

ASX ANNOUNCEMENT

Wotif.com Holdings Limited ABN 41 093 000 456

Wednesday 26 February 2014

Results for the Half year ended 31 December 2013

Pursuant to Listing Rule 4.2A, please find attached for immediate release the following information with respect to the half year ended 31 December 2013:

- Media Release;
- Half-year Report (including Appendix 4D, Directors' Report and Financial Report).

In accordance with the Australian Securities and Investments Commission Practice Note No.61, the documents required by Section 302 of the Corporations Act 2001 will not be lodged separately with the Australian Securities and Investment Commission.

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MEDIA RELEASE

Wotif.com Holdings Limited ABN 41 093 000 456

Wednesday 26 February 2014

Wotif.com Holdings Limited

Half year after tax profit \$22.6 million

Australia's leading online travel company, Wotif.com Holdings Limited (**Wotif Group**), today announced a profit after tax of \$22.6 million for the six months to 31 December 2013. This result is at the top end of guidance issued in December.

This result is down 18% on the corresponding period last year, primarily attributable to increased costs from strategic investment in marketing and information technology, in line with the Company's Strategic Plan, as outlined to the market in June 2013.

The Group achieved record revenue for HY1 FY14 of \$75.778m, up 3.5% on the prior corresponding period (H1 FY13: \$73.233m). This growth was attributable to increased accommodation margins which rose from 12.0% to 13.2%, and the continued acceleration of flights and other revenue which rose from \$6.963m at H1 FY13 to \$8.334m at H1 FY14, an increase of 20% on the prior corresponding period.

Summary of Results

	H1 FY14	H1 FY13	% Change H1 FY14 vs H1 FY13
Revenue:			
- Accommodation	\$65.999m	\$63.642m	Up 4%
- Flights and Other	\$8.334m	\$6.963m	Up 20%
- Interest	\$1.445m	\$2.628m	Down 45%
Total	\$75.778m	\$73.233m	Up 3.5%
Other Income	\$0.816m	-	Up 100%
Profit before Depreciation, Amortisation and Taxation	\$36.444m	\$40.972m	Down 11%
Depreciation	\$(1.866)m	\$(1.784)m	Up 5%
Amortisation of IT Development Costs	\$(2.041)m	\$(0.296)m	Up 590%
Other Amortisation	\$(0.017)m	\$(0.017)m	0%
Profit Before Tax	\$32.520m	\$38.875m	Down 16%
Income Tax	\$(9.880)m	\$(11.369)m	Down 13%
Net Profit After Tax	\$22.640m	\$27.506m	Down 18%
EPS (cents)	10.7 cents	13.0 cents	Down 18%
Interim Dividend	10.0 cents	11.5 cents	Down 13%
Accommodation TTV*	\$501.674m	\$531.947m	Down 6%
Flights & Other TTV*	\$90.874m	\$62.955m	Up 44%
Total Transaction Value	\$592.548m	\$594.902m	0%

* Total Transaction 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.

Half-year Snapshot

- Total revenue of \$75.8m, up 3.5%
- Strong flights growth with Flights & Other TTV up 44%
- Continued investment in information technology and marketing
- Wotif.com brand recognition in Australia at record 66%
- Website traffic leadership for the combined Wotif Group brands in Australia
- Interim dividend (fully franked) at 10.0 cents

Commentary

This morning the Wotif Group announced a profit before Depreciation, Amortisation and Taxation of \$36.4m, down 11% on the previous corresponding period. Net profit after tax was \$22.6m, down 18% on the same half last year.

In commenting on the results, Scott Blume, Wotif Group's Managing Director and Chief Executive Officer said:

"In a competitive retail environment we have been able to grow total revenue on the back of some impressive growth in the flights business and margin initiatives for ANZ Accommodation. These gains have been offset by a 6% decline in Accommodation TTV.

Work continues on the update of our information technology systems as outlined in the Company's Strategic Plan. This work is progressing on budget and on schedule and is likely to be substantially completed by the end of FY14.

The current result includes incremental investment in technology costs totalling \$1.5m when compared to the prior corresponding period. This is in addition to an increase in information technology amortisation of \$1.8m, compared to the same half last year.

