	152,000	11,200	-	(163,200)	-	-	-
<b>O Dombey<sup>54</sup></b>	-	-	-	-	-	-	-
<b>FY2012 Key Management Personnel of the Consolidated Entity</b>							
<b>R M S Cooke<sup>47</sup></b>	1,600,000	-	-	(800,000)	800,000	-	800,000
<b>G R Timm</b>	79,000	200,000	-	-	279,000	-	279,000
<b>A M Ross</b>	194,000	24,000	(20,000)	-	198,000	-	198,000
<b>H Demetriou</b>	203,000	24,000	-	-	227,000	-	227,000
<b>J N Holte</b>	144,000	24,000	-	-	168,000	-	168,000
<b>M W Varley</b>	148,000	24,000	(20,000)	-	152,000	-	152,000

<sup>47</sup> The performance criteria set for the 800,000 options noted in "other changes" in the FY12 disclosures have in all respects been satisfied. The option holder determined not to proceed to exercise the options due to the exercise price being set at \$4.75 per option. R M S Cooke resigned 11 January 2013.

<sup>48</sup> S Blume appointed 21 January 2013.

<sup>49</sup> D F Barnes appointed 27 May 2013.

<sup>50</sup> A M Ross resigned 31 January 2013.

<sup>51</sup> J M Sutherland appointed 1 February 2013.

<sup>52</sup> J N Holte resigned as Executive General Manager Australia and New Zealand on 10 May 2013. This position was not refilled instead, the new role of Chief Commercial Officer was created.

<sup>53</sup> M W Varley resigned as Executive General Manager Asia on 5 April 2013.

<sup>54</sup> O Dombey was appointed on 3 June 2013.

## 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.

// FY13	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/ PERFORMANCE RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Directors of Wotif.com Holdings Limited</b>					
<b>Ordinary shares</b>					
R D McIlwain	575,000	-	-	-	575,000
R M S Cooke <sup>55</sup>	1,000,000	-	-	(1,000,000)	-
G T Wood	45,861,000	-	-	(2,000,000)	43,861,000
A B R Smith	150,000	-	-	-	150,000
R A C Brice	34,000,000	-	-	(1,000,000)	33,000,000
K J Gaffney	-	-	-	-	-
D Do	-	-	-	-	-
<b>Key Management Personnel of the Consolidated Entity</b>					
<b>Ordinary shares</b>					
S Blume <sup>56</sup>	-	-	-	-	-
G R Timm	6,558	-	-	-	6,558
D F Barnes <sup>57</sup>	-	-	-	-	-
A M Ross <sup>58</sup>	60,233	-	-	(60,233)	-
J M Sutherland <sup>59</sup>	2,000	-	-	-	2,000
H Demetriou	4,473	-	-	-	4,473
J N Holte <sup>60</sup>	-	-	-	-	-
M W Varley <sup>61</sup>	15,233	-	-	(15,233)	-
O Dombey <sup>62</sup>	-	-	-	-	-

<sup>55</sup> Resigned 11 January 2013, details of his shareholdings subsequent to his resignation are not required to be disclosed.

<sup>56</sup> S Blume appointed 21 January 2013.

<sup>57</sup> D F Barnes appointed 27 May 2013.

<sup>58</sup> A M Ross resigned 31 January 2013, details of her shareholdings subsequent to her resignation are not required to be disclosed.

<sup>59</sup> J M Sutherland appointed 1 February 2013.

<sup>60</sup> J N Holte resigned as Executive General Manager Australia and New Zealand on 10 May 2013, details of his shareholdings subsequent to his resignation are not required to be disclosed. This position was not refilled; instead the new role of Chief Commercial Officer was created.

<sup>61</sup> M W Varley resigned as Executive General Manager Asia on 5 April 2013, details of his shareholdings subsequent to his resignation are not required to be disclosed.

<sup>62</sup> O Dombey was appointed on 3 June 2013.

