



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

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31 December 2014 Half Yearly Results – Disruptive Investment Group Limited

The Directors of Disruptive Investment Group Limited are pleased to announce the 31 December half yearly results:

	Note ¹	31 December 2014 \$
Revenue	4	109,175
Gain on deconsolidation	5	875,183
Operating & Administrative expenses		-443,829
Share of loss from joint venture entity	12	-406,818
Operating profit/(loss) before financing costs		133,711
Financial income	4	18,419
Financial expenses		-7,039
Net financing income		11,380
Profit/(Loss) before tax		145,091
Income tax expenses		-160,000
Net profit/(loss) from continuing operations		-14,909

¹ Refer to 31 December 2014 financial report for definitions.

Impact on Financial Reporting of BYOJet Investment Timing

On 23 September 2014 Disruptive Investment Group Limited (“DVI”) acquired a 38.73% stake in Professional Performance Systems Pty Ltd (“PPS”), the owner of the BYOjet group.

As part of this transaction Disruptive Opportunities No.1 Pty Ltd (“DON1”), the owner of the Check-in.com.au business, became part of BYOjet through the sale of 100% of the equity in DON1 to PPS.

As a result of the timing of this transaction the DVI profit and loss statement for the half year ended 31 December 2014 consists of the following:

- approximately one quarter reflecting 100% ownership of DON1 on a consolidated basis;
- approximately one quarter in which DVI owned 38.73% of PPS on an equity accounted basis;
- the capital gain realised upon the sale of DON1 to PPS; and
- ongoing online development costs expensed opposed to amortised.

Kiosks Closed as Business Focuses Online

At the time of the investment by DVI, PPS agreed to a strategic plan that included the refocus of BYOjet group entirely online, and the discontinuation of its offline retail stores (kiosks).

Consistent with this plan, on the 15 December 2014 DVI announced that the retail subsidiary of the BYOjet group (“Retail Subsidiary”) would be selling or closing down its bricks and mortar retail stores. PPS has elected to book a one-off impairment charge up front against the Retail Subsidiary reflecting the future lease liabilities of the retail stores.

Approx \$20m TTV recorded in December Quarter

For the quarter ending 31 December 2014, PPS recorded Total Transaction Value from ongoing operations (excluding the Retail Subsidiary) of \$19.7m.

PPS management notes that the TTV performance was delivered despite the December quarter typically corresponding to a seasonal low for the travel industry.

DVI also notes that some positives are emerging in the online travel sector, including the decision by certain operators to expand hotel margins by lifting commissions charged to hotels.

Note also that the PPS financial result includes non-recurring transaction costs relating to the DVI transaction, costs relating to the integration of Check-In with the BYOjet operations (including redundancies) and expenses relating to establishing the Singapore operations.

Final amount of PPS convertible note agreed

DVI has agreed to invest up to \$1.5m in cash in PPS by way of a senior secured convertible note. An initial drawdown of \$700,000 was funded in September 2014, a second drawdown of \$200,000 funded in December 2014, and a third drawn of \$300,000 funded in January 2015. In addition, DVI has elected

to invest the final amount of \$300,000 to complete its \$1.5m investment in PPS by way of the senior secured convertible note.

About the BYOjet group

Established in 2010 by technology entrepreneur Lenny Padowitz and built on the proprietary JETMAX International platform, BYOjet group has grown to become one of Australia's most visited online travel agents. Based in Brisbane, Australia and an associate member of helloworld, BYOjet operates in the Australian, NZ and now Singapore markets through a range of brands and white label offerings.

BYOjet is a global multichannel travel agency offering the convenience and value of booking online, with a focus on personalised service excellence for their customers. Innovative technologies and a cutting edge global support team fortify BYOjet as an industry leader in travel, and now one of the largest online travel business in Australia.

The business recorded an impressive 126% compound average total transaction value ("TTV") growth rate between FY12 and FY14, as TTV rose from less than \$20m to close to approximately \$83m in FY14.

BYOjet.com.au has been powered by its own proprietary platform, JETMAX, for more than three years. JETMAX technology was developed in-house by the BYOjet technology team, and the success of BYOjet showcases the potential of the system to be a highly successful white label technology product offering integration of a range of effective search engines into existing agencies' websites. Agencies can choose to integrate some or all JETMAX services including flights, hotels, car hire, attractions and insurance. The JETMAX technology can also be supported with an optional full ticketing and customer service back office.

For further information, please contact Dr Adir Shiffman on (02) 9248 6988.

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About Disruptive Investment Group Limited (ASX:DVI)

Disruptive Investment Group Limited is an owner, developer and operator of retail, franchise and e-commerce brands, listed on the Australian Securities Exchange trading under the ASX Code: DVI.

DVI is a significant investor in one of Australia's leading online travel agencies ("OTA") BYOjet. The BYOjet Group comprises an OTA that processed \$87m worth of transactions in FY 2014, as well as hotel booking websites Check-in.com.au and Cheaphotels.com.au, and a customer database in excess of 480,000 members. BYOjet also owns the proprietary JETMAX platform, a technology that enables offline travel agents to quickly and easily offer a full service branded online travel service to their customers.

DVI's stated growth initiatives also include pursuing targeted acquisitions both within the retail, franchise and e-commerce sectors, particularly where its existing digital platform and expertise can provide a meaningful benefit to any acquisition.