We have also continued to invest in marketing with an increase of \$4.5m over the previous corresponding period. This is a reflection of market conditions, marketing costs related to the launch of Dynamic Packaging and increased marketing on flights. We also continue to invest in our market-leading brands and content to the benefit of our loyal customer base."

A 10.0 cent interim dividend per share was announced by the Company on releasing its results.

-ends-



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, and 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.

travel.com.au
ONE DESTINATION. ENDLESS POSSIBILITIES.

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.

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

ASX ANNOUNCEMENT

Wotif.com Holdings Limited ACN 093 000 456
Wednesday 26 February 2014

WOTIF.COM HOLDINGS LIMITED

ACN 093 000 456

PERIOD ENDED 31 DECEMBER 2013

	Section
Appendix 4D	A
Half-year Directors' Report and Financial Report	B

SECTION A

APPENDIX 4D HALF-YEAR REPORT

WOTIF.COM HOLDINGS LIMITED (WTF) ACN 093 000 456

Statutory Results

Reporting Period: From 1 July to 31 December 2013

Previous Corresponding Period: From 1 July to 31 December 2012

Results for Announcement to the Market

Key Information

	Reporting Period	Previous Corresponding Period	% Change Increase/(Decrease)
Revenue from ordinary activities	\$75.778m	\$73.233m	3.5%
Profit from ordinary activities after tax attributable to members	\$22.640m	\$27.506m	(17.7)%
Net profit for the period attributable to members	\$22.640m	\$27.506m	(17.7)%

For commentary on the results refer to the Directors' Report, which forms part of the Half-year Report.

Dividends - Ordinary Shares

	Amount per Security	Franked Amount per Security
2014 interim dividend determined 26 February 2014 (payable 26 March 2014)	10.0 cents	10.0 cents
Record date for determining entitlements to the interim dividend		10 March 2014

Financial Information

This Appendix 4D should be read in conjunction with the Half-year Report for the half year ended 31 December 2013 as set out on pages 1 to 21.

Net Tangible Assets per Security

	Reporting Period	Previous Corresponding Period
Net tangible assets per security	1.53 cents	2.02 cents

Control Gained or Lost Over Entities

N/A

Foreign Entities

Foreign entities have been accounted for in accordance with Australian Accounting Standards.

Additional Dividend Information

Details of dividends declared and paid during or subsequent to the year ended 30 June 2013:

	Date Paid/ Payable	Amount per Security	Franked Amount per Security	Amount per Security of Foreign Sourced Dividend	Amount
FY2013 Final Dividend	10 October 2013	11.5 cents	11.5 cents	0.00 cents	\$24,349,668
FY2014 Interim Dividend	26 March 2014	10.0 cents	10.0 cents	0.00 cents	\$21,173,630

Dividend Reinvestment Plan

The Company does not operate a Dividend Reinvestment Plan.

Information on Audit or Review

The Half-year Report is based on accounts that have been subject to a review.

WOTIF.COM HOLDINGS LIMITED

ACN 093 000 456

HALF-YEAR FINANCIAL REPORT

PERIOD ENDED 31 DECEMBER 2013

	Page
Directors' Report	2
Auditor's Independence Declaration	4
Income Statement	5
Statement of Comprehensive Income	6
Statement of Financial Position	7
Statement of Cash Flows	8
Statement of Changes in Equity	9
Notes to the Financial Statements	10
Directors' Declaration	20
Review Report	21

Directors' Report

The Directors submit their report on Wotif.com Holdings Limited (**Company**) and the entities it controlled at the end of, or during, the 6 months ended 31 December 2013 (collectively the **Group**).

Directors

The names of the Directors of the Company in office during the half year and until the date of this Report are set out below. Directors were in office for the entire period unless otherwise stated.