// FY12	BALANCE AT THE START OF THE YEAR	GRANTED AS REMUNERATION	RECEIVED DURING THE YEAR ON EXERCISE OF OPTIONS/ PERFORMANCE RIGHTS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR
<b>Directors of Wotif.com Holdings Limited</b>					
<b>Ordinary shares</b>					
R D McIlwain	500,000	-	-	75,000	575,000
R M S Cooke	1,071,500	-	-	(71,500)	1,000,000
G T Wood	47,161,000	-	-	(1,300,000)	45,861,000
A B R Smith	150,000	-	-	-	150,000
R A C Brice	33,500,000	-	-	500,000	34,000,000
K J Gaffney	-	-	-	-	-
<b>Key Management Personnel of the Consolidated Entity</b>					
<b>Ordinary shares</b>					
A M Ross	40,233	-	20,000	-	60,233
G R Timm	6,558	-	-	-	6,558
H Demetriou	4,473	-	-	-	4,473
J N Holte	-	-	-	-	-
M W Varley	10,233	-	20,000	(15,000)	15,233

## 29. SHARE-BASED PAYMENT PLANS

### A Recognised share-based payment expense

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

AMOUNTS IN \$'000

	CONSOLIDATED	
	2013	2012
Options and performance rights issued under the Executive Share Option Plan	454	(332) <sup>63</sup>
Shares issued under Employee Share Plan	-	-
	<b>454</b>	<b>(332)</b>

<sup>63</sup> Represents the calculated reduction (per AASB 2 *Share-based Payment*) in FY12 in options expenses adjusted for vesting failures of options due to non-market factors.

## B Executive Share Option Plan

In accordance with AASB 2 *Share-based Payment*, the Company has calculated the fair value of options and performance rights issued to employees. The fair value of the options and performance rights packages granted is estimated as at the date of grant taking into account the terms and conditions upon which the options and performance rights were granted. A binomial model is used for the options packages and performance rights package 10 and a Monte Carlo simulation model is used for performance rights packages 11 and 12. The Monte Carlo model simulates the TSR and compares it against a specified basket of 7 companies. It takes into account historic and expected dividends, and the share price fluctuation covariance of the Group and the TSR basket to predict the relative share performance.

The major terms of the options and performance rights issued are set out in the table below together with the inputs into the valuation model used for the year ended 30 June 2013:

	PACKAGE 2 OPTIONS	PACKAGE 3 OPTIONS	PACKAGE 4 OPTIONS	PACKAGE 5 OPTIONS	PACKAGE 6 OPTIONS	PACKAGE 7 OPTIONS	PACKAGE 8 OPTIONS	PACKAGE 9 OPTIONS
Number of options granted	2,883,000	390,000	800,000	1,815,000	1,468,000	872,500	800,000	935,000
Grant date	10 Apr 2006	19 Mar 2007	22 Oct 2007	4 Jul 2008	30 Jun 2009	3 Sept 2010	25 Oct 2010	3 Oct 2011
Share price	\$2.00	\$4.20	\$4.75	\$2.92	\$4.43	\$4.50	\$4.60	\$3.86
Exercise price	\$2.00	\$4.20	\$4.75	\$2.92	\$4.43	\$4.43	\$4.68	\$4.03
Dividend yield	4.45%	3.26%	2.76%	5.86%	3.62%	5.00%	5.11%	6.09%
Risk free rate	5.57%	6.03%	6.45%	6.56%	5.32%	4.37%	4.97%	3.61%
Volatility	30%-40%	25%-35%	25%-35%	30%-40%	35%-40%	35%-40%	35%-40%	35%-40%
<b>Number of options per tranche</b>	<b>5 equal tranches</b>	<b>5 equal tranches</b>	<b>3 tranches</b> 1st: 200,000 2nd: 200,000 3rd: 400,000	<b>3 tranches</b> 1st: 603,987 2nd: 604,002 3rd: 607,011	<b>3 tranches</b> 1st: 489,387 2nd: 489,337 3rd: 489,354	<b>3 tranches</b> 1st: 290,831 2nd: 290,832 3rd: 290,837	<b>3 tranches</b> 1st: 400,000 2nd: 200,000 3rd: 200,000	<b>3 tranches</b> 1st: 311,666 2nd: 311,667 3rd: 311,667
<b>Vesting dates and fair value</b>								
Tranche 1	<b>1 Oct 2007</b> \$0.4829	<b>1 Oct 2008</b> \$0.9966	<b>22 Oct 2009</b> \$1.8350	<b>1 Nov 2011</b> \$0.693	<b>1 Nov 2012</b> \$1.44	<b>1 Nov 2013</b> \$0.94	<b>31 Oct 2013</b> \$0.91	<b>1 Nov 2014</b> \$0.7389
Tranche 2	<b>1 Oct 2008</b> \$0.5047	<b>1 Oct 2009</b> \$1.0519	<b>22 Oct 2010</b> \$1.910	<b>1 Nov 2012</b> \$0.699	<b>1 Nov 2013</b> \$1.48	<b>1 Nov 2014</b> \$1.02	<b>31 Oct 2014</b> \$1.01	<b>1 Nov 2015</b> \$0.7408
Tranche 3	<b>1 Oct 2009</b> \$0.5202	<b>1 Oct 2010</b> \$1.0995	<b>22 Oct 2011</b> \$1.975	<b>1 Nov 2013</b> \$0.6972	<b>1 Nov 2014</b> \$1.51	<b>1 Nov 2015</b> \$1.07	<b>31 Oct 2015</b> \$1.07	<b>1 Nov 2016</b> \$0.7335
Tranche 4	<b>1 Oct 2010</b> \$0.5300	<b>1 Oct 2011</b> \$1.1391						
Tranche 5	<b>1 Oct 2011</b> \$0.5351	<b>1 Oct 2012</b> \$1.1713						
<b>Lapsing date</b>	<b>31 Dec 2011</b>	<b>31 Dec 2012</b>	<b>31 Dec 2011</b>	<b>31 Dec 2013</b>	<b>31 Dec 2014</b>	<b>31 Dec 2015</b>	<b>31 Dec 2015</b>	<b>31 Dec 2016</b>