R D McIlwain
 G T Wood
 R A C Brice (resigned on 30 August 2013)
 A B R Smith
 K J Gaffney
 D Do
 S Blume (appointed on 2 September 2013)

Review and Results of Operations

	H1 FY14	H1 FY13	% Change H1 FY14 vs H1 FY13
Revenue:			
- Accommodation	\$65.999m	\$63.642m	Up 4%
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The Group recorded record revenue for HY1 FY14 of \$75.778m, up 3.5% on the prior corresponding period (H1 FY13: \$73.233m). This growth was attributable to increased accommodation margins which rose from 12.0% to 13.2%, and the continued acceleration of flights and other revenue which rose from \$6.963m at H1 FY13 to \$8.334m at H1 FY14, an increase of 20% on the prior corresponding period.

Whilst revenue continued to rise, the Group's overall operating profit result declined from \$40.972m at H1 FY13 to \$36.444m at H1 FY14, a decrease of 11% over the prior corresponding period. This decrease is primarily attributed to a deliberate strategy to increase investment in both technology (an increase of \$1.451m on the prior corresponding period) and marketing costs (an increase of \$4.458m on the prior corresponding period). These investments were made to continue to consolidate and further develop our market leading position.

The Group's operating profit outcomes were also influenced by the following key indicators:

- revenue increased by 3.5% resulting primarily from margin improvement initiatives;
- a 3% increase in the average value of rooms sold on Wotif.com on a corresponding half basis (H1 FY14: \$159.56 ; H1 FY13 \$155.49). On a Group basis, room rates were up 3% (H1 FY14: \$156.42; H1 FY13: \$151.80);
- a 27% increase in the number of flights booked across the Group (H1 FY14: 109,699; H1 FY13: 86,565 flights);
- interest revenue was down 45% on corresponding half, resulting from lower interest rates and lower cash balances;
- Information Technology (**IT**) Development amortisation rose by \$1.745m against the prior corresponding period (H1 FY14: \$2.041m; H1 FY13: \$0.296m) as a result of the previously advised changes to the amortisation policy for key IT projects; and
- an amount of \$2.384m (H1 FY13: \$3.063m) in IT Development Costs was capitalised in the period. The decrease in IT development costs capitalised arises from a lower proportion of IT costs being capitalised during the period as key IT project work was in the start-up phase and these costs are directly expensed.

The Group's cash balance of \$114.6m is down \$17.4m from 30 June 2013. This variance almost entirely relates to an \$18.6m decrease in hotel creditors arising from the implementation of virtual credit cards (VCC), whereby payment terms to hotels have been improved with the implementation of a new efficient payment solution. The implementation of VCC has led to a "one-time" cash impact, however overall EBIT-positive taking into account reduced cash, reduced interest income, improved payment efficiencies and commercial arrangements with the VCC provider.

Net profit after tax of \$22.640m produced in the half year represented an 18% decrease when compared to the 6 months ending 31 December 2012.

Dividends

On 26 February 2014, the Directors determined a dividend of 10.0 cents fully franked. The dividend will be paid on 26 March 2014.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report and Financial Report. Amounts are rounded off to the nearest thousand dollars.

Auditor's Independence Declaration

Attached (see page 4) is a copy of the Auditor's Independence Declaration provided under section 307C of the *Corporations Act 2001* in relation to the review for the half year ended 31 December 2013. This Auditor's Independence Declaration forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

On behalf of the Directors:



R D McIlwain
Chairman

Brisbane
26 February 2014

Auditor's Independence Declaration



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

In relation to our review of the financial report of Wotif.com Holdings Ltd for the half-year ended 31 December 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 & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'Alison de Groot' in a cursive, stylized font.

Alison de Groot
Partner
26 February 2014

A member firm of Ernst & Young Global Limited
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Income Statement

for the half year ended 31 December 2013

	Note	Consolidated	
		December 2013 \$'000	December 2012 \$'000
Revenue			
Accommodation revenue		65,999	63,642
Flights and other revenue		8,334	6,963
Interest received		1,445	2,628
Total revenue		75,778	73,233
Other income			
Profit on sale of investment property	6	816	-
Total other income		816	-
Expenses			
Advertising and marketing expenses		13,872	9,414
Business development expenses		5,922	5,374
Operational and administration expenses	4	24,280	19,570
Total expenses		44,074	34,358
Profit from continuing operations before income tax		32,520	38,875
Income tax expense		9,880	11,369
Profit for the period		22,640	27,506