	PACKAGE 10 PERFORMANCE RIGHTS	PACKAGE 11 PERFORMANCE RIGHTS EPS RIGHTS <sup>64</sup>	PACKAGE 11 PERFORMANCE RIGHTS TSR RIGHTS <sup>64</sup>	PACKAGE 12 PERFORMANCE RIGHTS EPS RIGHTS <sup>65</sup>	PACKAGE 12 PERFORMANCE RIGHTS TSR RIGHTS <sup>65</sup>
Number of performance rights granted	260,100	213,750	71,250	123,750	41,250
Grant date	23 Oct 2012	28 May 2013	28 May 2013	28 May 2013	28 May 2013
Share price	\$4.90	\$5.50	\$5.50	\$5.50	\$5.50
Exercise price	Nil	Nil	Nil	Nil	Nil
Dividend yield	5%	5.0%	5.0%	5.0%	5.0%
Risk free rate	2.60%	2.45% to 2.88%	2.45% to 2.88%	2.45% to 2.88%	2.45% to 2.88%
Volatility	30%-40%	32.5%	32.5%	32.5%	32.5%
<b>Number of performance rights per tranche</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>	<b>3 equal tranches</b>
<b>Vesting dates and fair value</b>					
Tranche 1	<b>1 Nov 2015</b> \$4.2303	<b>28 Feb 2014</b> \$5.3023	<b>28 Feb 2014</b> \$3.0537	<b>28 Feb 2016</b> \$4.8117	<b>28 Feb 2016</b> \$3.0495
Tranche 2	<b>1 Nov 2016</b> \$4.0297	<b>28 Feb 2015</b> \$5.0511	<b>28 Feb 2015</b> \$2.7259	<b>28 Feb 2017</b> \$4.5837	<b>28 Feb 2017</b> \$2.7243
Tranche 3	<b>1 Nov 2017</b> \$3.8381	<b>28 Feb 2016</b> \$4.8117	<b>28 Feb 2016</b> \$2.2250	<b>28 Feb 2018</b> \$4.3665	<b>28 Feb 2018</b> \$2.3414
<b>Lapsing date</b>	<b>31 Dec 2019</b>	<b>30 Jun 2016</b>	<b>30 Jun 2016</b>	<b>30 Jun 2018</b>	<b>30 Jun 2018</b>

<sup>64</sup> Package 11 totals 285,000 performance rights and is comprised of 2 components, being 213,750 rights using Earnings Per Share as a performance measure (EPS Rights) and 71,250 rights using Total Shareholder Return as a performance measure (TSR Rights).