	December 2013 per share	December 2012 per share
Earnings per share from profit from continuing operations attributable to the ordinary equity holders of the parent:		
Basic earnings per share	10.69 cents	12.99 cents
Diluted earnings per share	10.63 cents	12.95 cents

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income

for the half year ended 31 December 2013

	Consolidated	
Note	December 2013 \$'000	December 2012 \$'000
Profit for the period	22,640	27,506
Other Comprehensive Income		
Items that may be reclassified to profit or loss		
Foreign currency translation	(531)	(411)
Other comprehensive income for the period, net of tax	(531)	(411)
Total comprehensive income for the period	22,109	27,095

The accompanying notes form part of these financial statements.

Statement of Financial Position

as at 31 December 2013

	Note	Consolidated	
		December 2013 \$'000	June 2013 \$'000
CURRENT ASSETS			
Cash and cash equivalents	5	114,622	132,000
Trade and other receivables		5,888	10,851
Total current assets		120,510	142,851
NON-CURRENT ASSETS			
Receivables		147	149
Investment in joint venture		425	523
Property, plant and equipment		18,098	17,346
Investment property		-	3,443
Deferred tax assets		7,002	7,411
Intangible assets and goodwill		94,984	95,359
Total non-current assets		120,656	124,231
Total assets		241,166	267,082
CURRENT LIABILITIES			
Trade and other payables	7	136,749	156,562
Income tax payable		863	5,978
Provisions		2,093	1,860
Total current liabilities		139,705	164,400
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		106	112
Deferred tax liabilities		2,417	2,189
Provisions		706	483
Total non-current liabilities		3,229	2,784
Total liabilities		142,934	167,184
Net assets		98,232	99,898
EQUITY			
Contributed equity	9	30,001	30,001
Retained earnings		62,923	64,633
Reserves		5,308	5,264
Total equity		98,232	99,898

The accompanying notes form part of these financial statements.

Statement of Cash Flows

for the half year ended 31 December 2013

		Consolidated	
	Note	December 2013 \$'000	December 2012 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		645,729	652,409
Payments to suppliers and employees (inclusive of GST)		(623,777)	(597,569)
Interest received		1,453	2,683
Income taxes paid		(14,605)	(14,189)
Net cash flows from operating activities	11(a)	8,800	43,334
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,608)	(832)
Proceeds from sale of investment property		4,250	-
Payments for web development		(2,384)	(3,063)
Contribution to joint venture		-	(52)
Net cash flows used in investing activities		(742)	(3,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	8	(24,350)	(28,584)
Net cash flows used in financing activities		(24,350)	(28,584)
Net (decrease)/increase in cash and cash equivalents		(16,292)	10,803
Net foreign exchange differences		(1,086)	(748)
Cash and cash equivalents at beginning of period		132,000	140,871
Cash and cash equivalents at end of period	11(b)	114,622	150,926

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

for the half year ended 31 December 2013

Consolidated	Ordinary shares	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2013	30,001	5,587	(323)	64,633	99,898
Profit for the period	-	-	-	22,640	22,640
Other comprehensive income	-	-	(531)	-	(531)
Income tax	-	-	-	-	-
Total comprehensive income for the half year	-	-	(531)	22,640	22,109
Transactions with owners in their capacity as owners:					
Share-based payment	-	821	-	-	821
Income tax	-	(246)	-	-	(246)
Dividends paid	-	-	-	(24,350)	(24,350)
At 31 December 2013	30,001	6,162	(854)	62,923	98,232

for the half year ended 31 December 2012

Consolidated	Ordinary shares	Employee equity benefits reserve	Foreign currency translation reserve	Retained earnings	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2012	30,001	5,269	(3,318)	66,530	98,482
Profit for the period	-	-	-	27,506	27,506
Other comprehensive income	-	-	(411)	-	(411)
Income tax	-	-	-	-	-
Total comprehensive income for the half year	-	-	(411)	27,506	27,095
Transactions with owners in their capacity as owners:					
Share-based payment	-	221	-	-	221
Income tax	-	(13)	-	-	(13)
Dividends paid	-	-	-	(28,584)	(28,584)
At 31 December 2012	30,001	5,477	(3,729)	65,452	97,201

Notes to the Financial Statements

1. Corporate Information

The Financial Report of Wotif.com Holdings Limited (**Company**) for the half year ended 31 December 2013 was authorised for issue in accordance with a resolution of Directors made on 26 February 2014.