<sup>65</sup> Package 12 totals 165,000 performance rights and is comprised of 2 components, being 123,750 rights using Earnings Per Share as a performance measure (EPS Rights) and 41,250 rights using Total Shareholder Return as a performance measure (TSR Rights).

The vesting conditions for each package incorporate the following performance criteria:

PERFORMANCE CRITERIA FOR EACH TRANCHE	
<b>Package 2</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving Prospectus forecast earnings per share for FY2007; and</li> <li>■ 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.</li> </ul>
<b>Package 3</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving earnings per share of 10.34 cents; and</li> <li>■ for the second tranche (and each successive tranche), achieving compound annual earnings per share growth of 10% over 10.34 cents.</li> </ul>
<b>Package 4</b>	<p>The performance criteria, all of which have been satisfied, were as follows:</p> <ul style="list-style-type: none"> <li>■ for the first tranche, achieving earnings per share of 16.453 cents;</li> <li>■ for the second tranche, achieving earnings per share of 18.510 cents; and</li> <li>■ for the third tranche, achieving earnings per share of 20.823 cents.</li> </ul>
<b>Package 5</b>	Achieving compound annual earnings per share growth of 15% over FY2008 earnings per share.
<b>Package 6</b>	Achieving compound annual earnings per share growth of 10% over FY2009 earnings per share.
<b>Package 7</b>	Achieving compound annual earnings per share growth of 10% over FY2010 earnings per share.
<b>Package 8</b>	The Company's earnings per share for FY2013 must be at least 33.73 cents per share.
<b>Package 9</b>	Achieving compound annual earnings per share growth of 7.5% over FY2011 earnings per share.
<b>Package 10</b>	Achieving compound annual earnings per share growth of 6% over FY12 earnings per share. A pro-rata entitlement is recommended to occur should the compound annual earnings per share growth over FY12 earnings per share be between 3% and 6%.
<b>Package 11</b>	<ul style="list-style-type: none"> <li>■ 75% of the tranche (EPS rights) is subject to achieving compound annual earnings per share growth of 5% over the 2012 calendar year earnings per share; and</li> <li>■ the remaining 25% of the tranche (TSR rights) is subject to the total shareholder return exceeding the average total shareholder return for a basket of ASX listed companies including the following: Seek Limited, Carsales.com Limited, REA Group Limited, Flight Centre Limited, Webjet Limited, Corporate Travel Management Limited and Jetset Travelworld Limited for the 2013 calendar year and thereafter, on a cumulative average basis until the 2015 calendar year.</li> </ul>
<b>Package 12</b>	<ul style="list-style-type: none"> <li>■ For each tranche, 75% of the tranche (EPS rights) is subject to the Company's earnings per share for the 2015 calendar year meeting or exceeding the 2012 calendar year earnings per share uplifted by 5% cumulatively for the three intervening calendar years. Thereafter the criteria is measured for the 2016 and 2017 calendar years with the number of intervening years increased to four and five years respectively; and</li> <li>■ the remaining 25% of the tranche (TSR rights) is subject to the Company's total shareholder return for the three calendar years 2013 to 2015 meeting or exceeding the average total shareholder return for a basket of ASX listed companies including the following: Seek Limited, Carsales.com Limited, REA Group Limited, Flight Centre Limited, Webjet Limited, Corporate Travel Management Limited and Jetset Travelworld Limited for the corresponding three year period. Thereafter the criterion is measured for the 2016 and 2017 calendar years with the number of intervening years increased to four and five years respectively.</li> </ul>

In respect of all Packages, 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 all Packages, if there is a change in control of the Company after its admission to the Official List of ASX, any options and performance rights that have not vested will immediately vest.



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

	BALANCE AT START OF YEAR	GRANTED DURING YEAR	EXERCISED DURING YEAR	FORFEITED DURING YEAR	BALANCE AT END OF YEAR	VESTED AND EXERCISABLE AT END OF YEAR
<b>FY13</b>						
Package 2	-	-	-	-	-	-
Package 3	-	-	-	-	-	-
Package 4	-	-	-	-	-	-
Package 5	1,030,000	-	-	(270,000)	760,000	-
Package 6	951,000	-	-	(235,000)	716,000	-
Package 7	640,500	-	-	(328,000)	312,500	-
Package 8	800,000	-	-	(800,000)	-	-
Package 9	854,000	-	-	(165,000)	689,000	-
Package 10	-	260,100	-	(48,300)	211,800	-
Package 11	-	285,000	-	-	285,000	-
Package 12	-	165,000	-	-	165,000	-
<b>Total</b>	<b>4,275,500</b>	<b>710,100</b>	<b>-</b>	<b>(1,846,300)</b>	<b>3,139,300</b>	<b>-</b>
Weighted average exercise price	\$4.03	Nil	-	\$4.17	\$3.04	-
<b>FY12</b>						
Package 2	526,800	-	(526,800)	-	-	-
Package 3	-	-	-	-	-	-
Package 4	800,000	-	-	(800,000)	-	-
Package 5	1,200,000	-	-	(170,000)	1,030,000	-
Package 6	1,182,000	-	-	(231,000)	951,000	-
Package 7	705,000	-	-	(64,500)	640,500	-
Package 8	800,000	-	-	-	800,000	-
Package 9	-	935,000	-	(81,000)	854,000	-
<b>Total</b>	<b>5,213,800</b>	<b>935,000</b>	<b>(526,800)</b>	<b>(1,346,500)</b>	<b>4,275,500</b>	<b>-</b>
Weighted average exercise price	\$3.92	\$4.03	\$2.00	\$4.41	\$4.03	-

## 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.

### 30. PARENT ENTITY FINANCIAL INFORMATION

#### Summary financial information

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

	AMOUNTS IN \$'000	
	CONSOLIDATED	
	2013	2012
<b>STATEMENT OF FINANCIAL POSITION</b>		
Current assets	341	367
<b>Total assets</b>	<b>121,235</b>	<b>121,520</b>
Current liabilities	5,978	63,135
<b>Total liabilities</b>	<b>86,087</b>	<b>86,685</b>
<b>Shareholders' Equity</b>		
Issued capital	30,001	30,001
Employee equity benefit reserve	4,643	4,329
Retained earnings	504	505
	<b>35,148</b>	<b>34,835</b>
<b>Profit for the year</b>	<b>52,445</b>	<b>50,513</b>
<b>Total comprehensive income</b>	<b>52,445</b>	<b>50,513</b>

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, A.C.N 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.

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.

### 31. EVENTS AFTER REPORTING DATE

On 28 August 2013, the Directors of Wotif.com Holdings Limited determined a final dividend on ordinary shares in respect of the 2013 financial year. The total amount of the dividend is \$24,349,668 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 28 August 2013, we state that:

1. In the opinion of the Directors:

**a)** the financial statements and notes of Wotif.com Holdings Limited for the financial year ended 30 June 2013 are 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 2013 and of its performance for the year ended on that date; and

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

**b)** the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

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

**d)** as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 21 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.

2. This declaration has been made after receiving the declarations required to be made to the Directors by the Chief Executive Officer and the Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2013.

*On behalf of the Board*



Dick McIlwain

Chairman  
28 August 2013



Ernst & Young  
111 Eagle Street  
Brisbane QLD 4000 Australia  
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Tel: +61 7 3011 3333  
Fax: +61 7 3011 3100  
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 2013, the income statement, 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, a copy of which is included in the directors' report.



### *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 2013 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 the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot'.