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

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

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

2. Summary of significant accounting policies

The Half-year Financial Report does not include all notes of the type normally included within an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as a full financial report.

The Half-year Financial Report should be read in conjunction with the Annual Report of Wotif.com Holdings Limited for the year ended 30 June 2013.

It is also recommended that the Half-year Financial Report be considered together with any public announcements made by Wotif.com Holdings Limited and its controlled entities during the half year ended 31 December 2013 in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of preparation

The Half-year Financial Report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional requirements. The Half-year Financial Report has been prepared on a historical cost basis.

The Half-year 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) Significant accounting policies

This Half-year Financial Report has been prepared adopting the identical accounting policies as those adopted in the Annual Financial Statements for the year ended 30 June 2013.

New Accounting Standards and Interpretations

New standards and amendments to standards mandatory for the first time for the financial year beginning 1 July 2013 have been adopted. As assessed and described below, the adoption of these standards had no material financial impact on the current period or any prior period and is not likely to affect future periods.

AASB 10 Consolidated Financial Statements established 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 this and other standards via AASB 2011-7 and AASB 2012-10. The adoption of AASB 10 had no material impact on the financial report.

AASB 11 Joint Arrangements 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. The adoption of AASB 11 had no material impact on the financial report.

AASB 12 Disclosure of Interests in Other Entities 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, structured entities and subsidiaries with non-controlling interests. The adoption of AASB 12 had no material impact on the financial report.

AASB 13 Fair Value Measurement 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. The adoption of AASB 13 had no material impact on the financial report.

AASB 1053 Application of Tiers of Australian Accounting Standards establishes a differential 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. The adoption of AASB 1053 had no material impact on the financial report.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]. This standard 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. The adoption of this amendment will result in reduced disclosures in the notes for Related Parties and Key Management Personnel in the 30 June 2014 Financial Report.

AASB 119 Employee Benefits 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. The adoption of AASB 119 had no material impact on the financial report.

AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities. This standard 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 AASB 132 are not all met. The adoption of this standard had no material impact on the financial report.

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

The adoption of this standard had no material impact on the financial report.

AASB 2012-9 Amendments to AASB 1048 arising from the withdrawal of Australian Interpretation 1039. This standard amends AASB 1048 *Interpretation of Standards* to evidence the withdrawal of Australian Interpretation 1039 *Substantive Enactment of Major Tax Bills in Australia*. The adoption of this standard had no material impact on the financial report.

Accounting Standards and Interpretations issued but not effective

Certain new accounting Standards and Interpretations have been published that are not mandatory for 31 December 2013 reporting periods and have not yet been applied in the financial report. The Directors believe that these new or amended Standards and Interpretations do not have any material financial effect on the financial statements presented. These new Accounting standards and Interpretations are outlined below:

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities. This standard 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. On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report. The application date for the Group is 1 July 2014.

AASB 2013-3 Amendments to AASB 136 Recoverable Amounts Disclosures for Non-Financial Assets . AASB 2013-3 amends the disclosure requirements in AASB136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less cost of disposal. On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report. The application date for the Group is 1 July 2014.

AASB 9 Financial Instruments 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 2017. 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.

On the basis of the review conducted, the Group has determined that there will be no material impact on the financial report. The application date for the Group is 1 July 2017.

(c) Basis of consolidation

The Half-year Financial Statements comprise the financial statements of Wotif.com Holdings Limited and its subsidiaries as at 31 December 2013 (**Consolidated Entity**).

3. Segment information

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 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 element. 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, supplier rebates, 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, packages 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.