Alison de Groot  
Partner  
Brisbane  
28 August 2013

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Liability limited by a scheme approved under Professional Standards Legislation

# Shareholder Information

## TOP 20 SHAREHOLDERS

At 2 August 2013, 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	43,861,000	20.71
2.	R & J Brice & JDB Services P/L	28,000,000	13.22
3.	J P Morgan Nominees Australia Limited	23,818,500	11.25
4.	National Nominees Limited	21,223,542	10.02
5.	HSBC Custody Nominees (Australia) Limited	13,100,657	6.19
6.	UBS Wealth Management Australia Nominees Pty Ltd	10,916,118	5.16
7.	BNP Paribas Noms Pty Ltd	8,903,856	4.21
8.	UQ Endowment Fund Ltd	5,800,000	2.74
9.	Citicorp Nominees Pty Limited	5,368,899	2.54
10.	Citicorp Nominees Pty Limited	5,094,749	2.41
11.	HSBC Custody Nominees (Australia) Limited	4,795,223	2.26
12.	Ms Anna Creeth Cottell	4,647,000	2.19
13.	RBC Investor Services Australia Nominees Pty Limited	2,964,287	1.40
14.	Brazil Farming Pty Ltd	1,880,000	0.89
15.	UBS Nominees Pty Ltd	1,576,872	0.74
16.	Avanteos Investments Limited	668,710	0.32
17.	Dick McIlwain	575,000	0.27
18.	UBS Nominees Pty Ltd	519,000	0.25
19.	Suncorp Custodian Services Pty Limited	501,263	0.24
20.	BNP Paribas Nominees Pty Ltd	464,099	0.22
	<b>Total</b>	<b>184,678,775</b>	<b>87.22</b>

## SUBSTANTIAL SHAREHOLDERS

At 2 August 2013, the following entries were contained in the register of substantial shareholdings with respect to the Company's ordinary shares:

SHAREHOLDER	NUMBER OF ORDINARY SHARES
<b>G T Wood</b> (by notice dated 7 June 2006, last updated 22 June 2011)	47,161,000
<b>R A C Brice and J D Brice / JDB Services Pty Ltd</b> (by notice dated 7 June 2006, last updated 28 June 2011)	33,500,000
<b>Hyperion Asset Management</b> (by notice dated 1 April 2010, last updated 18 June 2012)	23,820,832
<b>Paradise Investment Management Pty Ltd</b> (by notice dated 22 November 2012, last updated 20 May 2013)	12,948,445
<b>Sumitomo Mitsui Trust Holdings, Inc.</b> (by notice dated 24 June 2013)	11,556,869

## DISTRIBUTION OF SHAREHOLDINGS

(as at 2 August 2013)

RANGE	NUMBER OF HOLDERS OF ORDINARY SHARES	PERCENTAGE OF HOLDERS	NUMBER OF SHARES	PERCENTAGE OF SHARES
1 – 1,000	3,327	44.04%	1,731,819	0.82%
1,001 – 5,000	3,228	42.73%	8,422,632	3.98%
5,001 – 10,000	597	7.90%	4,503,783	2.13%
10,001 – 50,000	332	4.39%	6,801,887	3.21%
50,001 – 100,000	28	0.37%	1,897,288	0.90%
100,001 – 500,000	20	0.26%	4,362,659	2.06%
500,001 and over	23	0.30%	184,016,176	86.91%
<b>Rounding</b>		<b>0.01%</b>		<b>-0.01%</b>
<b>Total</b>	<b>7,555</b>	<b>100.00%</b>	<b>211,736,244</b>	<b>100.00%</b>

## HOLDERS OF NON-MARKETABLE PARCELS

As at 2 August 2013, there were 322 shareholders with less than a marketable parcel of the Company's shares (namely 103 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 sustainability in our business, our environment and in the tourism industry as a whole.

We believe that by raising people's access to education and crisis support, we raise their opportunities for a better quality of life, including leisure travel. We shape our practices and support non-profit organisations that contribute to this goal.

## Charities

During FY13, our staff have volunteered, fundraised, promoted and connected with the following charities:

**Community Children's Fund (CCF) Thailand**  
**Beacon Foundation**  
**Dress for Success**  
**Australian Red Cross**  
**RSPCA**  
**Action for Brazil's Child Trust**  
**Cancer Council Australia**

In our FY12 Sustainability Report, we stated that our Corporate Social Responsibility (CSR) team were reviewing the way we work with charity partners. From January 2013, we shifted the focus of our support for charities to encourage staff from each office to fundraise, promote and volunteer for organisations that connect with our values and culture, both globally and within the local community.