Half year ended 31 December 2013 – geographical split of revenues

	Australia/ New Zealand	Asia	Rest of World	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Accommodation revenue	60,317	4,381	1,301	-	65,999
Flights and other revenue	7,836	512	416	(430)	8,334
Interest	1,403	42	-	-	1,445
Total revenue	69,556	4,935	1,717	(430)	75,778

Half year ended 31 December 2012 – geographical split of revenues

	Australia/ New Zealand	Asia	Rest of World	Eliminations	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Accommodation revenue	57,516	4,913	1,213	-	63,642
Flights and other revenue	6,419	690	235	(381)	6,963
Interest	2,574	54	-	-	2,628
Total revenue	66,509	5,657	1,448	(381)	73,233

4. Revenue, income and expenses

	Consolidated	
	December 2013 \$'000	December 2012 \$'000
(a) Total Transaction Value	592,548	594,902

Total Transaction 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.

- (b) Profit before income tax expense includes the following income and expenses whose disclosure is relevant in explaining the performance of the entity:

(i) Operational and administration expenses

Credit card fees	5,996	6,508
Bank charges	321	306
Amortisation of IT Development Costs	2,041	296
Other amortisation	17	17
Web maintenance costs	7,105	5,654
Depreciation	1,866	1,784
Foreign exchange loss & currency conversion fee	515	496
Loss/(Gain) on disposal of property, plant and equipment	23	(2)
Rent & outgoing	534	315
Share-based payments expense	821	221
Share of joint-venture losses	125	93
Administration employment expenses including Directors' costs	3,063	2,249
Other expenses	1,853	1,633
Total	24,280	19,570

(ii) Employee benefits expense

Wages and salaries (excluding IT development employees' wages and salaries capitalised)	16,510	13,360
Share-based payments expense	821	221
Total	17,331	13,581

5. Cash and cash equivalents

	Consolidated	
	December 2013 \$'000	June 2013 \$'000
Cash at bank	84,382	81,767
Short-term deposits	16,133	26,948
Client funds account	14,107	23,285
	114,622	132,000

6. Investment Property

	Freehold land \$'000	Freehold buildings \$'000	Total \$'000
Period ended 31 December 2013			
Balance at 1 July 2013	790	2,653	3,443
Depreciation	-	(120)	(120)
Disposal	(790)	(2,533)	(3,323)
Balance at 31 December 2013	-	-	-

The investment property is 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 at 30 June 2013 as \$3,443,060.

During the period, the investment property was sold to an independent third party for \$4,250,000. Depreciation on the investment property was ceased on 4 November 2013, being the date on which the property was sold. The carrying value at the date of sale was \$3,322,873, resulting in a net gain on disposal of \$816,158 after accounting for selling costs. The gain on disposal is recognised on the Income Statement as other income.

	Consolidated	
	December 2013 \$'000	December 2012 \$'000
Reconciliation of net profit from rental of investment property		
Rental income from investment property	160	154
Direct operating expenses (including repairs and maintenance) generating rental income	(17)	(58)
Net profit arising from investment property carried at cost	143	96

7. Trade and other payables

	Consolidated	
	December 2013 \$'000	June 2013 \$'000
Amounts due in relation to bookings made	58,216	82,569
Trade creditors and accruals	20,621	11,938
Unearned revenue	7,048	8,569
Deposits received not yet due	50,864	53,486
	136,749	156,562

During the reporting period, the Group entered into an agreement for an unsecured transaction processing facility. As at 31 December 2013 the Group was in compliance with the terms of the facility agreement, with the amount drawn against this facility being recognised in the Trade Creditors and accruals balance in the note above.

8. Dividends paid or provided for on ordinary shares

	Consolidated	
	December 2013 \$'000	December 2012 \$'000
(a) Dividends declared and paid during the half year on ordinary shares:		
Final franked dividend for 2013: 11.5 cents (2012 Final: 13.5 cents)	24,350	28,584
	24,350	28,584
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for 2014: 10.0 cents (2013 Interim: 11.5 cents)	21,174	24,350
	21,174	24,350

9. Contributed equity

	Consolidated	
	December 2013 \$'000	June 2013 \$'000
211,736,244 (June 2013: 211,736,244) fully paid ordinary shares	30,001	30,001
	30,001	30,001

10. Executive share option plan

As part of the Executive Share Option Plan, the Company granted 660,905 performance rights to certain employees of the Group (excluding the Managing Director and other Directors) on 31 October 2013. This is Package 13 issued under the Company's Executive Share Option Plan. The rights have been granted under 2 components; EPS/TSR and EPS/KPI. Each component comprises three tranches. Rights are subject to performance hurdles as well as a continued employment hurdle:

- 25% subject to a relative TSR hurdle (for TSR Rights) or a KPI hurdle (for KPI Rights); and
- the remaining 75% in each component are subject to a compound annual EPS growth hurdle (for EPS Rights)

The rights vest in three tranches on 30 September 2016 and each anniversary of that date, with the first tranche being marginally larger than the second and third tranche. There is no exercise price to be paid to vest the rights into shares.