This is an ongoing process as we find the best way to combine the passion of our staff for various charities and causes with the personalities and activities of our brands to maximise the impact we can offer our charity partners.

One good example of this new focus was the two days spent by staff from our Bangkok office visiting children and families supported by our charity partner CCF in Northern provinces of Thailand. Staff cooked meals, presented gifts, joined in performances and connected with those we support financially.

## Staff health and commuting

Wotif Group's head office in Brisbane encourages staff to participate in healthy lifestyle choices, providing cycle racks, showers and changing facilities for those who ride or walk to work, or who wish to participate in fitness activities around their work hours.

## Environment

In addition to encouraging all staff in the organisation to reduce their electricity, paper and water consumption, and to recycle where possible, there were two areas that contributed to our environmental impact during the year.

An update to our payment process for accommodation suppliers will greatly reduce paper consumption for those who previously chose to mail us hard copies of their monthly invoices.

We also continue to encourage our shareholders to request email instead of printed communication to reduce administration, paper, water and energy consumption. As of August 2013, 41.2% (FY12: 42%) have taken this option, and only 4.4% (FY12: 4.4%) of shareholders have opted to receive a hard copy of this Annual Report.



Year 10 students from The Beacon Foundation attend a workshop at our Brisbane office. Wotif Group now employs three trainees through The Foundation's Real Futures Generation program.





# OUR TEAM



Our Culture





# WHERE IN THE WORLD ARE WE?



## OUR OFFICES

### AUSTRALIA

Brisbane, Sydney

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### NEW ZEALAND

Auckland

---

### INDONESIA

Bali

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### MALAYSIA

Kuala Lumpur

---

### CHINA

Hong Kong, Shanghai

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### SINGAPORE

City

---

### THAILAND

Bangkok, Phuket

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### VIETNAM

Ho Chi Minh City

---

### UK

London

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**580+**  
**EMPLOYEES**  
**WORLDWIDE**

**9**  
**COUNTRIES WITH**  
**REGIONAL**  
**REPRESENTATIVES**

**27,800+**  
**PROPERTIES**  
**WORLDWIDE**

### Wotif Group global network

With staff and travel partners located across the globe, Wotif Group has established itself as a truly international company.

Our worldwide presence allows us to work closely with our suppliers and establish new partnerships in key destinations, a strategic advantage that will help us enhance our product offering, increase merchandising opportunities, and improve sales outside of our core markets of Australia and New Zealand.

Our family of brands also offer consumers a world of choice when it comes to travel, with a wide range of accommodation, flights, packages, car hire, experiences, cruises, travel insurance and more available through our easy-to-use websites.

**69**  
**COUNTRIES WITH**  
**PARTNER**  
**ACCOMMODATION**

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# Corporate Directory

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## Registered Office

*Wotif.com Holdings Limited*

7 Baroona Road  
Milton Qld 4064

**Telephone:** (07) 3512 9965

**Facsimile:** (07) 3512 9914

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## Company Secretariat

S Simmons  
(Company Secretary)

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## Share Registry

*Computershare Investor  
Services Pty Limited*

GPO Box 523  
Brisbane Qld 4001

**Telephone:** 1300 552 270

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## Auditor

*Ernst & Young*

Level 51  
One One One  
111 Eagle Street  
Brisbane Qld 4000

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## Key dates\*

Financial year end **30 June 2013**

Announcement of audited results and dividend to ASX  
**28 August 2013**

Dividend record date **13 September 2013**

Dividend payment (final) **10 October 2013**

Annual General Meeting **21 October 2013**

\* Dates may be subject to change.

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## 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](http://www.investorcentre.com/au)

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## 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.

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## Annual General Meeting

The Annual General Meeting of Wotif.com Holdings Limited will be held at The Art Gallery Room, Customs House, 399 Queen Street, Brisbane, at 2:30pm (Brisbane time) on Monday 21 October 2013.

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## Stock Exchange listed securities

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

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## 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.

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## 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.



This annual report is printed on an environmentally responsible paper made with fibre sourced from certified plantation forests and produced in a facility that operates under world's best practice ISO 14001 Environmental Management System.



# 2013

ANNUAL REPORT