11. Statement of cash flows reconciliation

	Consolidated	
	December 2013 \$'000	December 2012 \$'000
<i>a) Reconciliation of the net profit to the net cash flows from operations</i>		
Net profit	22,640	27,506
Depreciation of non-current assets	1,866	1,784
Amortisation of non-current assets	2,058	313
Share of joint venture losses	125	93
Net loss/(gain) on disposal of property, plant and equipment	23	(2)
Profit on sale of investment property	(816)	-
Net exchange differences	1,052	103
Share based payments expense	821	221
Changes in assets and liabilities net of effect from acquisition of controlled entities:		
Increase in provisions	471	389
Decrease in trade receivables and prepayments	4,969	2,072
(Decrease)/increase in trade creditors and accruals	(19,930)	13,679
Decrease in income tax payable	(5,115)	(2,943)
Increase in deferred tax liabilities	227	8
Decrease in deferred tax asset	409	111
Net cash flows from operating activities	8,800	43,334
<i>b) Reconciliation of cash</i>		
Cash at bank	84,382	123,728
Short-term deposits	16,133	5,392
Client funds account	14,107	21,806
	114,622	150,926

12. Financial Instruments

Fair values

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at 31 December 2013:

	Consolidated	
	Carrying amount \$'000	Fair value \$'000
Financial assets:		
Cash and cash equivalents	114,622	114,622
Trade and other receivables	3,925	3,925
Total current	118,547	118,547
Receivables	147	147
Total non-current	147	147
Total	118,694	118,694
Financial liabilities:		
Trade and other payables	129,701	129,701
Total current	129,701	129,701
Interest-bearing loans and borrowings	106	106
Total non-current	106	106
Total	129,807	129,807

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities
- Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly or directly observable)
- Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable)

The Group is not required to disclose any items as Level 1, 2 or 3 as all financial assets and liabilities are measured at their carrying value.

13. Related party disclosures

Marketing fee

During the reporting period marketing and promotional services have been provided by a company related to G T Wood (a Director). That company, Ollewood Pty Ltd, received \$21,800 (H1 FY13: \$21,800) from the Group based on normal commercial terms.

Holiday rental property listing

During the 6 month period ended 31 December 2013, the Wotif.com website 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. R A C Brice resigned as Director on 30 August 2013 and therefore ceased being a related party on this date.

Commission earned by Wotif.com from this property during the period to 30 August 2013 was \$85 (H1 FY13: \$64). The revenue earned by R A C Brice in relation to these bookings was \$688 (H1 FY13: \$573).

Director's interests

David Do (a Director) is a founder of the VI Group which is a 48% shareholder in Thein Minh Travel Joint Stock Company, being the other party to the Joint Venture reflected on the Group's statement of financial position.

14. Commitments for expenditure

There have been no material changes to the commitments for expenditure disclosed in the Group's 2013 Annual Report.

15. Subsequent events

Subsequent to 31 December 2013, the Directors determined a dividend of 10.0 cents per ordinary share (total amount payable \$21.174m). This amount has not been recorded in the financial report at 31 December 2013.

Directors' Declaration

In accordance with a resolution of the Directors of Wotif.com Holdings Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Consolidated Entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half year ended on that date of the Consolidated Entity; and

(ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

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

On behalf of the Board



R D McIlwain
Chairman

Brisbane
26 February 2014

Review report



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To the members of Wotif.com Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Wotif.com Holdings Limited, which comprises the statement of financial position as at 31 December 2013, the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Wotif.com Holdings Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wotif.com Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads 'Ernst & 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
Brisbane
26 February 2014

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